

FORM 5

QUARTERLY LISTING STATEMENT

Name of Listed Issuer: American Pacific Mining Corp. (the "Issuer").

Trading Symbol: USGD

This Quarterly Listing Statement must be posted on or before the day on which the Issuer's unaudited interim financial statements are to be filed under the *Securities* Act, or, if no interim statements are required to be filed for the quarter, within 60 days of the end of the Issuer's first, second and third fiscal quarters. This statement is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the Exchange Policies. If material information became known and was reported during the preceding quarter to which this statement relates, management is encouraged to also make reference in this statement to the material information, the news release date and the posting date on the Exchange website.

General Instructions

- (a) Prepare this Quarterly Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.
- (b) The term "Issuer" includes the Listed Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

There are three schedules which must be attached to this report as follows:

SCHEDULE A: FINANCIAL STATEMENTS

Financial statements are required as follows:

For the first, second and third financial quarters interim financial statements prepared in accordance with the requirements under Ontario securities law must be attached.

If the Issuer is exempt from filing certain interim financial statements, give the date of the exempting order.

SCHEDULE B: SUPPLEMENTARY INFORMATION

The supplementary information set out below must be provided when not included in Schedule A.

1. Related party transactions

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

See Note 8 to interim financial statements for six months ended June 30, 2022.

- (a) A description of the relationship between the transacting parties. Be as precise as possible in this description of the relationship. Terms such as affiliate, associate or related company without further clarifying details are not sufficient.
- (b) A description of the transaction(s), including those for which no amount has been recorded.
- (c) The recorded amount of the transactions classified by financial statement category.
- (d) The amounts due to or from Related Persons and the terms and conditions relating thereto.
- (e) Contractual obligations with Related Persons, separate from other contractual obligations.
- (f) Contingencies involving Related Persons, separate from other contingencies.

2. Summary of securities issued and options granted during the period.

Provide the following information for the period beginning on the date of the last Listing Statement (Form 2A):

- (a) summary of securities issued during the period,

Date of Issue	Type of Security (common shares, convertible debentures, etc.)	Type of Issue (private placement, public offering, exercise of warrants, etc.)	Number	Price	Total Proceeds	Type of Consideration (cash, property, etc.)	Describe relationship of Person with Issuer (indicate if Related Person)	Commission Paid
May 12/22	Common Shares	Option exercise	100,000	\$0.325	\$32,500	Cash	arm's length	N/A
May 17/22	Common Shares	Option exercise	125,000	\$0.49	\$61,250	Cash	arm's length	N/A
Total:			225,000					

- (b) summary of options granted during the period,

Date	Number	Name of Optionee if Related Person and relationship	Generic description of other Optionees	Exercise Price	Expiry Date	Market Price on date of Grant
N/A						
Total:	0					

3. Summary of securities as at the end of the reporting period. See Schedule A

Provide the following information in tabular format as at the end of the reporting period:

- (a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,

Description	Number Authorized	Par Value
Common shares	Unlimited	NPV

- (b) number and recorded value for shares issued and outstanding,

Description	Number Issued & Outstanding	Amount
Common shares	118,039,209	\$39,735,559

- (c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and

Description	Number Outstanding	Exercise Price	Expiry Date
Stock options	50,000	\$0.325	May 14/25
Stock options	1,900,000	\$0.49	July 22/25
Stock options	1,700,000	\$0.27	May 27/26
Stock options	100,000	\$0.71	July 19/26
Stock options	2,900,000	\$1.01	Feb. 28/27
Total Options:	6,650,000		
Warrants	8,181,964	\$0.16	June 8/23
Warrants	5,722,320	\$1.40	Dec. 13/23
Total Warrants:	13,904,284		
Total Options and Warrants:	20,554,284		

- (d) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.

Description	Number Held in Escrow	Number Released During the Period
Common shares	0	0

3. List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.

Name	Positions Held	Since
Warwick Smith	CEO and Director	July 1, 2017
Alnesh Mohan	CFO and Secretary	March 12, 2021
Eric Saderholm	President and Director	January 25, 2018
Ken Cunningham	Director	January 25, 2018
Joness Lang	Director	October 31, 2019

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

Provide Interim MD&A if required by applicable securities legislation.

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Quarterly Listing Statement.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated August 31, 2022.

Warwick Smith
Name of Director or Senior Officer

"Warwick Smith"
Signature

CEO and Director
Official Capacity

Issuer Details Name of Issuer	For Quarter Ended	Date of Report YY/MM/D
American Pacific Mining Corp.	June 30, 2022	22/08/31
Issuer Address		
Suite 910-510 Burrard Street		
City/Province/Postal Code	Issuer Fax No.	Issuer Telephone No.
Vancouver, BC V6C 3A8	604.608.5372	866.646.5389
Contact Name	Contact Position	Contact Telephone No.
Warwick Smith	CEO and Director	As above
Contact Email Address	Web Site Address	
W@DataSystems.ca	www.americanpacific.ca	



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Six Months Ended June 30, 2022

(Expressed in Canadian Dollars)

(unaudited)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of condensed consolidated interim financial statements by an entity's auditor.

The accompanying unaudited condensed consolidated condensed consolidated interim financial statements of American Pacific Mining Corp. for the six months ended June 30, 2022 have been prepared by the management of the Company and approved by the Company's Audit Committee and the Company's Board of Directors.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

Table of Contents

Condensed Consolidated Interim Statements of Financial Position (unaudited)	4
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss (unaudited)	5
Condensed Consolidated Interim Statements of Changes in Equity (unaudited)	6
Condensed Consolidated Interim Statements of Cash Flows (unaudited)	7
Notes to the Condensed Consolidated Interim Financial Statements (unaudited)	8
1) CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS	8
2) SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION	9
3) CASH AND CASH EQUIVALENTS	9
4) RECLAMATION DEPOSITS	9
5) PROPERTY AND EQUIPMENT	10
6) EXPLORATION AND EVALUATION ASSETS	10
7) SHARE CAPITAL AND RESERVES	17
8) RELATED PARTY TRANSACTIONS AND BALANCES	20
9) SEGMENTED INFORMATION	21
10) CAPITAL MANAGEMENT	21
11) FINANCIAL INSTRUMENTS	22
12) SUBSEQUENT EVENT	25

American Pacific Mining Corp.

Condensed Consolidated Interim Statements of Financial Position (unaudited)

(Expressed in Canadian Dollars)

	As at	June 30,	December 31,
	Note(s)	2022	2021
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	3	11,069,716	15,085,675
Amounts receivable		41,401	11,516
Prepaid expenses		171,463	125,658
		11,282,580	15,222,849
Non-current assets			
Reclamation deposits	4	45,119	44,441
Property and equipment	5	37,216	42,867
Exploration and evaluation assets	6	13,606,353	13,375,505
		13,688,688	13,462,813
TOTAL ASSETS		24,971,268	28,685,662
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	8	427,424	620,584
TOTAL LIABILITIES		427,424	620,584
SHAREHOLDERS' EQUITY			
Share capital	7	39,735,559	39,568,281
Stock options reserve	7	3,581,360	1,810,884
Warrants reserve	7	508,734	508,734
Accumulated deficit		(19,140,182)	(13,474,114)
Accumulated other comprehensive loss		(141,627)	(348,707)
TOTAL SHAREHOLDERS' EQUITY		24,543,844	28,065,078
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		24,971,268	28,685,662

Corporate information and continuance of operations	1
Commitments	6
Segmented information	9
Subsequent events	6, 12

These unaudited condensed consolidated interim financial statements were approved for issue by the Board of Directors and signed on its behalf by:

/s/ Warwick Smith Director

/s/ Joness Lang Director

American Pacific Mining Corp.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss (unaudited)

(Expressed in Canadian Dollars)

	Note(s)	For the three months ended		For the six months ended	
		June 30,	June 30,	June 30,	June 30,
		2022	2021	2022	2021
		\$	\$	\$	\$
Expenses					
Bank charges		249	517	435	715
Consulting fees	8	77,936	76,619	151,264	164,655
Depreciation	5	89	620	177	1,301
Directors' fees	8	22,974	7,437	30,476	14,887
Exploration and evaluation costs	6	1,429,667	83,110	2,625,696	150,582
General and administrative costs		64,306	24,713	137,692	45,735
Professional fees	8	319,728	87,138	414,233	146,530
Project evaluation costs		-	21,312	3,299	40,982
Share-based payments	7	-	320,100	1,827,754	320,100
Shareholder information and investor relations		132,671	90,887	271,431	157,030
Transfer agent, regulatory and listing fees		25,687	85,798	47,924	101,347
Travel		81,431	13,464	135,455	15,969
		(2,154,738)	(811,715)	(5,645,836)	(1,159,833)
Other income (expenses)					
Foreign exchange (loss) gain		(19,137)	15,994	(23,459)	19,525
Finance income		2,288	3,773	3,227	8,141
Realized loss on marketable securities		-	-	-	(820,000)
Gain from option-out of interest in mineral property	6	-	3,201	-	53,201
		(16,849)	22,968	(20,232)	(739,133)
Income tax expense		-	(174,987)	-	(174,987)
Loss for the period		(2,171,587)	(963,734)	(5,666,068)	(2,073,953)
Other comprehensive loss					
Foreign currency translation differences for foreign operations		412,145	(85,345)	207,080	(145,943)
		412,145	(85,345)	207,080	(145,943)
Total comprehensive loss		(1,759,442)	(1,049,079)	(5,458,988)	(2,219,896)
Basic and diluted loss per share for the period attributable to common shareholders (\$ per common share)		(0.01)	(0.01)	(0.05)	(0.03)
Weighted average number of common shares outstanding - basic and diluted		117,930,967	71,122,516	117,867,662	68,322,135

See accompanying notes to these unaudited condensed consolidated interim financial statements.

American Pacific Mining Corp.

Condensed Consolidated Interim Statements of Changes in Equity (unaudited)
(Expressed in Canadian Dollars)

Share capital									
	Note(s)	Number of shares	Amount \$	Share subscriptions received \$	Options \$	Warrants \$	Accumulated deficit \$	Accumulated other comprehensive income (loss) \$	Total \$
Balance at December 31, 2021		117,764,209	39,568,281	-	1,810,884	508,734	(13,474,114)	(348,707)	28,065,078
Shares issued for cash - stock option exercise	7	275,000	110,000	-	-	-	-	-	110,000
Reclassification of grant-date fair value on exercise of stock options	7	-	57,278	-	(57,278)	-	-	-	-
Share-based payments	7	-	-	-	1,827,754	-	-	-	1,827,754
Loss		-	-	-	-	-	(5,666,068)	-	(5,666,068)
Other comprehensive loss		-	-	-	-	-	-	207,080	207,080
Balance at June 30, 2022		118,039,209	39,735,559	-	3,581,360	508,734	(19,140,182)	(141,627)	24,543,844
Balance at December 31, 2020		65,489,625	17,986,766	-	1,625,635	1,664,364	(9,191,842)	(370,965)	11,713,958
Shares issued for cash	7	8,181,964	1,022,746	-	-	-	-	-	1,022,746
Share issue costs	7	-	(2,388)	-	-	-	-	-	(2,388)
Shares issued for cash - warrants exercise	7	13,338,646	2,746,810	-	-	-	-	-	2,746,810
Reclassification of grant-date fair value on exercise of warrants	7	-	553,028	-	-	(553,028)	-	-	-
Subscriptions received in advance	7	-	-	85,515	-	-	-	-	85,515
Share-based payments	7	-	-	-	320,100	-	-	-	320,100
Loss		-	-	-	-	-	(2,073,953)	-	(2,073,953)
Other comprehensive loss		-	-	-	-	-	-	(145,943)	(145,943)
Balance at June 30, 2021		87,010,235	22,306,962	85,515	1,945,735	1,111,336	(11,265,795)	(516,908)	13,666,845

See accompanying notes to these unaudited condensed consolidated interim financial statements.

