

Kestrel Gold Inc. Management's Discussion and Analysis For the Year Ended September 30, 2022

This Management Discussion and Analysis ("MD&A") of Kestrel Gold Inc. ("Kestrel" or the "Company") is dated January 18, 2023 and should be read in conjunction with the audited financial statements of the Company for the year ended September 30, 2022.

The Company's financial statements have been prepared on a going concern basis, which presume the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The Company's ability to continue as a going concern is dependent upon achieving profitable operations and upon obtaining additional financing. While the Company is extending its best efforts in this regard, the outcome of these matters cannot be predicted at this time. The accompanying audited annual financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

Business Overview

Kestrel is in the business of acquiring 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 two separate option agreements to acquire a 100% interest in the QCM and Fireweed properties. To date, Kestrel has not identified a known body of commercial grade minerals on any of its properties.

Kestrel Gold Inc. is a Canadian listed public company with its shares trading on the TSX Venture Exchange under the symbol "KGC". The Company's registered and head office is Suite 208, 110 - 12th Avenue SW, Calgary, Alberta, T2R 0G7.

Additional information relating to the Company can be found on SEDAR at www.sedar.com and on the Company's website at www.kestrelgold.com.

Forward Looking Information and Risk Factors

This MD&A includes some statements that may be considered "forward-looking statements". All statements in this discussion that address the Company's expectations about future exploration and development are forward-looking statements. Although the Company believes the expectations presented in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploration results, availability of capital and financing, and general economic, market, and business conditions. Readers are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.

In addition, there are also known and unknown risk factors which may cause actual events or results to differ from those expressed or implied by the forward-looking statements, including, without limitation risks related to:

- Kestrel's lack of revenues from operations and its continued ability to fund ongoing and planned exploration and possible future mining operations.
- the Company's history of losses, which will likely continue to occur in the future.
- Kestrel's ability to raise money in the future to fund its ongoing operations and fulfill its expenditure commitments pursuant to the various option agreements.
- the possibility of delays in exploration or development programs and uncertainty of meeting anticipated program milestones and the Company's ability to successfully establish mining operations or profitably produce precious or other metals.
- actual capital costs, operating costs, production and economic returns, and uncertainty that any possible future development activities will result in profitable mining operations.
- mineral resource figures being estimates based on interpretations and assumptions which may result in less mineral production under actual conditions than is currently estimated.
- changes in the market price of gold and silver, and other minerals, which in the past have fluctuated widely and which could affect the profitability of possible future operations and financial condition.
- currency fluctuations.
- interpretation of drill results and the geology, continuity and grade of mineral deposits. The inherently dangerous activity of mining, including conditions or events beyond the Company's control.

- uncertainty in Kestrel's ability to obtain and/or maintain certain permits necessary for current and anticipated operations.
- the Company being subject to environmental laws and regulations which may increase the costs of doing business and/or restrict operations.
- the uncertainty in the Company's ability to attract and maintain qualified management and other personnel to meet the needs of anticipated growth and risks relating to its ability to manage growth effectively.
- the Company's mineral properties being subject to prior unregistered agreements.
- transfers, or claims and other defects in title.
- increased competition that could adversely affect the Company's ability to attract necessary capital funding or acquire suitable properties for mineral exploration in the future.
- officers, directors and consultants becoming associated with other natural resource companies which may give rise to conflicts of interests.
- the volatility of the Company's Common Share price and volume.
- potential claims by indigenous people over the Company's mineral properties.
- the ability of the Company to obtain regulatory, shareholder and other third-party approvals related to proposed acquisitions.

Basis of Presentation

Basis of Measurement

The audited financial statements have been prepared on the historical cost basis except for the financial instruments at fair value through profit or loss which are measured at fair value. In addition, the financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Critical Accounting Estimates and Judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates and judgments.

Critical accounting estimates

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

Restoration, rehabilitation and environmental provisions (asset retirement obligations ("ARO"))

Decommissioning and restoration obligation provisions represent management's best estimate of the present value of the future costs. Significant estimates and assumptions are made in determining the amount of obligation provisions. Those estimates and assumptions deal with uncertainties such as: requirements of the relevant legal and regulatory framework; the magnitude of possible disturbance; and the timing, extent and costs of required restoration and rehabilitation activity. These uncertainties may result in future actual expenditures differing from the amounts currently provided.

