

Kestrel Gold Inc

Interim MD&A – Quarterly Highlights

Nine Months Ended June 30, 2020

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, 2020. Readers should also review the Company’s September 30, 2019 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, 2020, Kestrel had working capital deficiency of \$27,341, comprised of current assets of \$40,109 and current liabilities of \$67,450. 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.

Capital Expenditures

Kestrel currently owns a 100% interest in the King Solomon’s Dome (“KSD”) property in the heart of the Klondike Gold fields, in Yukon Territory, Canada. During the nine months ended June 30, 2020, the Company acquired an additional 47 hectares of contiguous lands to the NW of the KSD property.

Subsequent to June 30, 2020, the Company received approval for its Yukon Mineral Exploration Program grant application (“YMEP”). Kestrel’s YMEP application was for \$53,700 of exploration expenditures which will be reimbursed by the Yukon government at a rate of 60% of the expenditures to a maximum of \$32,200. Sampling at KSD commenced in mid-July assay results

are expected in late summer. After reviewing the sampling results Kestrel plans to return to KSD to trench and do additional sampling.

On August 13, 2020, Kestrel announced that it proposes to offer by way of a non-brokered private placement up to 8,500,000 units (“Units”) at a price of \$0.035 per Unit to raise gross proceeds of up to \$297,500. Each Unit will consist of one common share and one common share purchase warrant, each whole warrant called a “Warrant”, will entitle the holder to acquire, for a period of 24 months from the date of issue, one common share at an exercise price of \$0.07 per common share.

Proceeds from the Offering will be used for finders’ fees of up to \$15,000, exploration expenses of up to \$190,000, professional fees of \$30,000, filing fees and annual meeting expenses of \$25,000 accounts payable of \$20,000 and other expenses of \$17,500.

During the nine months ended June 30, 2020, the Company:

- Incurred \$12,441 of capital expenditures on its King Solomon Dome property as compared to \$6,921 in 2019, the increase relates to acquiring additional adjacent lands. The Company also incurred minor expenditures on other properties in 2019; and
- Kestrel continued to focus on further developing its KSD property while at the same time decreasing its general and administrative expenses (G&A). The Company further reduced its G&A expenses from \$78,156 to \$57,779 for the nine months ended June 30, 2020.

Results from Operations

The net loss for the period ended June 30, 2020, was \$57,779 as compared to \$707,702 for the same period in 2019. The decrease in the net loss year over year is due to the impairment charge of \$629,546 recorded in 2019 and further reductions in G&A. Kestrel’s consulting, investor relation and professional fees expenses for the nine months ended June 30 2020 were significantly lower than the same period in 2019 as the Company has reduced all expenses to preserve its cash.

Plans for the next six months

Kestrel plans to raise additional funds to undertake further exploration on its KSD property. The Company will review the 2020 sampling and trenching results together with all of the previous geological and geophysical data to undertake a comprehensive review of the property and define potential drilling targets.

Additional Information

Additional information regarding the Company is available on SEDAR at www.sedar.com and at the Company’s website www.kestrelgold.com.