

Kestrel Gold Inc

Interim MD&A – Quarterly Highlights

Nine Months Ended June 30, 2018

Short Form Interim MD&A

Kestrel Gold Inc (“Kestrel” or the “Company”) is a TSX venture issuer as such the Company has opted to provide the short form Interim MD&A by providing a brief discussion of all material information about the Company’s operations, liquidity and capital resources for the nine months ended June 30, 2018. Readers should also review the Company’s September 30, 2017 financial statements and MD&A.

Business Overview

Kestrel is in the business of acquiring, exploring for and evaluating mineral properties in northern Canada. To date, Kestrel has not identified a known body of commercial grade minerals on any of its properties.

The Company’s common shares trade on the TSX Venture Exchange (“TSX-V”) under the symbol “KGC”.

Analysis of Kestrel’s Current Financial Condition

Kestrel’s unaudited condensed interim financial statements have been prepared on a going concern basis in accordance with IFRS. The going concern basis assumes that the Company will continue operations for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. If the going concern assumption was not appropriate for these unaudited condensed interim financial statements, then material adjustments would be necessary to the carrying amounts of the assets and liabilities, the reported expenses and the balance sheet classifications.

As at June 30, 2018, Kestrel had nominal working capital of \$180,465, comprised of current assets of \$199,162 and current liabilities of \$18,697. The Company will need to raise additional funds by way of issuing equity in order to continue operating and satisfy its administrative, operating and capital expenditure obligations in the normal course of business.

During the nine months ended June 30, 2018, the Company:

- Incurred \$151,053 of capital expenditures on its properties;
- Raised gross proceeds of \$375,000 by issuing 7,500,000 units at \$0.05 per unit, each unit was comprised of one common share and a common share purchase warrant exercisable at \$0.05 per share;
- Received gross proceeds of \$94,150 pursuant to the exercise of 2,083,000 purchase warrants at a price of \$0.05 per share;

- Recorded an impairment loss of \$50,500 with respect to the Barney Ridge property as the Company elected to return the property to Bernie Krefit; and
- Paid the second anniversary option payments in the amount of \$100,000, on the Val-Jual, Clear Creek and Dease Lake.

Commitments and Capital Expenditures

Kestrel currently owns a 100% interest in the King Solomon's Dome property in the heart of the Klondike Gold fields, Yukon Territory, Canada. Kestrel has also entered into three separate option agreements to acquire a 100% interest in the following properties: Val-Jual; Ten Mile; Clear Creek all located in the Yukon and the Dease Lake project in northern British Columbia, details of these agreements can be found in the September 30, 2017 financial statements and MDA.

Results from Operations

The net loss for the period ended June 30, 2018, was \$266,660 as compared to \$308,106 for the same period in 2017. The decrease in the net loss year over year is largely due to higher consulting, investor relation, professional fees associated with the Company resuming activities in 2017/18, the impairment loss on Barney Ridge which were offset nil stock based compensation in the current year as compared to \$220,000 in 2017.

Plans for the next six months

Kestrel's summer 2018 exploration program will focus on mineralized showings and anomalies on the Val-Jual and Clear Creek properties, with the goal of strengthening and expanding upon existing trenching and drill targets, which were identified in 2017 samples but were not tested by the 2017 drill program due to a lack of appropriate land use permits.

At Val-Jual, the Company will focus on the Cupid East and Teckphel targets. Teckphel is an approximate 650 meter by 800-meter anomaly which in 2017 exhibited peak soil sample values of 1,456 ppb Au, while Cupid East is a 175 meter by 200-meter anomalous zone with peak values of 12,400 ppb gold in soils and 6,860 ppb gold in rock that is strongly open to the south.

At Clear Creek, the Company will focus its efforts on the Saddle zone. Historical values from Saddle such as 2.11 g/t Au over 25metres from trench sampling and 1.24 g/t Au over 23metres from reverse circulation drilling, suggest an approximately 300m by 950m east-west trending, gold bearing mineralized zone open in both strike directions.

Please refer to the Kestrel Gold's website for the complete news releases pertaining to the historical work completed on the various properties.

Kestrel expects to release the results of its summer 2018 exploration work by mid-September.

Additional Information

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