Assumptions used in the calculation of the fair value assigned to share-based payments

The Company uses the Black-Scholes option pricing model for valuation of share-based payments. Option pricing models require the input of subjective assumptions, including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's equity reserves.

Accrued liabilities

Management makes estimates of obligations to the Company as a result of past transactions. The estimates are reviewed on an ongoing basis and revisions to the estimate are recognized in the period in which the estimate is revised.

Critical accounting judgments

Critical accounting judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing expenditures, meet its liabilities for the ensuring year, and to fund planned and contractual exploration programs, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

Economic recoverability and profitability of future mineral property interests

Management has determined that exploration, evaluation and related costs incurred, which were capitalized, have future economic benefits and are economically recoverable. Where future economic benefits and economic recovery are determined to be below the carrying value, management have recorded an impairment. Management uses several criteria in its assessment including geologic and metallurgic information, history of conversion of mineral deposits to proven and probable reserves, scoping and feasibility studies, accessible facilities, existing permits, activity on adjacent properties and the estimates of fair value based on information from market participants.

Going concern

For the year ended September 30, 2022, Kestrel incurred a net loss of \$631,696 and as of that date, had an accumulated deficit of \$16,000,711. Kestrel is an early-stage resource exploration company. It has no sources of revenue, therefore its ability to continue to meet its obligations, conduct exploration activities and continue as a going concern is dependent upon its ability to raise additional capital to fund exploration activities and meet its obligations. There is no assurance at this time that Kestrel will be able to obtain the necessary financing to continue operations. If Kestrel is unable to obtain suitable financing in the near future, it will be necessary for the Company to examine other strategic alternatives to continue operations and enhance shareholder value, including, but not limited to, seeking creditor protection, seeking a joint venture partner, relinquishing its rights to properties or projects deemed uneconomical, the possible sale of some or all of the Kestrel's assets or the merger, amalgamation or sale of the Company with or to a larger, better financed entity.

The Company's financial statements have been prepared on a going concern basis in accordance with IFRS. The going concern basis assumes that Kestrel 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 is not appropriate for the financial statements, then material adjustments would be necessary to the carrying amounts of the assets and liabilities and the reported expenses and balance sheet classifications.

Report on Operations

2022 Highlights

During the year ended September 30, 2022, Kestrel entered into an option agreement to acquire the Fireweed property in British Columbia ("BC"), undertook three reverse circulation ("RC") drilling programs on its QCM property and subsequently terminated the Grabben and Sixtymile option agreements.

The Company's 2022 activities are summarized below:

- On May 3, 2022, Kestrel entered into an option agreement pursuant to which it 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.
- This year's exploration activities were focused on the Company's QCM property. Kestrel completed additional prospecting and undertook three RC drilling programs.
- The Company received YMEP grants totaling \$80,000 in 2022 related to 2021 exploration activities at Grabben and Sixtymile.
- Kestrel recorded an impairment charge of \$390,824 with respect to expenditures incurred at Grabben and Sixtymile.

- The Company received gross proceeds of \$50,415, throughout the year, on the exercise of warrants and stock options:
 - 363,072 warrants were exercised at \$0.07 per share for a total of \$25,415, and
 - 500,000 stock options were exercised at \$0.05 for a total of \$25,000.

Exploration and Evaluation Assets

As of September 30, 2022, Kestrel has entered into option agreements to acquire a 100% working interest in two properties: QCM and Fireweed, in addition, the Company also has 100% interest in its King Solomon Dome property.

QCM, British Columbia

On December 15, 2020, Kestrel entered into an option agreement to earn a 100% interest in the QCM property located in north-central British Columbia.

To exercise the option and earn a 100% interest in the property Kestrel will:

- Issue 4,000,000 common shares: 400,000 due on signing, 500,000, 600,000, 1,000,000 and 1,500,000 on the first through fourth anniversaries.
- Make cash payments totaling \$150,000: \$10,000 due on signing, \$10,000, \$10,000, \$20,000, and \$100,000 on the first through fourth anniversaries.
- Complete \$750,000 of exploration work, \$50,000 by the first anniversary of signing, and \$150,000, \$200,000, and \$350,000 in the subsequent years.

The property is subject to a 2% NSR, 50% of which can be purchased by Kestrel for \$1,000,000. All future share issuances, cash payments and exploration work requirements are at the sole discretion of Kestrel.