American Pacific Mining Corp.

Condensed Consolidated Interim Statements of Cash Flows (unaudited)

(Expressed in Canadian Dollars)

		For the six months ended	
		June 30, 2022	June 30, 2021
	Note(s)	\$	\$
Cash flow provided from (used by)			
OPERATING ACTIVITIES			
Loss for the period		(5,666,068)	(2,073,953)
<i>Adjustments for items not affecting cash:</i>			
Depreciation	5	6,212	7,222
Share-based payments	7	1,827,754	320,100
Change in fair value of marketable securities		-	820,000
Gain from option-out of interest in mineral property		-	(53,201)
Change in non-cash working capital			
Amounts receivable		(29,885)	9,843
Prepaid expenses		(44,649)	(36,974)
Accounts payable and accrued liabilities		(193,160)	(23,099)
Cash flow used in operating activities		(4,099,796)	(1,030,062)
INVESTING ACTIVITIES			
Proceeds from sale of marketable securities		-	100,000
Exploration and evaluation assets	6	(57,947)	-
Recovery of exploration and evaluation assets	6	31,663	131,655
Cash flow used in investing activities		(26,284)	231,655
FINANCING ACTIVITIES			
Proceeds on issuance of common shares, net of cash share issue costs	7	-	1,020,358
Proceeds on exercise of options	7	110,000	-
Proceeds on exercise of warrants	7	-	2,746,810
Share subscriptions received	7	-	85,515
Cash flow provided by financing activities		110,000	3,852,683
Effects of exchange rate changes on cash and cash equivalents		121	(19,580)
Change in cash and cash equivalents		(4,015,959)	3,034,696
Cash and cash equivalents, beginning of period		15,085,675	1,465,912
Cash and cash equivalents, end of period		11,069,716	4,500,608
SUPPLEMENTAL CASH FLOW			
Reclassification of grant-date fair value on exercise of stock options from reserves to share capital	7	57,278	-
Reclassification of grant-date fair value on exercise of warrants from reserves to share capital		-	553,028
Cash paid during the period for interest		-	-
Cash paid during the period for income taxes		-	174,987

See accompanying notes to these unaudited condensed consolidated interim financial statements.

American Pacific Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Six Months Ended June 30, 2022

(Expressed in Canadian Dollars)

1) CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS

American Pacific Mining Corp. (the “Company”) was incorporated under the Business Corporations Act (British Columbia) on July 1, 2017, and is in the business of mineral exploration.

The Company’s head office, principal address, registered address and records office is Suite 910 - 510 Burrard Street, Vancouver, B.C., V6C 3A8, Canada.

The Company’s shares are listed on the Canadian Securities Exchange (the “CSE”) under the symbol “USGD”. On February 25, 2022, the Company’s common shares traded on the OTCQX Best Market (the “OTCQX”) under the ticker symbol of “USGDF”.

As of the date of the unaudited condensed consolidated interim financial statements, the Company has not identified a known body of commercial grade mineral on any of its properties. The ability of the Company to realize the costs it has incurred to date on these properties is dependent upon the Company identifying a commercial mineral body, to finance its development costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the property. To date, the Company has not earned any revenues and is considered to be in the exploration stage.

These unaudited condensed consolidated interim financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since its inception and the ability of the Company to continue as a going-concern depends upon its ability to raise adequate financing and to develop profitable operations. As at June 30, 2022, the Company had working capital of \$10,855,156 (December 31, 2021 – \$14,602,265) and an accumulated deficit of \$19,140,182 (December 31, 2021 – \$13,474,114). The Company’s continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management intends to fund operating costs over the next twelve months with cash and cash equivalents and through further equity financings. Management believes that the Company has sufficient working capital to meet its liabilities for the next twelve months.

COVID-19

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business and results of operations at this time.

These unaudited condensed consolidated interim financial statements of the Company for the six months ended June 30, 2022 were approved by the Board of Directors on August 29, 2022.

American Pacific Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Six Months Ended June 30, 2022

(Expressed in Canadian Dollars)

2) SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION**Statement of compliance to International Financial Reporting Standards**

These unaudited condensed consolidated interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These financial statements comply with International Accounting Standard 34, Interim Financial Reporting.

Basis of presentation

These unaudited condensed consolidated interim financial statements include the accounts of the Company and its subsidiaries. This interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2021.

New accounting standards

There were no new or amended IFRS pronouncements effective January 1, 2022 that impacted these condensed consolidated interim financial statements.

3) CASH AND CASH EQUIVALENTS

	June 30, 2022	December 31, 2021
	\$	\$
Cash	10,044,801	14,063,988
Cash equivalents	1,024,915	1,021,687
	11,069,716	15,085,675

4) RECLAMATION DEPOSITS

The Company has reclamation deposits of \$45,119 (US\$35,000) (December 31, 2021 – \$44,441 (US\$35,000)). These bonds were put up as collateral for the Tuscarora Project \$25,782 (US\$20,000) (December 31, 2021 – \$25,395 (US\$20,000)) and Gooseberry Project \$19,337 (US\$15,000) (December 31, 2021 – \$19,046 (US\$15,000)) in the event of future operations.

American Pacific Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Six Months Ended June 30, 2022

(Expressed in Canadian Dollars)

5) PROPERTY AND EQUIPMENT

	Building	Computer equipment	Total
Cost			
As at December 31, 2021	60,269	9,076	69,345
Effect of movements in exchange rates	921	-	921
As at June 30, 2022	61,190	9,076	70,266
Depreciation			
As at December 31, 2021	(18,081)	(8,397)	(26,478)
Charged for the period	(6,035)	(177)	(6,212)
Effect of movements in exchange rates	(360)	-	(360)
As at June 30, 2022	(24,476)	(8,574)	(33,050)
Net book value			
As at December 31, 2021	42,188	679	42,867
As at June 30, 2022	36,714	502	37,216

During the six months ended June 30, 2022, the Company charged \$6,212 (June 30, 2021 – \$7,222) in depreciation of which \$6,035 was recognized as exploration and evaluation costs in the statements of loss (Note 6) (June 30, 2021 – \$5,921).

6) EXPLORATION AND EVALUATION ASSETSExploration and evaluation assets as of June 30, 2022

	Gooseberry Project \$	Madison Project \$	South Lida Project \$	Tuscarora Project \$	Red Hill Project \$	Total \$
Balance as at December 31, 2021	9,537	8,641,933	561,998	4,112,429	49,608	13,375,505
Staking costs	-	-	28,625	29,322	-	57,947
Option payments received	-	(31,663)	-	-	-	(31,663)
Effect of movements in exchange rate	146	131,447	9,095	63,118	758	204,564
Balance as at June 30, 2022	9,683	8,741,717	599,718	4,204,869	50,366	13,606,353

American Pacific Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Six Months Ended June 30, 2022

(Expressed in Canadian Dollars)

6) EXPLORATION AND EVALUATION ASSETS (CONTINUED)**Exploration and evaluation costs incurred by the Company during the six months ended June 30, 2022 and 2021**

	For the six months ended June 30, 2022				Total \$
	Gooseberry project \$	Madison project \$	South Lida claims \$	Tuscarora property \$	
Consulting	28,967	33,774	7,398	62,905	133,044
Depreciation	-	6,035	-	-	6,035
Drilling	267,212	-	-	888,428	1,155,640
Equipment rental	13,365	-	-	26,540	39,905
Field	82,361	2,985	-	10,252	95,598
Field office administration	-	-	-	2,721	2,721
Field technicians	-	92,573	-	-	92,573
Geological	248,632	-	6,533	474,028	729,193
Royalty payments	-	-	-	38,142	38,142
Sample analysis	107,569	-	-	116,394	223,963
Transportation	-	-	-	108,882	108,882
	748,106	135,367	13,931	1,728,292	2,625,696

	For the six months ended June 30, 2021			Total \$
	Gooseberry project \$	Madison project \$	Tuscarora property \$	
Consulting	22,087	52,242	17,670	91,999
Depreciation	-	5,921	-	5,921
Equipment rental	-	-	935	935
Field	104	8,048	77	8,229
Field technicians	-	29,392	-	29,392
Geological	-	-	12,971	12,971
Sample analysis	-	-	1,135	1,135
	22,191	95,603	32,788	150,582

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets. The Company has investigated title to all of its exploration and evaluation assets, and, to the best of its knowledge, title to all of its properties, are properly registered and in good standing.

American Pacific Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Six Months Ended June 30, 2022

(Expressed in Canadian Dollars)

6) EXPLORATION AND EVALUATION ASSETS (CONTINUED)**South Lida Project (Nevada, USA)**

On July 1, 2017, the Company entered into a Claims Purchase Agreement (the "SL Claims Purchase Agreement") with David Saderholm (the "Trustee"), Eric Saderholm, Patricia Saderholm, Warwick Smith and Tarin Smith (collectively, the "Vendors") whereby the Vendors agreed to sell the South Lida Project in exchange for shares in the Company.

Pursuant to the SL Claim Purchase Agreement, the Company issued the Vendors a total of 1,000,000 common shares.

The acquisition of the South Lida Project is a related party transaction as two of the Vendors are officers and directors of the Company.

Tuscarora Project (Nevada, US)

On November 6, 2017, the Company entered into an option agreement (the "Tuscarora Option Agreement") with Novo Resources Corp. The Tuscarora Option Agreement was amended on December 18, 2019 (the "Amended Tuscarora Option Agreement"). Pursuant to the Tuscarora Option Agreement, Novo Resources Corp. will grant the Company the exclusive right and option to acquire a 100% right, title, and interest in and to the Tuscarora Project (the "Tuscarora Option").

Pursuant to the Amended Tuscarora Option Agreement, the Company:

- a) made \$400,000 cash payments to Novo Resources Corp.; and
- b) issued 266,667 common shares of the Company to Novo Resources Corp.

In addition, to earn the Tuscarora Option, the Company will have to incur US\$100,000 in expenditures on the property annually, starting on the twelve-month period commencing on the first anniversary of the listing date and per each successive twelve-month period thereafter¹.

The property is subject to Net Smelter Returns (the "NSR") royalties of 0.5% which may be reduced to nil (0%) by paying US\$500,000.

In addition, the Company is also required to make the following payments to Ely Gold Royalties ("Ely Gold"), the owner of the Tuscarora Project:

- a) Annual minimum royalty payments

On or before:	\$	
November 7, 2018	4,000	Paid
November 7, 2019	4,000	Paid
November 7, 2020	4,000	Paid
November 7, 2021	8,000	Paid
November 7, 2022	8,000	
November 7, 2023	8,000	
November 7, 2024	8,000	
November 7, 2025	8,000	
November 7, 2026 and each succeeding anniversary	12,000	

¹ This amount has been incurred annually since the first anniversary of the listing date.

American Pacific Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Six Months Ended June 30, 2022

(Expressed in Canadian Dollars)

6) EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Tuscarora Project (Nevada, USA) (continued)

b) Production royalty based on the NSR from the production and sale of minerals from the Tuscarora Project. The royalty percentage rate for precious metals is based on the average daily price per troy ounce of gold during the period of production of minerals from the Tuscarora Project for which the royalty is payable as follows:

- | | |
|--|--------------------|
| • less than or equal to \$1,500 | Two percent (2%) |
| • greater than \$1,500 but less than or equal to \$2,000 | Three percent (3%) |
| • greater than \$2,000 | Four percent (4%) |

The royalty percentage will apply for all other minerals is 2.5% of the NSR.

On March 19, 2018, the Company expanded the Tuscarora Project through the additional staking of claims in Elko County, Nevada.

