

Kestrel Gold Inc

Interim MD&A – Quarterly Highlights

Nine Months Ended June 30, 2022

This Management's Discussion and Analysis ("MD&A") of Kestrel Gold Inc ("Kestrel" or the "Company") is dated August 9, 2022 and provides a discussion of the Company's financial and operating results for the quarter ended June 30, 2022 with comparisons to previous quarters. This MD&A should be read in conjunction with the Company's quarterly condensed interim financial statements and the annual September 30, 2021 audited financial statements and MD&A.

Forward-Looking Statements

This MD&A contains "forward-looking information" within the meaning of Canadian securities legislation. All statements, other than statements of historical fact, which address activities, events or developments that management believes, expects or anticipates will or may occur in the future are forward-looking statements and often use words such as "expects", "plans", "anticipates", "estimates", "intends", "may" or variations thereof or the negative of any of these terms. Forward-looking statements contained in this MD&A include, but are not limited to statements with respect to 2022 exploration plans, including the proposed timeline of the drilling; Kestrel's business strategy, plans and outlook; the future financial or operating performance of Kestrel; capital expenditures, corporate general and administration expenses and exploration and evaluation expenses; expected working capital requirements; the potential impact of the coronavirus ("COVID-19") on the Company and its operations; and future exploration and operating plans. All forward-looking statements are made based on management's current beliefs, as well as various assumptions made by them and information currently available to them. Generally, these assumptions include, among others: the ability of Kestrel to carry on exploration and development activities; the price of gold, silver and other metals; there being no material variations in the regulatory environment; the availability of personnel and equipment at estimated prices and within estimated delivery times; and the availability of acceptable financing.

Business Overview

Kestrel is in the business of acquiring, exploring for and evaluating mineral properties in Western Canada. Its primary objective is to enhance shareholder value through the acquisition and development of exploration projects, with an emphasis on hard rock targets located in placer gold mining districts. The Company's property portfolio includes a 100% interest in King Solomon's Dome and four separate option agreements to acquire a 100% interest in QCM, Sixtymile, Grabben and Fireweed. On May 4, 2022 the Company entered into an option agreement under which Kestrel may earn a 100% interest in the 1,855-hectare Fireweed project located in central British Columbia, 53 kilometres northeast of Smithers BC, between the villages of Granisle and Smithers Landing, terms of the agreement are noted below. 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".

Highlights for the nine months ended June 30, 2022

- The Company incurred gross exploration expenditures during the period of \$487,130, the majority of which related to the 2021 and 2022 QCM drill programs.
- Kestrel received \$80,000 of YMEP grants from the Yukon government pursuant to 2021 exploration activities completed at Grabben and Sixtymile.

- The Company entered an option agreement to earn a 100% interest in the Fireweed property.

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, 2022, Kestrel had working capital of \$606,297 comprised of current assets of \$746,517 of which \$714,473 was cash, \$32,044 was accounts receivable and prepaids together with current liabilities of \$140,220. Accounts receivable is comprised of GST input credits.

Kestrel will need to raise additional funds by way of issuing equity in order to continue operating and satisfy its ongoing administrative, operating and capital expenditure obligations in the normal course of business.

Capital Expenditures

Kestrel's properties are located in Yukon and central BC and consist of a 100% interest in King Solomon's Dome and four separate option agreements to acquire a 100% interest in the QCM, Sixtymile, Grabben and Fireweed properties.

On May 4, 2022, the Company entered into an arm's length option agreement under which Kestrel may earn a 100% interest in the 1,855-hectare Fireweed project located in central British Columbia, 53 kilometres northeast of Smithers BC, between the villages of Granisle and Smithers Landing, see Kestrel's May 4, 2022 news release for further details.

The Company plans to advance its various properties using a variety of exploration techniques.

QCM

On December 15, 2020, Kestrel entered into an option agreement to earn a 100% interest in the QCM property ("QCM") located in northern British Columbia. QCM is located north of Prince George and 70 kilometres northwest of the Mount Milligan copper gold mine; within the heart of the Manson Germansen placer gold district.