The QCM property is 6,906 hectares covering an approximate 15-kilometre strike length of the Manson Fault Zone, which is thought to be a controlling structure for much of the gold mineralization in the district. QCM is being explored for near surface, bulk tonnage gold targets consisting of replacement and vein style mineralization within carbonate altered and pyritic volcanic greywacke and argillite. Two main target areas occur on the property, Main Zone and 14 Vein as well as numerous other historical showings. Recently completed logging and associated road building has significantly improved access throughout the property which is proving of significant value to exploration efforts.

Peak values from historical drilling completed within the Main Zone were found within hole QCM04-002 which intersected an interval of 2.86 g/t Au over 110.95 metres, including a high-grade interval of 173 g/t Au over 1.5 metres, true widths unknown.

Prospecting during 2022 resulted in the discovery of the 14 Vein showing, drilling of which returned 2.33 g/t Au over 44.19 metres. Geology consists of silica and carbonate altered argillite cut by sheeted quartz veins.

Numerous historical showings occur throughout the project area, including Farrell where historical values of up to 1,777 g/t Au and 3,560 g/t Ag were returned from grab samples of a 3.0-metre wide quartz vein and Flagstaff where historical values of up to 5.9 g/t Au and 1,153 g/t Ag were reported for grab samples of quartz veins and stockworks.

Fireweed

On May 3, 2022, Kestrel entered into an option agreement to earn a 100% interest in the 1,855-hectare Fireweed project located in central British Columbia, 53 kilometres northeast of Smithers BC, south and west of the villages of Granisle and Smithers Landing.

To exercise the option and earn a 100% interest in the property Kestrel will:

- Issue 1,500,000 common shares: 100,000, on signing, 100,000, 100,000, 100,000, 250,000 and 850,000 on the first through fifth anniversaries.
- Make cash payments totaling \$250,000: \$10,000, on signing, \$10,000, \$10,000, \$10,000, \$50,000 and \$160,000 on the first through fifth anniversaries.

- Complete \$375,000 of exploration work: \$75,000 by the first anniversary of signing, and \$150,000, \$225,000, \$300,000, and \$375,000 in the subsequent years.
- Additional payments are required 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 Kreft \$0.025 (2.5 cents) per oz of contained silver to a maximum of \$200,000 and issue and deliver 1,000,000 shares or \$200,000, at the sole discretion of Kreft, on a decision to place the Property into Commercial Production, as that term is defined in Schedule B of the Underlying Agreement.

The property is subject to a 2% NSR, 50% of which can be purchased by Kestrel for \$1,000,000. All future share issuances, cash payments and exploration work requirements are at the sole discretion of Kestrel.

The project is located within the Skeena Arch which is a northeast trending arc transverse structural corridor, separating the Bowser and Nechako basins, that comprises some of the most richly endowed terrain in British Columbia. Mineralization consists of epithermal style sediment hosted replacements, breccia zones and veinlets.

Results from drilling conducted in 1988 include hole 88-22: 12.5 metres averaging 589.7 g/t Ag, 1.79% Pb and 3.07% Zn and hole 88-29: 4.0 metres averaging 1.89 g/t Au, 155.3 g/t Ag, 5.37% Pb, 18.82% Zn and 0.5% Cu.

A 1989 mineral resource estimate of 580,000 tonnes averaging 342 g/t Ag, 1.3% Pb and 2.2% Zn was reported for the West Zone, one of the 8 targets at Fireweed. This resource estimate predates NI 43-101, is considered historical in nature and Kestrel is not treating the estimate as a current mineral resource.

Drill programs completed after the 1989 resource estimate continued to yield positive results including hole FW06-04: 5.5 metres averaging 1.43 g/t Au, 116.2 g/t Ag, 2.3% Pb, 7.08% Zn and 1.15% Cu; hole FW10-1: 12.3 metres averaging 1.12 g/t Au, 99.0 g/t Ag, 3.75% Pb, 6.43% Zn and 0.26% Cu; FW11-4: 15.1 metres averaging 444.4 g/t Ag, 1.3% Pb and 2.5% Zn.