Lease assignment agreement with Ubica Gold Corp. ("Ubica")

On September 15, 2021, the Company entered into a lease assignment agreement with Ubica Gold Corp. ("Ubica") (the "Ubica Agreement"). Pursuant to the terms of the Ubica Agreement, the Company issued 3,700,000 common shares with fair value of \$3,293,000 (the "Ubica Payment Shares") and paid \$800,000 in cash to Ubica on September 15, 2021 to acquire claims at Tuscarora. The Ubica Payment Shares are subject to voluntary hold periods, with 25% of the Ubica Payment Shares released on September 15, 2021 and an additional 25% released every 6 months thereafter until all Ubica Payment Shares have been released.

The Ubica Agreement consists of three sublease agreements:

- An agreement entered between Ubica and RS Gold, LLC (the "RS Agreement");
- An agreement entered between Ubica and Timothy Tigerman (the "Tigerman Agreement"); and
- An agreement entered between Ubica and Jerry K. and Lori L. Fogle, Debra L. Jacob, and Lanny and Pamela M. Morrison (collectively the "RH Lessor") (the "Rose Hill Agreement").

(collectively, the "Ubica Sublease Agreements")

Pursuant to the Ubica Agreement, the Company is responsible to make the payments which are due on or after September 15, 2021 under the Ubica Sublease Agreements.

• **RS Agreement**

The initial term (the "RS Initial Term") of the RS Agreement is 20 years from April 23, 2019, the date which the RS Agreement was signed. Ubica has the option to extend the RS Agreement for additional 20 years (the "RS Renewal Term").

Pursuant to the RS Agreement, the Company will make the following payments:

Advanced royalty payment

- US\$20,000 on or before April 23, 2022 (paid);
- US\$30,000 on or before April 23, 2023;
- US\$40,000 on or before April 23, 2024; and
- US\$50,000 on or before April 23, 2025 and each anniversary thereafter through the initial term and any renewal or extension thereof.

American Pacific Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Six Months Ended June 30, 2022

(Expressed in Canadian Dollars)

6) EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Tuscarora Project (Nevada, USA) (continued)

Lease assignment agreement with Ubica Gold Corp. ("Ubica") (continued)

The annual work commitment required pursuant to RS Agreement had been fulfilled by Ubica.

The RS Agreement is subject to 3% NSR. During the RS Initial Term and the RS Renewal Term, Ubica has the option to purchase up to 2% NSR of the total 3% NSR for US\$1,000,000 per 1% NSR.

- **Tigerman Agreement**

The initial term (the "Tigerman Initial Term") of the Tigerman Agreement is 20 years from June 25, 2021, the date which the Tigerman Agreement was signed. Ubica has the option to extend the Tigerman Agreement for additional 20 years (the "Tigerman Renewal Term").

Pursuant to the Tigerman Agreement from the Tigerman Initial Term to June 25, 2040, the Company is subject to advanced annual royalties with the first payment of US\$10,000 due on or before June 25, 2022. The advanced annual royalties will increase by 10% each subsequent year.

The 2022 annual royalty of US\$10,000 was paid by Ubica during the six months ended June 30, 2022, and reimbursed by the Company subsequent to June 30, 2022.

- **Rose Hill Agreement**

The initial term (the "RH Initial Term") of the Rose Hill Agreement is 10 years from June 30, 2021, the date which the Rose Hill Agreement was signed. Ubica has the option to extend the Rose Hill Agreement for additional 10 years (the "RH Renewal Term").

Pursuant to the Rose Hill Agreement, the Company will make the following payments:

Advanced royalty payment

- US\$6,000 on June 30, 2021 (paid);
- US\$12,000 on or before June 30, 2022 (paid);
- US\$18,000 on or before June 30, 2023;
- US\$24,000 on or before June 30, 2024; and
- US\$36,000 on or before June 30, 2025 and each anniversary thereafter through the initial term and any renewal or extension thereof.

Annual work commitment

- US\$30,000 during the first year from the RH Initial Term (fulfilled);
- US\$80,000 during the second year from the RH Initial Term; and
- US\$100,000 during the third year from the RH Initial Term.

The Rose Hill Agreement is subject to 3% NSR. During the RH Initial Term and the RH Renewal Term, Ubica has the option to purchase up to 2% NSR of the total 3% NSR for US\$1,000,000 per 1% NSR.

American Pacific Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Six Months Ended June 30, 2022

(Expressed in Canadian Dollars)

6) EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Madison Project (Montana, USA)

The Madison Project is currently under an earn-in, joint venture agreement signed by Broadway Gold Corp. ("Broadway"), a wholly-owned subsidiary of the Company, on April 30, 2019, whereby Kennecott Exploration Company ("Kennecott"), part of the Rio Tinto Group (ASX, LON: RIO) must spend US\$30 million to earn up to 70% of the Madison Project.

Under the terms of the earn-in agreement, Kennecott has an option to acquire a 55% undivided interest (the "First Option") in the property by incurring exploration and related expenditures of US\$5 million² within the first five years, including a minimum exploration budget of US\$1 million in the first year.

If Kennecott exercises the First Option, it may elect to earn an additional 10% undivided interest (the "Second Option"), for a total undivided interest of 65%, by incurring additional expenditures of US\$10 million² within the following three years.

If Kennecott exercises the Second Option, it may elect to earn an additional 5% undivided interest (the "Third Option"), for a total of 70%, by incurring additional expenditures of US\$15 million² within the subsequent three-year period. Kennecott may elect to create the joint venture after exercising each option to earn in.

In addition, in order to exercise the First Option, Kennecott is required to make the following cash payment to Broadway in an amount of US\$225,000 over the first five years:

- US\$50,000 on April 30, 2019 (paid);
- US\$25,000 on or before April 30, 2020 (paid);
- US\$25,000 on or before April 30, 2021 (paid)³;
- US\$25,000 on or before April 30, 2022 (paid)⁴;
- US\$25,000 on or before April 30, 2023; and
- US\$75,000 on or before April 30, 2024.

On May 17, 2021, the Company entered into an amendment agreement (the "First Amendment Agreement") with Kennecott. Under the First Amendment Agreement, the payment, including the annual pre-production payment of US\$50,000 due on April 1 of each year until the commercial production is commenced, made directly or indirectly by Kennecott to keep the Madison Project in good standing is considered as the Option Expenditures.

Pursuant to the earn-in agreement:

- Kennecott may request Broadway to conduct exploration on its behalf during the first year in return for a 10% administration charge.
- Broadway has the right to conduct independent drilling and exploration of the skarn zones during the first year.
- Broadway has a right of first offer to acquire Kennecott's interest in the property in the event Kennecott wishes to divest its interest.

² Collectively the "Option Expenditures"

³ \$31,655 (US\$25,000) was recognized as a reduction of the carrying value of the Madison Project.

⁴ \$31,663 (US\$25,000) was recognized as a reduction of the carrying value of the Madison Project.

American Pacific Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Six Months Ended June 30, 2022

(Expressed in Canadian Dollars)

6) EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Madison Project (Montana, USA) (continued)

- The joint venture may be formed with 55% to Kennecott and 45% to Broadway upon the Kennecott exercise the First Option, 65% to Kennecott and 35% to Broadway upon the Kennecott exercise the Second Option, or 70% to Kennecott and 30% to Broadway upon exercise the Third Option.
- The joint venture will be managed by the Rio Tinto Group and financed by each participant in accordance with its interest.
- Broadway may elect to not finance its interest and be diluted down to a 10% interest. If Broadway is diluted below 10% interest, its interest will convert to a 2% NSR with a maximum amount payable of US\$50 million.

Gooseberry Project (Nevada, USA)

On April 23, 2019, the Company acquired through staking the Gooseberry Mine in Storey Nevada, USA.

Earn-in Agreement with GRAC Global Resource Acquisition Corp. ("GRAC")

On November 4, 2020, the Company entered into an earn-in agreement with GRAC (the "GRAC Agreement"), a private company in British Columbia, Canada.

According to the GRAC Agreement, GRAC can earn up to a 51% interest in the Gooseberry Project within 24 months from the date of the GRAC Agreement ("GRAC Phase 1") by:

- making a non-refundable cash payment to the Company of \$50,000 within the four months after date of the GRAC Agreement (paid⁵);
- issuing 2,000,000 shares to the Company on or before the earlier of:
 - 2 months from the date GRAC completes a transaction to list on the Canadian Securities Exchange or any other recognized stock exchange;
 - 24 months from the date of the GRAC Agreement; and
- funding exploration expenditures of \$1.5 million towards the Gooseberry Project within 24 months from the date of the GRAC Agreement.

During the year ended December 31, 2021, the Company entered into an agreement with GRAC to terminate the GRAC Agreement. Upon termination, the Company now owns 100% of the Gooseberry Project.

⁵ For the \$50,000 non-refundable cash payment received during the year ended December 31, 2021, the Company recognized \$46,799 as a reduction of the carrying value of the Gooseberry Project and the remaining of \$3,201 was recognized as a gain from option-out of interest in mineral property in the statement of loss and comprehensive loss during the year ended December 31, 2021.

American Pacific Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Six Months Ended June 30, 2022

(Expressed in Canadian Dollars)

6) EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Red Hill Project (Nevada, USA)

On July 29, 2021 (the "RH Effective Date"), the Company entered into a ten-year renewable lease agreement for the Red Hill Project (the "RH Lease Agreement") with Nevada North Resources (USA) Inc. ("Nevada North").

Pursuant to the RH Lease Agreement the Company is required to make the first payment of US\$25,000 (paid) Nevada North to hold the Red Hill property for one year from the RH Effective Date and make the following annual payment to Nevada North:

- 2nd payment on July 29, 2022 – US\$25,000 (paid subsequent to June 30, 2022);
- 3rd payment on July 29, 2023 – US\$25,000;
- 4th payment on July 29, 2024 – US\$40,000;
- 5th payment on July 29, 2025 – US\$40,000;
- 6th payment on July 29, 2026 – US\$45,000;
- 7th payment on July 29, 2027 – US\$50,000;
- 8th payment on July 29, 2028 – US\$55,000;
- 9th payment on July 29, 2029 – US\$55,000; and
- 10th payment on July 29, 2030 – US\$55,000⁶.

In addition, the Company is required to pay an annual claim maintenance fee for the Red Hill Project. During the year ended December 31, 2021, the Company paid \$17,847 (US\$14,070) annual claim maintenance fee.

Upon commencement of commercial production, the Company is required to pay Nevada North a royalty on production equal to 3% of NSR of which 1.5% the Company may buy back for US\$3,000,000.

In addition, one of the Company's directors own 10% interest of the Red Hill Project.

7) SHARE CAPITAL AND RESERVES

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

As of June 30, 2022, the Company had 118,039,209 common shares issued and outstanding (December 31, 2021 – 117,764,209) with a value of \$39,735,559 (December 31, 2021 – \$39,568,281).

During the six months ended June 30, 2022

- 275,000 stock options were exercised for proceeds of \$110,000. In addition, the Company reclassified the grant date fair value of the exercised stock options of \$57,278 from stock options reserve to share capital.

⁶ Beginning on the 11th payment due on July 29, 2031, the annual payment of US\$55,000 will be adjusted for inflation increase according to the United States Department of Labor Consumer Price Index.

American Pacific Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Six Months Ended June 30, 2022

(Expressed in Canadian Dollars)

7) SHARE CAPITAL AND RESERVES (CONTINUED)**Issued share capital (continued)****During the six months ended June 30, 2021**

- On June 8, 2021, the Company completed a private placement with a strategic investor, Michael Gentile, CFA. The Company issued 8,181,964 units at \$0.125 per unit to Michael Gentile for gross proceeds of \$1,022,746. Each unit consists of one common share and one warrant, which entitles the holder to purchase one common share of the Company at \$0.16 for a period of two years.

In connection with the private placement, the Company incurred share issuance costs of \$2,388.

- 13,338,646 warrants were exercised for proceeds of \$2,746,810. In addition, the Company reclassified the grant date fair value of the exercised warrants of \$553,028 from warrants reserve to share capital.

Warrants

No warrants were issued, exercised or expired during the six months ended June 30, 2022.