To exercise the option and earn a 100% interest in QCM, Kestrel will issue 4,000,000 common shares, 400,000 due on signing, make cash payments totalling \$150,000, \$10,000 due on signing, and complete \$1,400,000 of exploration work, over a four-year term. The property is subject to a 2% NSR, 50% of which can be purchased by Kestrel for \$1,000,000. All share issuances, cash payments and exploration work requirements are at the sole discretion of Kestrel.

The QCM property is now approximately 5,975 hectares or 60 square kilometres as the Company acquired additional claims through staking and purchases.

To date, Kestrel has issued 900,000 common shares, made option payments of \$30,000 and incurred approximately \$510,000 of eligible exploration expenditures.

QCM – 2021/22 Exploration Programs

To date, the Company has compiled historical data pertaining to the QCM project, completed an air borne geophysical survey of the project area, a multi-phase prospecting program and two RC drilling programs:

- The first RC drill program was completed in 2021, comprising 992 metres in nine holes, including infill drilling and confirmed the potential for northwest strike extensions to the QCM Zone. Readers should refer to the Company's April 21, 2022 news release for a complete summary of the drill results.
- In May of this year, Kestrel undertook further prospecting and sampling of the gold bearing showings at the north end of the property located by the Company's 2021 prospecting programs. Significant targets defined by this work were followed up with an RC drill program completed in late June 2022. Upon receipt of these drill results, which are expected in late August, another RC drill program will be undertaken this year to further explore targets of significance from the June 2022 drill program and to further expand upon results from last fall's QCM Main Zone drill program. Current planning is for the August 2022 RC drill program to consist of six holes totalling 840 metres.

Fireweed

On May 4, 2022, Kestrel entered into an arm's length option agreement under which the Company may earn a 100% interest in the 1,855-hectare Fireweed project located in central British Columbia, 53 kilometres northeast of Smithers BC, between the villages of Granisle and Smithers Landing.

To exercise the option and earn a 100% interest in the project, Kestrel will issue 1,500,000 common shares, 100,000 due on signing, make cash payments totalling \$250,000, \$10,000 due on signing, and complete a minimum of \$375,000 of exploration work, \$75,000 by the first anniversary of signing, over a five-year term. The property is subject to a 2% NSR, capped at 5 million dollars, due to Terry Eldridge while Regulus Resources Inc. is due a 0.5% NSR that increases to 1.5% upon the Eldridge NSR being paid out. Kestrel shall also make the following bonus payments to the optionor: within 30 days of Kestrel receiving a report pertaining to the Property that details a mineral deposit or deposits that individually or in aggregate exceed 1,250,000 tonnes in size in the total Inferred Mineral Resource or greater category (as such term is defined in National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101"), Kestrel shall pay to the optionor \$0.025 (2.5 cents) per oz of contained silver to a maximum of \$200,000; Kestrel will also issue and deliver to the optionor 1,000,000 shares or \$200,000, at the sole discretion of the optionor, on a decision to place the Property into commercial production.

Grabben

On October 26, 2020, Kestrel entered into an option agreement to earn a 100% interest in the Grabben Gold Property ("Grabben") located within the Yukon portion of the Tintina Gold Belt.

Grabben is approximately 1,710 hectares and is located in the southwest corner of the Klondike Goldfields at the headwaters of Mackinnon and Stowe Creek. Significant amounts of placer gold have been recovered downstream of the property. Grabben has potential for both intrusion-related gold system and orogenic style systems.

To exercise the option and earn a 100% interest in the Grabben property, Kestrel will issue a total of 1,000,000 common shares, make cash payments totaling \$100,000, and complete \$600,000 of exploration work, over a four-year term.

To date Kestrel has issued 300,000 common shares, made option payments of \$7,500 and incurred approximately \$201,000 of eligible exploration expenditures.

Future plans for Grabben include a prospecting program designed to follow up existing soil geochemical targets distal to the 2021 drill area.

Sixtymile

On October 26, 2020, Kestrel entered into an option agreement to earn a 100% interest in the Sixtymile gold property located within the Yukon portion of the Tintina Gold Belt.