Map below shows targets and logging road system at the Fireweed Property:

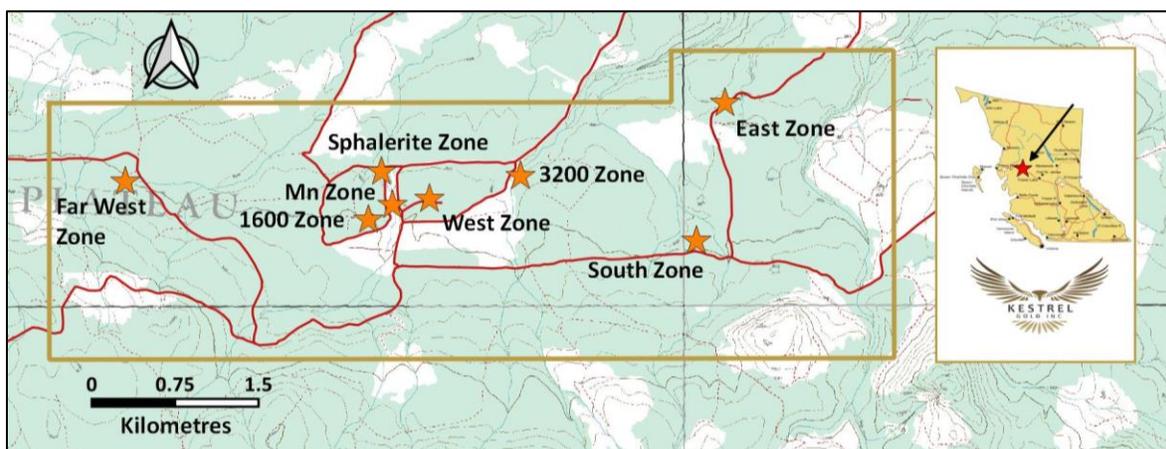


Table of Select Fireweed Drill Intersections – true widths not reliably known

Zone	Hole	Interval (m)	Ag g/t	Zn %	Pb %	Cu %	Au g/t
West	88-22	12.5	589.7	3.07	1.79	NA	NA
West	11-04	15.1	444.4	2.5	1.3	NA	NA
West	11-05	15.3	374.1	1.9	1.1	NA	NA
West	10-01	12.3	99	6.43	3.75	0.26	1.12
West	10-03	6.1	115.3	16.11	2.91	NA	1.87

1600	89-62	5	39.1	4	2.05	NA	1.03
East	88-19	45	12	NA	NA	0.2	0.82

King Solomon Dome, Yukon

On October 31, 2010, the Company entered into an option agreement pursuant to which it acquired the right to earn a 100% interest in King Solomon Dome, ("KSD"). The property is subject to a 2.5% net smelter return royalty, one-half of which can be purchased by the Company for \$1,000,000.

Impairment of Sixtymile and Grabben

Kestrel has elected not to proceed with the Grabben and Sixtymile option agreements, accordingly the carrying value of the assets was determined to be nil and all costs associated with the properties were expensed in the current year.

Capital Expenditures

During the year ended September 30, 2022, the Company made net exploration expenditures of \$ 533,129 (2021 - \$635,511).

	KSD	Grabben	Sixtymile	QCM	Fireweed	Total
September 30, 2020	\$134,962	-	-	-	-	\$134,962
Acquisition costs	-	31,329	33,229	85,290	-	149,848
Prospecting	25,250	-	60,123	36,860	-	122,233
Geo-physical surveying	-	9,038	33,800	55,485	-	98,323
Drilling	35,847	165,729	91,345	16,061	-	308,982
Assaying	6,275	12,822	17,833	-	-	36,930
Reporting	3,500	-	-	-	-	3,500
YMEP grant	(40,000)	-	-	-	-	(40,000)
Additions	30,872	218,918	236,330	193,696	-	679,816
September 30, 2021	165,834	218,918	236,330	193,696	-	814,778
Acquisition costs	-	11,000	11,000	54,381	18,500	94,881
Prospecting	-	-	(12,760)	21,070	10,770	19,080
Drilling	-	-	-	482,828	-	482,828
Assaying	1,336	-	1,336	54,664	-	57,336
Reporting	-	2,500	2,500	-	-	5,000
YMEP grant	-	(40,000)	(40,000)	-	-	(80,000)
Impairment	-	(192,418)	(198,406)	-	-	(390,824)
Additions	1,336	(218,918)	(236,330)	612,943	29,270	188,301
September 30, 2022	\$167,170	-	-	806,639	29,270	\$1,003,079

QCM – 2022 Exploration

During the fiscal year ended September 30, 2022, Kestrel undertook additional prospecting on the property and completed three reverse circulation ("RC") drill programs.

Fall 2021 – Drill Program Highlights

In the first quarter of 2022, Kestrel completed its inaugural RC drill program on the QCM property. The program, comprising 992 metres in nine holes, provided infill drilling within, and confirmed the potential for northwest strike extensions to, the QCM Zone.