During the six months ended June 30, 2021, 2,433,655 warrants with an expiry date of February 28, 2021 expired unexercised.

The following summarizes information about warrants outstanding at June 30, 2022:

Expiry date	Exercise price (\$)	Warrants outstanding	Estimated grant date fair value (\$)	Weighted average remaining contractual life (in years)
June 8, 2023	0.16	8,181,964	-	0.94
December 13, 2023	1.40	5,722,320	434,122	1.45
		13,904,284	434,122	1.15

Stock options

The Company has a Stock Option Plan (the "Plan") applicable to directors, officers and consultants, under which the total outstanding stock options are limited to 10% of the outstanding common shares of the Company at any one time. Under the plan, an option's maximum term is ten years from the grant date. Under the stock option plan, the Board of the Company has the option of determining vesting periods.

The changes in stock options during the six months ended June 30, 2022 as follows:

	Number outstanding	Weighted average exercise price (\$)
Balance, beginning of period	4,025,000	0.39
Granted	2,900,000	1.01
Exercised	(275,000)	0.40
Balance, end of period	6,650,000	0.66

American Pacific Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Six Months Ended June 30, 2022

(Expressed in Canadian Dollars)

7) SHARE CAPITAL AND RESERVES (CONTINUED)**Stock options****During the six months ended June 30, 2022**

- On February 28, 2022, the Company granted 2,900,000 options with an exercise price of \$1.01 to its directors, officers, and consultants. The options are exercisable for a period of five years. All of the options granted vested immediately at the date of grant.

During the six months ended June 30, 2021

- On May 27, 2021, the Company granted 1,800,000 options with an exercise price of \$0.27 to its directors, officers, and consultants. The options are exercisable for a period of five years. All of the options granted vested immediately at the date of grant.

The estimated grant date fair value of the options granted during the six months ended June 30, 2022 and 2021 was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

	For the six months ended	
	June 30, 2022	June 30, 2021
Number of options granted	2,900,000	1,800,000
Risk-free interest rate	1.59%	0.74%
Expected annual volatility	N/A	79%
Expected life (in years)	5.00	5.00
Expected dividend yield	0%	0%
Grant date fair value per option (\$)	0.63	0.18
Share price at grant date (\$)	0.95	0.28

During the six months ended June 30, 2022, the Company recognized share-based payments expense arising from stock options of \$1,827,754 (June 30, 2021 – \$320,100).

The following summarizes information about stock options outstanding and exercisable at June 30, 2022:

Expiry date	Exercise price (\$)	Options outstanding	Options exercisable	Estimated grant date fair value (\$)	Weighted average remaining contractual life (in years)
May 14, 2025	0.325	50,000	50,000	6,350	2.87
July 22, 2025	0.490	1,900,000	1,900,000	581,061	3.06
May 27, 2026	0.270	1,700,000	1,700,000	302,317	3.91
July 19, 2026	0.710	100,000	100,000	47,247	4.05
February 28, 2027	1.010	2,900,000	2,900,000	1,827,753	4.67
		6,650,000	6,650,000	2,764,728	3.99
Weighted average exercise price (\$)		0.66	0.66		

American Pacific Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Six Months Ended June 30, 2022

(Expressed in Canadian Dollars)

8) RELATED PARTY TRANSACTIONS AND BALANCES

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

The following table discloses the total compensation incurred to the Company's key management personnel during the six months ended June 30, 2022 and 2021:

	Footnote	For the six months ended	
		June 30, 2022	June 30, 2021
		\$	\$
Warwick Smith, CEO and Director			
Consulting fees	(1)	124,221	109,500
Share-based payments		315,130	53,350
		439,351	162,850
Eric Saderholm, President and Director			
Consulting fees		9,193	15,155
Exploration and evaluation costs		113,951	91,429
Share-based payments		315,130	53,350
		438,274	159,934
Alnesh Mohan, CFO and Corporate Secretary			
Professional fees	(2)	65,520	49,680
Share-based payments		220,591	53,350
		286,111	103,030
Norman Wareham, Director, Former CFO and Corporate Secretary			
Consulting fees	(3)	-	30,000
		-	30,000
Ken Cunningham, Director			
Directors' fees		15,238	7,495
Share-based payments		315,130	53,350
		330,368	60,845
Joness Lang, Director			
Consulting fees	(4)	-	10,000
Directors' fees	(4)	15,238	7,392
Share-based payments		315,130	53,350
		330,368	70,742
Total		1,824,472	587,401

(1) Paid to Harbourside Consulting Ltd. which is controlled by Mr. Smith.

(2) Paid to Quantum Advisory Partners LLP, an accounting firm in which Mr. Mohan is an incorporated partner.

(3) Paid to Inlet Consulting Ltd. which is controlled by Mr. Wareham.

(4) Paid to EBC Consulting Group Ltd. which is controlled by Mr. Lang.

As at June 30, 2022, the balances due to the Company's directors and officer included in accounts payables and accrued liabilities were \$81,591 (December 31, 2021 – \$38,578), which were paid subsequent to June 30, 2022. These amounts are unsecured, non-interest bearing and payable on demand.

American Pacific Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Six Months Ended June 30, 2022

(Expressed in Canadian Dollars)

9) SEGMENTED INFORMATION

The Company operates in one reportable segment being the exploration and evaluation of mineral properties. The Company's non-current assets are located are as follows:

	Total	Canada	United States
	\$	\$	\$
As at June 30, 2022			
Non-current assets			
Reclamation deposits	45,119	-	45,119
Property and equipment	37,216	502	36,714
Exploration and evaluation assets	13,606,353	-	13,606,353
	13,688,688	502	13,688,186
As at December 31, 2021			
Non-current assets			
Reclamation deposits	44,441	-	44,441
Property and equipment	42,867	679	42,188
Exploration and evaluation assets	13,375,505	-	13,375,505
	13,462,813	679	13,462,134

10) CAPITAL MANAGEMENT

The Company defines its components of shareholders' equity as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue business opportunities and to maintain a flexible capital structure that optimizes the costs of capital at an acceptable risk.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust capital structure, the Company may consider issuing new shares, and/or issue debt, acquire or dispose of assets, or adjust the amount of cash on hand.

The Company's investment policy is to keep its cash on deposit in an interest-bearing Canadian chartered bank account. There have been no changes to the Company's approach to capital management at any time during the six months ended June 30, 2022. The Company is not subject to externally imposed capital requirements.

American Pacific Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Six Months Ended June 30, 2022

(Expressed in Canadian Dollars)

11) FINANCIAL INSTRUMENTS**Fair value**

Financial instruments are classified into one of the following categories: FVTPL, amortized cost and FVTOCI.

Set out below are the Company's financial assets and liabilities by category:

		FVTPL	Amortized costs	FVTOCI
	June 30, 2022	\$	\$	\$
Financial assets:				
ASSETS				
Cash and cash equivalents	11,069,716	11,069,716	-	-
Amounts receivable	41,401	-	41,401	-
Reclamation deposits	45,119	-	45,119	-
Financial liabilities:				
LIABILITIES				
Accounts payable and accrued liabilities	(427,424)	-	(427,424)	-
	December 31, 2021	\$	\$	\$
Financial assets:				
ASSETS				
Cash and cash equivalents	15,085,675	15,085,675	-	-
Amounts receivable	11,516	-	11,516	-
Reclamation deposits	44,441	-	44,441	-
Financial liabilities:				
LIABILITIES				
Accounts payable and accrued liabilities	(620,584)	-	(620,584)	-

The carrying values of amounts receivable, accounts payable and accrued liabilities approximate their fair values due to the relatively short period to maturity of those financial instruments. Reclamation deposits approximately their fair value due to their liquidity.

As at June 30, 2022 and December 31, 2021, the financial instruments recorded at fair value on the statements of financial position are cash and cash equivalents and marketable securities which are measured using Level 1 of the fair value hierarchy. As at June 30, 2022 and December 31, 2021, there were no financial assets or liabilities measured and recognized in the statement of financial position at fair value that would be categorized as Level 2 and 3 in the fair value hierarchy above.

American Pacific Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Six Months Ended June 30, 2022

(Expressed in Canadian Dollars)

11) FINANCIAL INSTRUMENTS (CONTINUED)**Fair value (continued)**

IFRS 13 establishes a fair value hierarchy that reflects the significance of inputs used in making fair value measurements as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3: Inputs that are not based on observable market data.

The Company has determined the estimated fair values of its financial instruments based upon appropriate valuation methodologies.

Financial risk management**Credit risk**

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk includes cash and cash equivalents and amounts receivable.

The Company's cash and cash equivalents is held at a large Canadian financial institution in interest bearing accounts. The Company has no investments in asset-backed commercial paper.

The Company's maximum exposure to credit risk is the carrying value of its financial assets.

Management believes that the credit risk concentration with respect to these financial instruments is remote. Cash and cash equivalents based in Canada are accessible. The Company's amounts receivable balance does not represent significant credit exposure as it is principally due from the Government of Canada.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company manages liquidity by maintaining adequate cash balances to meet liabilities as they become due.

As at June 30, 2022, the Company had cash and cash equivalents of \$11,069,716 and accounts payable and accrued liabilities of \$427,424. All accounts payable and accrued liabilities are current.

American Pacific Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Six Months Ended June 30, 2022

(Expressed in Canadian Dollars)

11) FINANCIAL INSTRUMENTS (CONTINUED)**Financial risk management (continued)****Market risk**

The significant market risks to which the Company is exposed are interest rate risk, foreign currency risk, and price risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash and cash equivalents is held at a Canadian chartered bank. Management believes that the credit risk concentration with respect to cash is remote as the cash and cash equivalents are easily accessible.

The Company's interest rate risk principally arises from the interest rate impact of interest earned on cash and cash equivalents. A 1% change in interest rates on the balance of cash at June 30, 2022 would result in an approximately \$110,000 change to the Company's loss for the six months ended June 30, 2022.

Foreign Currency risk

The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars ("CAD"). The Company has not entered into any foreign currency contracts to mitigate this risk.

The Company's cash, amounts receivable, and accounts payable and accrued liabilities are held in CAD and United States dollars ("US"); therefore, US accounts are subject to fluctuation against the CAD.

The Company's financial instruments were denominated as follows as at June 30, 2022:

	CA\$	US\$
Cash and cash equivalents	11,049,239	15,884
Amounts receivable	41,401	-
Reclamation deposits	-	35,000
Accounts payable and accrued liabilities	(143,681)	(220,105)
	10,946,959	(169,221)
Rate to convert to \$1.00 CAD	1.00	1.29
Equivalent to CAD	10,946,959	(218,147)

Based on the above net exposures as at June 30, 2022, and assuming that all other variables remain constant, a 10% change of the CAD against the US would change profit or loss by approximately \$22,000.

Commodity price risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities may be subject to risks associated with fluctuations in the market price of commodities. The Company is not exposed to significant other price risk.

American Pacific Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Six Months Ended June 30, 2022

(Expressed in Canadian Dollars)

12) SUBSEQUENT EVENT

On August 15, 2022, the Company and Constantine Metal Resources Ltd (“Constantine”) announced that they have entered into a definitive agreement (the “Definitive Agreement”) pursuant to which the Company will acquire all of the issued and outstanding common shares of Constantine in an all-share transaction, providing Constantine shareholders with an immediate upfront premium of 48.6% based on each company’s respective 20-day volume weighted average price (“VWAP”).



AMERICAN PACIFIC MINING CORP.