Sixtymile is approximately 3,520 hectares, covering the headwaters of several heavily placer mined creeks within the Sixtymile placer goldfields. Sixtymile has potential for both low sulphidation epithermal and orogenic style systems.

To exercise the option and earn a 100% interest in Sixtymile, Kestrel will issue a total of 1,000,000 common shares, make cash payments totalling \$100,000, and complete \$600,000 of exploration work over a four-year term.

To date Kestrel has issued 300,000 common shares, made option payments of \$7,500 and incurred approximately \$207,000 of eligible exploration expenditures.

Results of Operations for the Nine Months Ended June 30, 2022

The net loss for the period ended June 30, 2022 was \$173,888 compared to \$216,362 for the same period in 2021. The \$42,474 decrease in the net loss, year over year, is largely due to: decreases in Stock-based compensation; Investor relations and Professional fees totaling \$60,806 which were offset by an increase in Management and consulting fees of \$23,062.

	Nine Months Ended June 30, 2022	Nine Months End ed June 30 2021	Increase (Decrease)
Consulting fees	\$112,420	\$89,358	\$23,062
Investor relations and website	22,659	41,716	(19,057)
Stock-based compensation	-	33,372	(33,372)
Professional fees	13,011	21,388	(8,377)
Administration	10,645	13,137	(2,492)
Listing and filing fees	8,003	9,141	(1,138)
Insurance	7,150	8,250	(1,100)
Net Loss	\$173,888	\$216,362	\$(42,474)

- Management and consulting fees increased \$23,062 reflecting compensation paid to the CEO and CFO of \$67,500 and \$36,000 respectfully;
- Investor relations decreased \$19,057 as expenses were incurred in the period ended June 30, 2021 with respect to revising and updating the Company's website and related materials. Kestrel plans to update its website later this year;
- Stock-based compensation decreased \$33,372 as no stock options have been issued in the current fiscal period;
- Professional fees decreased \$8,377 as Kestrel incurred higher legal fees in 2021 associated with the issuance of common shares:

- Insurance recorded in the period was higher as the Company now amortizes its annual premium over the fiscal year as opposed to expensing the full amount when paid.

Summary of Quarterly Results

The following table summarizes selected financial data reported by the Company for the Three Months ended June 30, 2022 and the seven previous quarters.

	Jun 30, 2022	Mar 31, 2022	Dec 31, 2021	Sep 30, 2021
Current assets	\$746,517	\$939,743	\$916,710	\$1,226,481
Exploration and evaluation assets	1,221,908	956,606	981,047	814,778
Total assets	1,968,425	1,896,349	1,897,757	2,041,259
Current liabilities	140,220	72,176	36,284	132,166
Working capital	606,297	867,567	880,436	1,094,315
Net loss	63,968	62,310	47,610	71,146
Basic and diluted loss per share	\$0.001	\$0.001	\$0.001	\$0.001
Weighted avg. shares outstanding	101,361,154	100,356,820	100,351,264	99,217,778
	Jun 30, 2021	Mar 31, 2021	Dec 31, 2020	Sep 30, 2020
Current assets	\$1,608,937	\$391,721	\$524,953	\$374,674
Exploration and evaluation assets	440,812	258,259	265,338	134,962
Total assets	2,064,749	679,980	790,290	509,636
Current liabilities	137,934	18,835	98,955	130,843
Working capital	1,471,003	372,886	425,998	616,717
Net loss	58,643	68,031	92,530	264,186
Basic and diluted loss per share	\$0.001	\$0.001	\$0.001	\$0.004
Weighted avg. shares outstanding	95,706,214	83,438,922	82,309,186	68,231,285

Variances in quarter over quarter results stem from the Company undertaking various activities including: acquisition of properties; drilling; prospecting; issuing common shares pursuant to private placements; recording share-based payments and recording impairment charges. Items resulting in significant quarterly fluctuations are noted below:

- **Jun 30, 2022** – Kestrel undertook prospecting and drilling on its QCM property and entered into an option agreement to acquire a 100% interest in Fireweed. Pursuant to the various property option agreements a total of 800,000 common shares were issued at a deemed value of \$0.085 per share and cash payments of \$25,000 were made during the quarter.

