

Kestrel Gold Inc

Interim MD&A – Quarterly Highlights

Nine Months Ended June 30, 2019

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, 2019. Readers should also review the Company’s September 30, 2018 audited 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, 2019, Kestrel had working capital deficiency of \$27,229, comprised of current assets of \$18,129 and current liabilities of \$45,358. 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, 2019, the Company:

- Incurred \$21,449 of capital expenditures on its properties;
- Kestrel was unable to pay the 2019 option payments, totaling \$140,000, on the Val-Jual, Clear Creek and Dease Lake properties accordingly the properties have been written down to a nil value;
- On August 12, 2019, the Company announced that it proposes to offer by way of a non-brokered private placement up to 5,555,556 units (“Units”) at a price of \$0.018 per Unit to raise gross proceeds of up to \$100,000 (the “Offering”). Each Unit will consist of one common share and one

common share purchase warrant ("Warrant"), with each Warrant entitling the holder to acquire, for a period of 60 months from the date of issue, one common share at an exercise price of \$0.05 per common share.

- Proceeds from the private placement will be used for finders' fees of up to \$8,000, exploration expenses of \$25,000, professional fees of \$36,000, filing fees and annual meeting expenses of \$15,000, accounts payable of \$10,000 and other expenses of \$6,000.

Exploration and evaluation assets

Kestrel currently owns a 100% interest in the King Solomon's Dome property in the heart of the Klondike Gold fields, Yukon Territory, Canada.

Results from Operations

The net loss for the period ended June 30, 2019, was \$707,702 as compared to \$266,660 for the same period in 2018. The increase in the net loss year over year is due to the impairment charge of \$629,546. Kestrel's consulting, investor relation and professional fees expenses for the nine months ended June 30 2019 were significantly lower than the same period in 2018 as the Company has reduced all expenses to preserve its cash.

Plans for the next six months

Proceeds from the private placement announced on August 12, 2019 will be used as noted above.

Additional Information

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