**MANAGEMENT DISCUSSION & ANALYSIS
(FORM 51-102F1)**

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(EXPRESSED IN CANADIAN DOLLARS)

Table of Contents

BACKGROUND	3
FORWARD-LOOKING INFORMATION	3
COMPANY OVERVIEW	3
COVID-19	4
DESCRIPTION OF BUSINESS	4
RESULTS OF OPERATIONS	11
SUMMARY OF QUARTERLY INFORMATION	13
SELECTED INFORMATION	14
LIQUIDITY AND CAPITAL RESOURCES	14
OUTSTANDING SHARE DATA	15
RELATED PARTY TRANSACTIONS AND BALANCES	15
OFF-BALANCE SHEET ARRANGEMENTS	16
CRITICAL ACCOUNTING ESTIMATES	16
NEW ACCOUNTING STANDARDS	16
FINANCIAL INSTRUMENTS	16
OTHER MD&A REQUIREMENTS	17

BACKGROUND

This Management Discussion and Analysis ("MD&A") of American Pacific Mining Corporation's ("APMC", "American Pacific" or the "Company") financial position and results of operations for the six months ended June 30, 2022 is prepared as at August 29, 2022. This MD&A should be read in conjunction with the unaudited condensed consolidated interim financial statements for the six months ended June 30, 2022 and the supporting notes. Those unaudited condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar figures included therein and in the following MD&A are quoted in Canadian dollars. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

FORWARD-LOOKING INFORMATION

This discussion contains "forward-looking statements" that involve risks and uncertainties. Such information, although considered to be reasonable by the Company's management at the time of preparation, may prove to be inaccurate and actual results may differ materially from those anticipated in the statements made.

This MD&A may contain forward-looking statements that reflect the Company's current expectations and projections about its future results. When used in this MD&A, words such as "estimate", "intend", "expect", "anticipate" and similar expressions are intended to identify forward-looking statements, which, by their very nature, are not guarantees of the Company's future operational or financial performance, and are subject to risks and uncertainties and other factors that could cause the Company's actual results, performance, prospects or opportunities to differ materially from those expressed in, or implied by, these forward-looking statements.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this MD&A or as of the date otherwise specifically indicated herein.

Due to risks and uncertainties, including the risks and uncertainties identified above and elsewhere in this MD&A, actual events may differ materially from current expectations. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

COMPANY OVERVIEW

The Company was incorporated under the Business Corporations Act (British Columbia) on July 1, 2017. The Company is engaged in the business of mineral exploration and its objective is to locate and develop mineral properties in Western United States.

The Company's head office, principal address, registered address and records office is Suite 910 - 510 Burrard Street, Vancouver, B.C., V6C 3A8, Canada.

The Company has two wholly-owned subsidiaries, American Pacific Mining (US) Inc. ("APM US") and Broadway Gold Corp. ("Broadway"). APM US was incorporated in Nevada, United States pursuant to Chapter 78 of the Nevada Revised Statutes on January 13, 2018. Broadway became a wholly-owned subsidiary of the Company on June 26, 2020.

The Company's shares are listed on the Canadian Securities Exchange (the "CSE") under the symbol "USGD". The Company's common shares commenced trading on the OTCQX Best Market (the "OTCQX") under the ticker symbol of "USGDF" on February 25, 2022.

American Pacific Mining Corp.

Management's Discussion and Analysis For the Six Months Ended June 30, 2022

On August 15, 2022, the Company and Constantine Metal Resources Ltd ("Constantine") announced that they have entered into a definitive agreement (the "Definitive Agreement") pursuant to which the Company will acquire all of the issued and outstanding common shares of Constantine in an all-share transaction, providing Constantine shareholders with an immediate upfront premium of 48.6% based on each company's respective 20-day volume weighted average price ("VWAP").

COVID-19

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn.

The Company could be adversely impacted by the effects of the coronavirus. The extent to which the coronavirus impacts the Company, including its operations and the market for its securities, will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include the duration, severity and scope of the outbreak and the actions taken to contain or treat the coronavirus outbreak. The continued spread of the coronavirus globally could materially and adversely impact the Company's operations including, workforce productivity, increased insurance premiums, limitations on travel, the availability of industry experts and personnel, and restrictions to its drill programs, exploration and other metallurgical testing. To date, the Company has not had any adverse effects from the coronavirus.

DESCRIPTION OF BUSINESS

Eric Saderholm, P.Geo. and Philip Mulholland, P.Geo. are the designated Qualified Persons (QP) under National Instrument 43-101 (NI 43-101), who have reviewed and approved the technical information disclosed in this MD&A.

South Lida Project (Nevada, USA)

On July 1, 2017, the Company entered into a Claims Purchase Agreement (the "SL Claims Purchase Agreement") with David Saderholm (the "Trustee"), Eric Saderholm, Patricia Saderholm, Warwick Smith and Tarin Smith (collectively, the "Vendors") whereby the Vendors agreed to sell the South Lida Project in exchange for shares in the Company.

Pursuant to the SL Claims Purchase Agreement, the Company issued the Vendors a total of 1,000,000 common shares.

The acquisition of the South Lida Project is a related party transaction as two of the Vendors are officers and directors of the Company.

On April 5, 2022, the Company expanded its South Lida Project land package to 1,500 acres by staking 64 additional claims. An initial sampling program started in May 2022 to evaluate the new claims and to identify new targets on the property and data collected will be included in an updated NI 43-101 Technical Report expected later this year.

On June 28, 2022, the Company reported high-grade copper and gold assays from both a Phase I rock chip sampling program and recently acquired historic sampling data. A total of 27 rock samples were collected from the eastern portion of the claim package. A follow-up sampling program is anticipated to further evaluate the strongly mineralized property.

American Pacific Mining Corp.

Management's Discussion and Analysis
For the Six Months Ended June 30, 2022

Tuscarora Project (Nevada, USA)

On November 6, 2017, the Company entered into an option agreement (the "Tuscarora Option Agreement") with Novo Resources Corp. The Tuscarora Option Agreement was amended on December 18, 2019 (the "Amended Tuscarora Option Agreement"). Pursuant to the Tuscarora Option Agreement, Novo Resources Corp. will grant the Company the exclusive right and option to acquire a 100% right, title, and interest in and to the Tuscarora Project (the "Tuscarora Option").

Pursuant to the Amended Tuscarora Option Agreement, the Company:

- a) made \$400,000 cash payments to Novo Resources Corp.; and
- b) issued 266,667 common shares of the Company to Novo Resources Corp.

In addition, to earn the Tuscarora Option, the Company will have to incur US\$100,000 in expenditure on the property annually, starting on the twelve-month period commencing on the first anniversary of the listing date and per each successive twelve-month period thereafter. ¹

The property is subject to a Net Smelter Returns (the "NSR") royalties of 0.5% which may be reduced to nil (0%) by paying US\$500,000.

In addition, the Company is also required to make the following payments to Ely Gold Royalties ("Ely Gold"), the owner of the Tuscarora Project:

- a) Annual minimum royalty payments

On or before:	\$	
November 7, 2018	4,000	Paid
November 7, 2019	4,000	Paid
November 7, 2020	4,000	Paid
November 7, 2021	8,000	Paid
November 7, 2022	8,000	
November 7, 2023	8,000	
November 7, 2024	8,000	
November 7, 2025	8,000	
November 7, 2026 and each succeeding anniversary	12,000	

- b) Production royalty based on the NSR from the production and sale of minerals from the Tuscarora Project. The royalty percentage rate for precious metals is based on the average daily price per troy ounce of gold during the period of production of minerals from the Tuscarora Project for which the royalty is payable as follows:

- less than or equal to \$1,500 Two percent (2%)
- greater than \$1,500 but less than or equal to \$2,000 Three percent (3%)
- greater than \$2,000 Four percent (4%)

The royalty percentage will apply for all other minerals is 2.5% of the NSR.

¹ This amount has been incurred annually since the first anniversary of the listing date.

American Pacific Mining Corp.

Management's Discussion and Analysis For the Six Months Ended June 30, 2022

On March 19, 2018, the Company expanded the Tuscarora Project through the additional staking of 67 claims in Elko County, Nevada.

On February 3, 2021, the Company announced that the Company now has 100% interest in the Tuscarora Project following the final payment to Novo Resources Corp.

On January 26, 2022, the Company announced the expansion of the Tuscarora Project through the staking of an additional 47 claims totaling 971 acres with further plans on drilling up to 70 holes to test a series of high-grade gold targets in 2022. The Company now has 215 claims, 4,272 acres, of the Tuscarora Project.

On May 9, 2022, the Company reported the completion of 13 holes of a planned 17,000 metre drill program at the Tuscarora Project. Initial assays are pending with results expected in the coming weeks. The Company has also staked an additional 53 claims for 1,095 acres. Tuscarora project is now a 268 claim, 5,370-acre project.

On May 24, 2022, the Company reported high-grade assays from a recent rock chip sampling program at the Tuscarora Project. Of the 24 rock samples collected, only 7 were below detection limits for gold while the best sample collected, near the Repo Vein target, assayed 205.83 g/t gold.

On July 14, 2022, the Company provided a drilling update and released new CSAMT data highlighting new vein targets at the Tuscarora project. Approximately 21 drillholes of reverse circulation drilling has been completed to-date and up to five additional holes will be completed in the coming weeks.

Lease assignment agreement with Ubica Gold Corp. ("Ubica")

On September 15, 2021, the Company entered into a lease assignment agreement with Ubica (the "Ubica Agreement"). Pursuant to the terms of the Ubica Agreement, the Company issued 3,700,000 common shares with fair value of \$3,293,000 (the "Ubica Payment Shares") and paid \$800,000 in cash to Ubica on September 15, 2021 to acquire 77 claims at Tuscarora totaling 1,031 acres. The Ubica Payment Shares are subject to voluntary hold periods, with 25% of the Ubica Payment Shares released on September 15, 2021 and an additional 25% released every 6 months thereafter until all Ubica Payment Shares have been released.

The Ubica Agreement consists of three sublease agreements:

- An agreement entered between Ubica and RS Gold, LLC (the "RS Agreement");
- An agreement entered between Ubica and Timothy Tigerman (the "Tigerman Agreement"); and
- An agreement entered between Ubica and Jerry K. and Lori L. Fogle, Debra L. Jacob, and Lanny and Pamela M. Morrison (collectively the "RH Lessor") (the "Rose Hill Agreement").

(collectively, the "Ubica Sublease Agreements")

Pursuant to the Ubica Agreement, the Company is responsible to make the payments which are due on or after September 15, 2021 under the following Ubica Sublease Agreements.

- **RS Agreement**

The initial term (the "RS Initial Term") of the RS Agreement is 20 years from April 23, 2019, the date which the RS Agreement was signed. Ubica has the option to extend the RS Agreement for additional 20 years (the "RS Renewal Term").

Pursuant to the RS Agreement, the Company will make the following payments:

Advanced royalty payment

- US\$20,000 on or before April 23, 2022 (paid);
- US\$30,000 on or before April 23, 2023;
- US\$40,000 on or before April 23, 2024; and
- US\$50,000 on or before April 23, 2025 and each anniversary thereafter through the initial term and any renewal or extension thereof.

The annual work commitment required pursuant to RS Agreement had been fulfilled by Ubica.

The RS Agreement is subject to 3% NSR. During the RS Initial Term and the RS Renewal Term, Ubica has the option to purchase up to 2% NSR of the total 3% NSR for US\$1,000,000 per 1% NSR.

- **Tigerman Agreement**

The initial term (the "Tigerman Initial Term") of the Tigerman Agreement is 20 years from June 25, 2021, the date which the Tigerman Agreement was signed. Ubica has the option to extend the Tigerman Agreement for additional 20 years (the "Tigerman Renewal Term").

Pursuant to the Tigerman Agreement from the Tigerman Initial Term to June 25, 2040, the Company is subject to advanced annual royalties with the first payment of US\$10,000 due on or before June 25, 2022. The advanced annual royalties will increase by 10% each subsequent year.

The 2022 annual royalty of US\$10,000 was paid by Ubica during the six months ended June 30, 2022, and reimbursed by the Company subsequent to June 30, 2022.