- **Mar 31, 2022** – Kestrel received total YMEP grants of \$80,000 with respect to its 2021 exploration programs at Grabben and Sixtymile and 500,000 stock options were exercised at \$0.05 per share for gross proceeds of \$25,000. The Company gratefully acknowledges the ongoing support of the Yukon government. The 2021 QCM drill samples were submitted for analysis and the results were disseminated in the Company's April 24, 2022 news release.
- **Dec 31, 2021** – Kestrel completed its inaugural QCM RC drill program.
- **Sep 30, 2021** – The Company completed RC drilling programs at Grabben and Sixtymile together with prospecting programs on all its properties.
- **Jun 30, 2021** – Kestrel completed a private placement for \$1.2 million and received additional proceeds on the exercise of warrants and stock options. The Company commenced its 2021 exploration program with a geomagnetic survey and reverse circulation drilling program at Grabben, costs incurred during the quarter were \$177,743. The Company plans to undertake further exploration of its properties during the summer and fall of 2021.
- **Mar 31, 2021** – Company expenses impacting the loss for the quarter included \$23,395 for investor relations and website, as the Company completely revised its website and payment of the annual insurance premium of \$8,250. Total assets decreased as a result of the operating loss decreasing the Company's cash position which was slightly offset by the exercise of warrants.
- **Dec 31, 2020** – Kestrel's net loss for the period was higher do to share-based payments of \$33,372. Total assets and shareholders' equity increased upon completion of a private placement for gross proceeds of \$310,000. Exploration expenditures increased by \$70,375, net of the YMEP grant, as the Company completed its KSD 2020 exploration program and entered into option agreements to acquire QCM, Grabben and Sixtymile.
- **Sep 30, 2020** – Kestrel completed a private placement for gross proceeds of \$297,500; warrants were exercised generating proceeds of \$116,150, \$35,000 owing to an officer and director was settled by issuing common shares; share-based payments of \$152,476 were recorded on the issuance of 4,450,000 stock options; net exploration expenditures of \$121,441 were incurred with respect to the summer 2020 sampling and drilling programs.

Outstanding Share Information

Kestrel had the following common shares, warrants and stock options outstanding as at June 30, 2022 and as of the report date.

	June 30, 2022	Issued	Exercised	At Report Date
Common shares	101,651,264	-	-	101,651,264
Warrants	17,340,888	-	-	17,340,888
Stock options	4,100,000	-	-	4,100,000
Fully diluted shares outstanding	123,092,152	-	-	123,092,152

Plans for 2022

QCM

- Geological mapping will be updated to incorporate the results of the 2022 RC drill program and identify additional RC drilling targets to be drilled in August 2022.

Fireweed

- Jean M. Pautler, P.Geol. of JP Exploration Services Inc. has been retained to complete a 43-101 compliant report for the recently acquired Fireweed project. This report will help better define the geological setting and allow for the development of an exploration plan to further advance the property.

Grabben

- Geological mapping will be updated to incorporate the results of the 2021 RC drill program.

Sixtymile

- Results will be compiled and interpreted in order to assess future exploration activities.

Risk and Uncertainties

The Company is subject to a number of risks and uncertainties including, but not limited to the following:

- Global epidemics or pandemics or other health crises.
- Licenses and title to assets.
- Maintaining and obtaining licenses and permits.
- Environmental hazards.
- Governmental laws and regulations.
- The business of exploration for minerals and mining involves a high degree of risk.
- Property commitments.
- Limited operational history
- Substantial capital requirements.
- Future sales or issuances of common shares.
- Competition.
- Dependence on key personnel.
- Control person of the Company.
- Public company requirements.
- Marketability of natural resources.
- Conflicts of interest.
- Uninsurable risks.
- Infrastructure.
- Price volatility of publicly traded securities.
- Risk of fines and penalties.
- Information technology security risks.

Additional Information

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