- **Rose Hill Agreement**

The initial term (the "RH Initial Term") of the Rose Hill Agreement is 10 years from June 30, 2021, the date which the Rose Hill Agreement was signed. Ubica has the option to extend the Rose Hill Agreement for additional 10 years (the "RH Renewal Term").

Pursuant to the Rose Hill Agreement, the Company will make the following payments:

Advanced royalty payment

- US\$6,000 on June 30, 2021 (paid);
- US\$12,000 on or before June 30, 2022 (paid);
- US\$18,000 on or before June 30, 2023;
- US\$24,000 on or before June 30, 2024; and
- US\$36,000 on or before June 30, 2025 and each anniversary thereafter through the initial term and any renewal or extension thereof.

Annual work commitment

- US\$30,000 during the first year from the RH Initial Term (fulfilled);
- US\$80,000 during the second year from the RH Initial Term; and
- US\$100,000 during the third year from the RH Initial Term.

The Rose Hill Agreement is subject to 3% NSR. During the RH Initial Term and the RH Renewal Term, Ubica has the option to purchase up to 2% NSR of the total 3% NSR for US\$1,000,000 per 1% NSR.

American Pacific Mining Corp.

Management's Discussion and Analysis For the Six Months Ended June 30, 2022

Madison Project (Montana, USA)

On June 26, 2020, the Company acquired the fully permitted Madison Project ("Madison Project") near Silver Star, Montana. The Madison Project is located in the heart of Montana's prolific copper-gold belt only 38km southeast of the world-renowned Butte Mining District. The Project consists of 136 unpatented and 6 patented claims (2,514 acres), accessed via improved dirt roads. The Madison Project is currently under an earn-in, joint venture agreement signed by Broadway on April 30, 2019, whereby Kennecott Exploration Company ("Kennecott"), part of the Rio Tinto Group (ASX, LON: RIO) must spend US\$30 million to earn up to 70% of the project.

Under the terms of the earn-in agreement, Kennecott has an option to acquire a 55% undivided interest (the "First Option") in the property by incurring exploration and related expenditures of US\$5 million² within the first five years, including a minimum exploration budget of US\$1 million in the first year.

If Kennecott exercises the First Option, it may elect to earn an additional 10% undivided interest (the "Second Option"), for a total undivided interest of 65%, by incurring additional expenditures of US\$10 million² within the following three years.

If Kennecott exercises the Second Option, it may elect to earn an additional 5% undivided interest (the "Third Option"), for a total of 70%, by incurring additional expenditures of US\$15 million² within the subsequent three-year period. Kennecott may elect to create the joint venture after exercising each option to earn in.

In addition, in order to exercise the First Option, Kennecott is required to make the following cash payments to Broadway for a total amount of US\$225,000 over the first five years:

- \$50,000 on April 30, 2019 (paid);
- \$25,000 on or before April 30, 2020 (paid);
- \$25,000 on or before April 30, 2021 (paid)³;
- \$25,000 on or before April 30, 2022 (paid)⁴;
- \$25,000 on or before April 30, 2023; and
- \$75,000 on or before April 30, 2024.

On May 17, 2021, the Company entered into an amendment agreement (the "First Amendment Agreement") with Kennecott. Under the First Amendment Agreement, the payment, including the annual pre-production payment of US\$50,000 due on April 1 of each year until the commercial production is commenced, made directly or indirectly by Kennecott to keep the Madison Project in good standing is considered as the Option Expenditures.

Pursuant to the earn-in agreement:

- Kennecott may request Broadway to conduct exploration on its behalf during the first year in return for a 10% administration charge.
- Broadway has the right to conduct independent drilling and exploration of the skarn zones during the first year.

² Collectively the "Option Expenditures".

³ \$31,665 (US\$25,000) was recognized as a reduction of the carrying value of the Madison Project.

⁴ \$31,663 (US\$25,000) was recognized as a reduction of the carrying value of the Madison Project.

American Pacific Mining Corp.

Management's Discussion and Analysis For the Six Months Ended June 30, 2022

- Broadway has a right of first offer to acquire Kennecott's interest in the Madison Project in the event Kennecott wishes to divest its interest.
- The joint venture may be formed with 55% to Kennecott and 45% to Broadway upon Kennecott exercise the First Option, 65% to Kennecott and 35% to Broadway upon Kennecott exercise the Second Option, or 70% to Kennecott and 30% to Broadway upon exercise the Third Option.
- The joint venture will be managed by the Rio Tinto Group and financed by each participant in accordance with its interest.
- Broadway may elect to not finance its interest and be diluted down to a 10% interest. If Broadway is diluted below 10% interest, its interest will convert to a 2% NSR with a maximum amount payable of US\$50 million.

The initial exploration program applications have been submitted to the Bureau of Land Management, Montana.

On January 12, 2022, the Company reported drill results from its 2021 drilling programs conducted by Kennecott at Madison. The Kennecott drilling program consisted of 10 core holes for a total of 3,598 metres (m), which focused on extensions of high-grade gold-copper skarn mineralization as well as new target concepts at Madison.

On January 19, 2022, the Company reported results of a recently completed Unmanned Aerial Vehicle ("UAV") Drone magnetic survey over the Madison Project. A total of 344 line-kilometers (km) of UAV magnetic data was compiled at a line spacing of 25 metres (m) and 50m over an area of approximately 11.34km².

On March 7, 2022, the Company provided an update on the 2021 Exploration that occurred at the Madison Project. See press release dated the same for additional details. The Company also provided a preliminary 2022 exploration program outline which includes an in-depth field and data review of the Madison Project's skarn environment by a world renown skarn specialist and fieldwork concentrating on gold mineralization.

Gooseberry Project (Nevada, USA)

On April 23, 2019, the Company acquired through staking the Gooseberry Mine in Storey Nevada, USA. The Gooseberry Project includes 42 unpatented claims, totaling approximately 708 acres. The Gooseberry Project contains gold-silver bearing quartz-calcite vein structures that are characterized as low-sulfidation epithermal style mineralization typified by banded to cockade quartz textures and the presence of adularia and kaolinite.

Initial surface sampling and exploration around the property commenced May 10, 2019. Total of nine initial samples were taken from the dumps and old mineralized stockpiles at Gooseberry, with highlight results including the following:

- Sample GB19ECS-007- 1.05 kg: 18.45 g/t Au and 595 g/t Ag
- Sample GB19ECS-003- 0.59 kg: 17.75 g/t Au and 310 g/t Ag
- Sample GB19ECS-001- 1.25 kg: 10.25 g/t Au and 218 g/t Ag
- Sample GB19ECS-006- 0.70 kg: 10.20 g/t Au and 273 g/t Ag

Samples were taken from mineralized vein material composed of dolomite, calcite and quartz. Grab samples are selective samples and may not necessarily be representative of the mineralization hosted on the property.

Historically, mined materials were brought to the surface and stockpiled at Gooseberry, crushed and then run through a heap leach. These nine samples were taken from materials most likely extracted late in the mining phase due to their location on the upper stockpile. Some materials have gone through a primary crushing process only.

American Pacific Mining Corp.

Management's Discussion and Analysis For the Six Months Ended June 30, 2022

According to historical records Asamera Minerals Inc. ceased hard rock mining during 1989 due to low metals prices and higher underground production costs and moved to re-process the more easily accessible mine tailings.

On November 4, 2020, the Company entered into an earn-in agreement with GRAC Global Resource Acquisition Corp., a private company in British Columbia, Canada. The agreement was terminated on April 15, 2021 (see "Earn-in Agreement with GRAC Global Resource Acquisition Corp. ("GRAC")" below for details).

On February 28, 2022, the Company reported drill results from the 2021 drill program at the Gooseberry Project which included 15 holes of combined core and reverse circulation drilling totaling 4,581 metres. The Company is planning a geochemical and geophysical program to help further define the newly discovered mineralization and identify additional targets to the west. A phase II drilling program will be based upon the results of this work.

On March 29, 2022, the Company announced a soil sampling program has commenced at the Gooseberry Project. The program will cover 827 acres and the data will be used to refine high priority targets ahead of the drill program planned for later this year.

On April 26, 2022, the Company initiated the Controlled Source Audio-frequency Magnetotelluric ("CSAMT") geophysical survey to determine priority targets ahead of a 2022 drill program.

On June 7, 2022, the Company reported the new CSAMT geophysical survey results identified three additional interpreted veins. A total of six new target areas have been defined that will be refined as the Company works towards a Phase II drill program, which is expected to commence later this year. The Company will integrate the CSAMT results with historic drilling, surface geochemical sampling and mine development into an updated 3D Leapfrog model. The Company anticipates moving towards permitting in the coming months.

Earn-in Agreement with GRAC Global Resource Acquisition Corp. ("GRAC")

On November 4, 2020, the Company entered into an earn-in agreement with GRAC (the "GRAC Agreement"), a private company in British Columbia, Canada.

According to the GRAC Agreement, GRAC can earn up to a 51% interest in the Gooseberry Project within 24 months from the date of the GRAC Agreement ("GRAC Phase 1") by:

- making a non-refundable cash payment to the Company of \$50,000 within the four months after date of the GRAC Agreement (paid⁵);
- issuing 2,000,000 shares to the Company on or before the earlier of:
 - 2 months from the date GRAC completes a transaction to list on the Canadian Securities Exchange or any other recognized stock exchange;
 - 24 months from the date of the GRAC Agreement; and
- funding exploration expenditures of \$1.5 million towards the Gooseberry Project within 24 months from the date of the GRAC Agreement.

⁵ For the \$50,000 non-refundable cash payment received during the year ended December 31, 2021, the Company recognized \$46,799 as a reduction of the carrying value of the Gooseberry Project and the remaining \$3,201 was recognized as a gain from option-out of interest in mineral property in the audited consolidated financial statements for the year ended December 31, 2021.

American Pacific Mining Corp.

Management's Discussion and Analysis For the Six Months Ended June 30, 2022

On April 15, 2021, the Company entered into an agreement with GRAC to terminate the GRAC Agreement. Upon termination, the Company now owns 100% of the Gooseberry Project.

Red Hill Project (Nevada, US)

On July 29, 2021 (the "RH Effective Date"), the Company entered into a ten-year renewable lease agreement for the Red Hill Project (the "RH Lease Agreement") with Nevada North Resources (USA) Inc. ("Nevada North"). The Red Hill Project is located on the southern end of the prolific Cortez gold trend and is contiguous to NuLegacy Gold's (TSXV:NUG) rift anticline target.

Red Hill is a sediment-hosted gold project located 24 kilometers southeast of the 12-million-ounce Cortez Hills gold deposit within the Cortez trend. The project covers an extensive area of hydrothermally altered lower plate carbonate rocks. Gold mineralization is hosted in silty carbonate rocks of the Denay formation associated with altered lamprophyre dikes; and high levels of arsenic, antimony, mercury and thallium. These features are indicative of a Carlin-style gold system.

Pursuant to the RH Lease Agreement the Company is required to make the first payment of US\$25,000 (paid) Nevada North to hold the Red Hill property for one year from the RH Effective Date and make the following annual payment to Nevada North:

- 2nd payment on July 29, 2022 – US\$25,000 (paid subsequent to June 30, 2022);
- 3rd payment on July 29, 2023 – US\$25,000;
- 4th payment on July 29, 2024 – US\$40,000;
- 5th payment on July 29, 2025 – US\$40,000;
- 6th payment on July 29, 2026 – US\$45,000;
- 7th payment on July 29, 2027 – US\$50,000;
- 8th payment on July 29, 2028 – US\$55,000;
- 9th payment on July 29, 2029 – US\$55,000; and
- 10th payment on July 29, 2030 – US\$55,000⁶

In addition, the Company is required to pay an annual claim maintenance fee for the Red Hill Project. During the year ended December 31, 2021, the Company paid \$17,847 (US\$14,070) annual claim maintenance fee.

Upon commencement of commercial production, the Company is required to pay Nevada North a royalty on production equal to 3% of NSR of which 1.5% the Company may buy back for US\$3,000,000.

In addition, one of the Company's directors owns a 10% interest in the Red Hill Project.

RESULTS OF OPERATIONS

Three months ended June 30, 2022

During the three months ended June 30, 2022, the Company recorded a net loss of \$2,171,587 compared to a net loss of \$963,734 for the three months ended June 30, 2021.

⁶ Beginning on the 11th payment due on July 29, 2031, the annual payment of US\$55,000 will be adjusted for inflation increase according to the United States Department of Labor Consumer Price Index.

American Pacific Mining Corp.
Management's Discussion and Analysis
For the Six Months Ended June 30, 2022

During the three months ended June 30, 2022, the Company incurred the following significant expenditures:

- Consulting fees of \$77,936 (June 30, 2021 – \$76,619);
 - Warwick Smith (related party) for CEO services of \$62,110 (June 30, 2021 - \$54,750).
- Exploration and evaluation costs, including drilling, of \$1,429,667 (June 30, 2021 – \$83,110);
 - Eric Saderholm (related party) for consulting services of \$59,546 (June 30, 2021 - \$48,619);
 - Envirotech Drilling, International Directional Services and Modern Land & Development for drilling costs for the Tuscarora Project of \$501,467 (June 30, 2021 - \$nil);
 - Geobase Consulting, Rock Solid Geology and Zonge for geological costs for the Tuscarora Project of \$324,131 (June 30, 2021 - \$(198));
 - Modern Land & Development LLC for transportation costs for the Tuscarora Project of \$108,882 (June 30, 2021 - \$nil).
- General and administrative costs of \$64,306 (June 30, 2021 – \$24,713);
 - Promotional activities of \$25,570 (June 30, 2021 - \$1,974);
 - Salaries and wages of \$9,000 (June 30, 2021 - \$nil);
 - Internet and computer costs of \$8,471 (June 30, 2021 - \$1,441).
- Professional fees of \$319,728 (June 30, 2021 – \$87,138);
 - Quantum Advisory Partners LLP (related party) for CFO and accounting services of \$32,240 (June 30, 2021 - \$39,280);
 - Davidson & Company LLP for audit and tax services of \$20,024 (June 30, 2021 - \$31,988);
 - Take It Public Services Inc for corporate secretarial services of \$12,026 (June 30, 2021 - \$10,130);
 - McMillan LLP for legal services of \$115,353 (June 30, 2021 - \$5,814);
 - Transaction costs of \$143,290 for the acquisition of Constantine Metal Resources.
- Shareholder information and investor relations \$132,671 (June 30, 2021 – \$90,887);
 - High Tide Consulting Corp. for consulting services of \$22,500 and media ads of \$14,001 (June 30, 2021 – consulting services of \$15,250 and media ads of \$1,151);
 - King World News for media ads of \$32,172 (June 30, 2021 - \$nil);
 - Warwick Smith for conference expenses of \$20,764 (June 30, 2021 - \$nil);
 - Primoris Group Inc. for social media services of \$15,000 (June 30, 2021 - \$20,000).
- Transfer agent, regulatory and listing fees of \$25,687 (June 30, 2021 – \$85,798); and
- Travel of \$81,431 (June 30, 2021 – \$13,464).

Six months ended June 30, 2022

During the six months ended June 30, 2022, the Company recorded a net loss of \$5,666,068 compared to a net loss of \$2,073,953 for the six months ended June 30, 2021.

During the six months ended June 30, 2022, the Company incurred the following significant expenditures:

- Consulting fees of \$151,264 (June 30, 2021 – \$164,655);
 - Warwick Smith (related party) for CEO services of \$124,221 (June 30, 2021 - \$109,500).
- Exploration and evaluation costs, including drilling, of \$2,625,696 (June 30, 2021 – \$150,582);
 - Eric Saderholm (related party) for consulting services of \$113,951 (June 30, 2021 - \$91,429);
 - Envirotech Drilling, IMDEX, International Directional Services and Modern Land & Development for drilling costs for the Tuscarora Project of \$888,428 (June 30, 2021 - \$nil);
 - Geobase Consulting, Rock Solid Geology and Zonge for geological costs for the Tuscarora Project of \$474,028 (June 30, 2021 - \$12,971);
 - Modern Land & Development LLC for transportation costs for the Tuscarora Project of \$108,882 (June 30, 2021 - \$nil).
- General and administrative costs of \$137,692 (June 30, 2021 – \$45,735);

American Pacific Mining Corp.**Management's Discussion and Analysis****For the Six Months Ended June 30, 2022**

- Promotional activities of \$43,816 (June 30, 2021 - \$4,023);
 - Salaries and wages of \$15,000 (June 30, 2021 - \$nil);
 - Internet and computer costs of \$29,888 (June 30, 2021 - \$2,281).
- Professional fees of \$414,233 (June 30, 2021 – \$146,530);
 - Quantum Advisory Partners LLP (related party) for CFO and accounting services of \$65,520 (June 30, 2021 - \$49,680);
 - Davidson & Company LLP for audit and tax services of \$30,024 (June 30, 2021 - \$43,238);
 - Take It Public Services Inc for corporate secretarial services of \$46,468 (June 30, 2021 - \$19,736);
 - McMillan LLP for legal services of \$132,135 (June 30, 2021 - \$21,458);
 - Transaction costs of \$143,290 for the acquisition of Constantine Metal Resources.
- Shareholder information and investor relations \$271,431 (June 30, 2021 – \$157,030);
 - High Tide Consulting Corp. for consulting services of \$45,000 and media ads of \$14,557 (June 30, 2021 – consulting services of \$30,250 and social media services of \$3,631);
 - King World News for media ads of \$32,172 (June 30, 2021 - \$nil);
 - Primoris Group Inc. for social media services of \$30,000 (June 30, 2021 - \$35,000);
 - Warwick Smith for conference expenses of \$23,272 (June 30, 2021 - \$5,837);
 - Accretive Capital DDB Benzinger for advertising services of \$23,009 (June 30, 2021 - \$14,641);
 - Intrado Digital Media Canada, Inc. for news release services of \$20,889 (June 30, 2021 - \$9,575);
 - WSS Ltd for advertising and promotional services of \$16,868 (June 30, 2021 - \$nil);
 - 121 Group (HK) Limited for online corporate investor relations package of \$16,256 (June 30, 2021 - \$19,161);
 - Ninja Media LLC for media ads of \$12,714 (June 30, 2021 - \$nil).
- Transfer agent, regulatory and listing fees of \$47,924 (June 30, 2021 – \$101,347); and
- Travel of \$135,455 (June 30, 2021 – \$15,969).

SUMMARY OF QUARTERLY INFORMATION

The quarterly results for the last eight quarters are summarized below:

	Three months ended			
	June 30,	March 31,	December 31,	September 30,
	2022	2022	2021	2021
	\$	\$	\$	\$
Interest income	2,288	939	402	766
Net loss	(2,171,587)	(3,494,481)	(1,578,962)	(629,357)
Comprehensive loss	(1,759,442)	(3,699,546)	(1,592,598)	(447,520)
Basic and diluted loss per share	(0.01)	(0.03)	(0.02)	(0.00)

	Three months ended			
	June 30,	March 31,	December 31,	September 30,
	2021	2021	2020	2020
	\$	\$	\$	\$
Interest income	3,773	4,368	6,729	7,962
Net income (loss)	(963,734)	(1,110,219)	173,484	(1,275,956)
Comprehensive (loss)	(1,049,079)	(1,170,817)	(84,964)	(1,356,147)
Basic and diluted (loss) per share	(0.01)	(0.02)	(0.00)	(0.01)

American Pacific Mining Corp.**Management's Discussion and Analysis****For the Six Months Ended June 30, 2022**

None of the variations in net loss reported in the previous periods were unusual or indicative of any trend with respect to the future when the Company expects to have more involvement in revenue-generating operations. Fluctuations reported were the result of the level of activity of the Company in each given reporting period.

SELECTED INFORMATION

	For the six months ended		
	June 30, 2022	June 30, 2021	June 30, 2020
	\$	\$	\$
Operating expenses	5,645,836	1,159,833	1,021,593
Net loss for the period	(5,666,068)	(2,073,953)	(1,482,901)
Comprehensive loss for the period	(5,458,988)	(2,219,896)	(1,483,605)
Basic and diluted loss per share:			
- net loss	(0.05)	(0.03)	(0.05)

As at	June 30, 2022	December 31, 2021	December 31, 2020
	\$	\$	\$
Working capital	10,855,156	14,602,265	2,315,703
Total assets	24,971,268	28,685,662	11,863,256
Total liabilities	427,424	620,584	149,298
Share capital	39,735,559	39,568,281	17,986,766
Deficit	(19,140,182)	(13,474,114)	(9,191,842)

The fluctuation in operating costs and corporate costs is attributable to variations in various expense items, such as consulting fees, exploration and evaluation costs, general and administrative costs, professional fees, shareholder information and investor relations and transfer agent, regulatory and listing fees, which occur due to the administrative and exploration activities occurring during a particular period and to the availability of funds in those periods to pay for those activities. There is no seasonality to these variations, nor are they indicative of any trend. As the Company progressed in exploration on its exploration and evaluation assets during the six months ended June 30, 2022, the related expenditures and total assets held increased compared to prior periods.

LIQUIDITY AND CAPITAL RESOURCES

The Company's activities have been funded through equity financings and the Company expects it will continue to be able to utilize this source of financing until it develops cash flow from future operations.

There can be no assurances the Company will be successful in its endeavors. If such funds are not available or other sources of finance cannot be obtained then the Company will be forced to curtail its activities to a level for which funding is available or can be obtained.

As of June 30, 2022, the Company has working capital of \$10,855,156.

American Pacific Mining Corp.
Management's Discussion and Analysis
For the Six Months Ended June 30, 2022

OUTSTANDING SHARE DATA

As of June 30, 2022, the Company had 118,039,209 common shares issued and outstanding (December 31, 2021 – 117,764,209) with a value of \$39,735,559 (December 31, 2021 – \$39,568,281).

During the six months ended June 30, 2022:

- On February 28, 2022, the Company granted 2,900,000 options with an exercise price of \$1.01 to its directors, officers, and consultants. The options are exercisable for a period of five years. All of the options granted vested immediately at the date of grant.
- 275,000 options were exercised for gross proceeds of \$110,000.

As of the date of this MDA, the Company had:

- 118,039,209 common shares issued and outstanding;
- 13,904,284 warrants with an exercise price ranging from \$0.16 to \$1.40; and
- 6,650,000 stock options with an exercise price ranging from \$0.27 to \$1.01.

RELATED PARTY TRANSACTIONS AND BALANCES

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

The following table discloses the total compensation incurred to the Company's key management personnel during the six months ended June 30, 2022 and 2021:

	Footnote	For the six months ended	
		June 30, 2022	June 30, 2021
		\$	\$
Warwick Smith, CEO and Director			
Consulting fees	(1)	124,221	109,500
Share-based payments		315,130	53,350
		439,351	162,850
Eric Saderholm, President and Director			
Consulting fees		9,193	15,155
Exploration and evaluation costs		113,951	91,429
Share-based payments		315,130	53,350
		438,274	159,934
Alnesh Mohan, CFO and Corporate Secretary			
Professional fees	(2)	62,520	49,680
Share-based payments		220,591	53,350
		286,111	103,030
Norman Wareham, Former Director, CFO and Corporate Secretary			
Consulting fees	(3)	-	30,000
		-	30,000

American Pacific Mining Corp.
Management's Discussion and Analysis
For the Six Months Ended June 30, 2022

Ken Cunningham, Director			
Directors' fees		15,538	7,495
Share-based payments		315,130	53,350
		330,368	60,845
Joness Lang, Director			
Consulting fees	(4)	-	10,000
Directors' fees	(4)	15,238	7,392
Share-based payments		315,130	53,350
		330,368	70,742
Total		1,824,472	587,401

(1) Paid to Harbourside Consulting Ltd. which is controlled by Mr. Smith.

(2) Paid to Quantum Advisory Partners LLP, an accounting firm in which Mr. Mohan is an incorporated partner.

(3) Paid to Inlet Consulting Ltd. which is controlled by Mr. Wareham.

(4) Paid to EBC Consulting Group Ltd. which is controlled by Mr. Lang.

As at June 30, 2022, the balances due to the Company's directors and officers included in accounts payables and accrued liabilities were \$81,591 (December 31, 2021 – \$38,578). These amounts are unsecured, non-interest bearing and payable on demand.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

CRITICAL ACCOUNTING ESTIMATES

These financial statements, including comparatives, have been prepared using accounting policies consistent with IFRS issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. Refer to Note 2 of the audited financial statements for the year ended December 31, 2021 for details on critical accounting estimates and judgments.

NEW ACCOUNTING STANDARDS

There were no new or amended IFRS pronouncements effective January 1, 2022 that impacted the Company's unaudited condensed consolidated interim financial statements for the six months ended June 30, 2022.

FINANCIAL INSTRUMENTS

In the normal course of business, the Company is inherently exposed to certain financial risks, including market risk, credit risk and liquidity risk, through the use of financial instruments. The timeframe and manner in which the Company manages these risks varies based upon management's assessment of the risk and available alternatives for mitigating risk. The Company does not acquire or issue derivative financial instruments for trading or speculative purposes. All transactions undertaken are to support the Company's operations. These financial risks and the Company's exposure to these risks are provided in various tables in note 11 of our unaudited condensed consolidated interim financial statements for the six months ended June 30, 2022. For a discussion on the significant

assumptions made in determining the fair value of financial instruments, refer also to note 2 of the financial statements for the year ended December 31, 2021.

OTHER MD&A REQUIREMENTS

Management's responsibility for financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Risks and uncertainties

Investment in the common shares must be regarded as highly speculative due to the nature of the Company's business and its present stage of operations.

- **General**

The Company is in the business of exploring and, if warranted, developing mineral properties, which is a highly speculative endeavor. A purchase of any of the securities of the Company involves a high degree of risk and should be undertaken only by purchasers whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. An investment in the securities of the Company should not constitute a significant portion of an individual's investment portfolio and should only be made by persons who can afford a total loss of their investment. Prospective purchasers should evaluate carefully the following risk factors associated with an investment in the Company's securities prior to purchasing any of its securities.

- **Limited Operating History**

The Company has no history of earnings. There are no known commercial quantities of mineral reserves on any properties optioned by the Company. The purpose of a private placement was to raise funds to carry out exploration and, if thought appropriate, development with the objective of establishing economic quantities of mineral reserves. There is no guarantee that economic quantities of mineral reserves will be discovered on any properties optioned by the Company in the near future or at all. If the Company does not generate revenue, it may be unable to sustain its operations in which case it may become insolvent and you may lose your investment.

- **Speculative Nature of Mineral Exploration**

Resource exploration is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Company may be affected by numerous factors which are beyond the control of the Company and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection, the combination of which factors may result in the Company not receiving an adequate return of investment capital. There is no assurance that the Company's mineral exploration activities will result in any discoveries of commercial bodies of ore. The long-term profitability of the Company's operations will in part be directly related to the costs and success of its exploration programs, which may be affected by a number of factors. Substantial expenditures are required to establish reserves through drilling and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis.

American Pacific Mining Corp.

Management's Discussion and Analysis

For the Six Months Ended June 30, 2022

- **Acquisition of Additional Mineral Properties**

If the Company loses or abandons its option to acquire an interest in the Madison Project or the Red Hill Project, there is no assurance that it will be able to acquire another mineral property of merit or that such an acquisition would be approved by the Exchange. There is also no guarantee that the Exchange will approve the acquisition of any additional properties by the Company, whether by way of option or otherwise, should the Company wish to acquire any additional properties.

- **Gold Deposits**

The Tuscarora Project and Gooseberry Project are in the exploration stage only and are without a known economic mineralization. Development of these properties would follow only if favourable exploration results are obtained. The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines.

- **Uninsurable Risks**

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. It is not always possible to fully insure against such risks and the Company may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company.

- **Permits and Government Regulations**

The future operations of the Company may require permits from various federal, provincial and local governmental authorities and will be governed by laws and regulations governing prospecting, development, mining, production, export, taxes, labour standards, occupational health, waste disposal, land use, environmental protections, mine safety and other matters. There can be no guarantee that the Company will be able to obtain all necessary permits and approvals that may be required to undertake exploration activity or commence construction or operation of mine facilities on the Tuscarora Project and Gooseberry Project.

- **Environmental and Safety Regulations and Risks**

Environmental laws and regulations may affect the operations of the Company. These laws and regulations set various standards regulating certain aspects of health and environmental quality. They provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are or were conducted. The permission to operate can be withdrawn temporarily where there is evidence of serious breaches of health and safety standards, or even permanently in the case of extreme breaches. Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of acquired properties or noncompliance with environmental laws or regulations. In all major developments, the Company generally relies on recognized designers and development contractors from which the Company will, in the first instance, seek indemnities. The Company intends to minimize risks by taking steps to ensure compliance with environmental, health and safety laws and regulations and operating to applicable environmental standards. There is a risk that environmental laws and regulations may become more onerous, making the Company's operations more expensive.

- **Key Person Insurance**

The Company does not maintain key person insurance on any of its directors or officers, and as result the Company would bear the full loss and expense of hiring and replacing any director or officer in the event the loss of any such persons by their resignation, retirement, incapacity, or death, as well as any loss of business opportunity or other costs suffered by the Company from such loss of any director or officer.

American Pacific Mining Corp.

Management's Discussion and Analysis

For the Six Months Ended June 30, 2022

- **Mineral Titles**

The Company is satisfied that evidence of title to the Tuscarora Project and the Gooseberry Project is adequate and acceptable by prevailing industry standards with respect to the current stage of exploration on the projects. The Company may face challenges to the titles of the projects or subsequent properties it may acquire, which may prove to be costly to defend or could impair the advancement of the Company's business plan.

- **Loss of Interest in Properties**

The Company's ability to maintain an interest in the properties optioned or owned by the Company will be dependent on its ability to raise additional funds by equity financing.

Failure to obtain additional financing may result in the Company being unable to complete the essential work required to keep the property interests in good standing and could result in the delay or postponement of further exploration and or the partial or total loss of the Company's interest in the Tuscarora Project and the Gooseberry Project.

- **Fluctuating Mineral Prices**

The Company's revenues in the future, if any, are expected to be in large part derived from the extraction and sale of precious and base minerals and metals, which in turn depend on the results of the Company's exploration on these properties and whether development will be commercially viable or even possible. Factors beyond the control of the Company may affect the marketability of metals discovered, if any. Metal prices have fluctuated widely, particularly in recent years. Consequently, the economic viability of any of the Company's exploration projects cannot be accurately predicted and may be adversely affected by fluctuations in mineral prices.

- **Competition**

The mining industry is intensely competitive in all its phases. The Company competes for the acquisition of mineral properties, claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees with many companies possessing greater financial resources and technical facilities than the Company. The competition in the mineral exploration and development business could have an adverse effect on the Company's ability to hire or maintain experienced and expert personnel or acquire suitable properties or prospects for mineral exploration in the future.

- **Management**

The success of the Company is currently largely dependent on the performance of its directors and officers. The loss of the services of any of these persons could have a materially adverse effect on the Company's business and prospects. There is no assurance the Company can maintain the services of its directors, officers or other qualified personnel required to operate its business.

- **Financing Risks**

The Company has no history of significant earnings and, due to the nature of its business, there can be no assurance that the Company will be profitable. The Company has paid no dividends on its shares since incorporation and does not anticipate doing so in the foreseeable future. The only present source of funds available to the Company is through the sale of its securities. Even if the results of exploration are encouraging, the Company may not have sufficient funds to conduct the further exploration that may be necessary to determine whether or not a commercially mineable deposit exists on the properties owned by the Company. While the Company may generate additional working capital through further equity offerings or through the sale or possible syndication of the property owned by the Company, there is no assurance that any such funds will be available. If available, future equity financing may result in substantial dilution to purchasers under previous equity offerings. At present, it is impossible to determine what amounts of additional funds, if any, may be required.

American Pacific Mining Corp.

Management's Discussion and Analysis

For the Six Months Ended June 30, 2022

- **Negative Cash Flows from Operations**

The Company had negative operating cash flow for the period from incorporation to June 30, 2022. To the extent that the Company has negative cash flow in future periods, the Company may need to allocate a portion of its cash reserves to fund such negative cash flow.

The Company may also be required to raise additional funds through the issuance of equity or debt securities. There can be no assurance that additional capital or other types of financing will be available when needed or that these financings will be on terms favourable to the Company.

- **Resale of Common Shares**

The continued operation of the Company will be dependent upon its ability to generate operating revenues and to procure additional financing. There can be no assurance that any such revenues can be generated or that other financing can be obtained. If the Company is unable to generate such revenues or obtain such additional financing, any investment in the Company may be lost. In such event, the probability of resale of the Common Shares purchased would be diminished.

- **Price Volatility of Publicly Traded Securities**

In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the Common Shares will be subject to market trends generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings. The value of Common Shares distributed hereunder will be affected by such volatility. There is no public market for the Common Shares. An active public market for the Common Shares might not develop or be sustained after the initial public offering. The initial public offering price of the Common Shares has been determined by the Company and this price will not necessarily reflect the prevailing market price of the Common Shares following the initial public offering. If an active public market for the Common Shares does not develop, the liquidity of a shareholder's investment may be limited and the share price may decline below the initial public offering price.

- **Conflicts of Interest**

Some of the directors and officers are engaged and will continue to be engaged in the search for additional business opportunities on behalf of other corporations, and situations may arise where these directors and officers will be in direct competition with the Company. Conflicts, if any, will be dealt with in accordance with the relevant provisions of the British Columbia Business Corporations Act. Some of the directors and officers of the Company are or may become directors or officers of other companies engaged in other business ventures. In order to avoid the possible conflict of interest which may arise between the directors' duties to the Company and their duties to the other companies on whose boards they serve, the directors and officers of the Company have agreed to the following:

- Participation in other business ventures offered to the directors will be allocated between the various companies and on the basis of prudent business judgment and the relative financial abilities and needs of the companies to participate;
- No commissions or other extraordinary consideration will be paid to such directors and officers; and business opportunities formulated by or through other companies in which the directors and officers are involved will not be offered to the Company except on the same or better terms than the basis on which they are offered to third party participants.

American Pacific Mining Corp.**Management's Discussion and Analysis****For the Six Months Ended June 30, 2022**

- **Tax Issues**

Income tax consequences in relation to the Common Shares will vary according to circumstances of each investor. Investors should seek independent advice from their own tax and legal advisers prior to investing in Common Shares of the Company.

- **Dividends**

The Company does not anticipate paying any dividends on its Common Shares in the foreseeable future.

- **Risk of global outbreaks and contagious diseases**

The risk of global outbreaks, including COVID-19, have the potential to significantly and adversely impact the Company's operations and business. On March 11, 2020, the World Health Organization recognized COVID-19 as a global pandemic. The Company is continuously evaluating the uncertainty and impact of the outbreak on the Company and its ability to operate due to employee absences, the length of travel and quarantine restrictions imposed by governments of affected countries, disruption in the Company's supply chains, information technology constraints, government interventions, market volatility, overall economic uncertainty and other factors currently unknown and not anticipated.

There can be no certainty that COVID-19, or other infectious illnesses, and the restrictive measures implemented to slow the spread of the virus will not materially impact the Company's operations or personnel in the coming weeks and months. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business, results of operations or ability to raise funds at this time.