- Broad intervals of gold-bearing mineralization and alteration were intersected in all holes completed, with peak values of 0.847 g/t Au over 152.44 metres including 3.665 g/t Au over 16.77 metres found within hole 7.
- The gold bearing intervals within holes 1 and 2 provide confirmation that the QCM Zone remains open beyond the northwestern limits of the historical drill array.
- Holes 3 (240° Azimuth) and 7 (180° Azimuth) were drilled from the same pad and at the same -45° dip. The overall higher gold values found within hole 7 may be attributed to the presence of narrow gold bearing shears trending approximately 240° Azimuth which would be intersected by hole 7 but which trend parallel to hole 3 and were therefore likely missed.
- The program tested an approximate 350 metre strike length of the QCM Zone.

Fall 2021 - Drill Results

Hole	From (m)	To (m)	Interval (m)	Au (g/t)	Target	Hole Depth (m)
QCM21-1	4.57	19.82	15.25	1.277	Northwest Extension	128.05
and	39.63	106.71	67.08	0.411	Northwest Extension	
QCM21-2	28.96	53.35	24.39	0.362	Northwest Extension	179.88
and	67.07	102.13	35.06	0.493	Northwest Extension	
QCM21-3	3.05	80.79	77.74	0.467	Main Zone Infill	80.79
including	3.05	30.49	27.44	0.786	Main Zone Infill	
QCM21-4	7.62	179.88	172.26	0.571	Main Zone Infill	179.88
including	7.62	62.50	54.88	0.905	Main Zone Infill	
QCM21-5	1.52	65.55	64.03	1.040	Main Zone Infill	65.55
including	7.62	35.06	27.44	1.834	Main Zone Infill	
QCM21-6	Hole terminated at 15.24 metres due to poor ground conditions.					
QCM21-7	7.62	160.06	152.44	0.847	Main Zone Infill	160.06
including	25.91	42.68	16.77	3.665	Main Zone Infill	
QCM21-8	Hole terminated at 7.62 metres due to poor ground conditions.					
QCM21-9	16.77	172.26	155.49	0.400	Main Zone Infill	175.30
including	18.29	33.54	15.25	0.806	Main Zone Infill	

- True widths of the reported intervals are unknown.
- Holes QCM21-3, 4, 5 and 7 bottomed in 1.52 metre intervals grading 0.13 g/t Au, 0.38 g/t Au, 0.56 g/t Au and 1.02 g/t Au respectively.
- Due to poor ground conditions, holes QCM21-1, 3, 5, 6 and 8 were terminated before their planned target depth of approximately 160 metres.
- Due to the project's location within an active placer gold mining district, and historical reports of coarse visible gold within the QCM Zone, all gold analyses were completed using a metallic screen method.
- Limited amounts of trace elements are found within the QCM Zone, with the most common gold pathfinder element being copper which occurs in amounts of up to 539 ppm but typically averaging approximately 100 ppm.

Summer 2022 – Prospecting and Drill Programs

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 ("Phase 1 RC 2022"). Upon receipt of these drill results, the Company undertook a second RC drill program in late August of this year ("Phase 2 RC 2022") to further explore targets of significance from the Phase 1 RC 2022 drill program and to further expand upon results from last fall's QCM Main Zone drill program.

2022 Phase 1 RC Drill Program

In early July 2022, Kestrel completed an 8-hole 520 metre RC drill program. Drill sites were located up to eight kilometres from the Main Zone and were designed to test targets from the Company's grassroots generative 2021 prospecting activities.

Phase 1 Drill Program Highlights

- Peak program values of 2.39 g/t Au over 21.33 metres were returned from the top of hole 8, with the hole collaring in material grading 0.56 g/t Au over 1.52 metres.
- New discoveries of potential significance were encountered in holes 4, 6 and 8.
- Gold bearing intervals are hosted by argillite and lesser sandstone of the Takla Group and Cassiar Terrane. Gold bearing intervals typically exhibit carbonate and silica alteration, are cut by variably sized sheeted to stockwork quartz veins and are mineralized with up to 3% pyrite. Mariposite has been noted in some sections.

Table 1: Phase 1 Drill Results

Hole	From (m)	To (m)	Interval (m)	Au (g/t)	Target	Hole Depth (m)
QCM22-1	no significant results				Adit Zone	60.96
QCM22-2	scattered anomalous values				Adit Zone	60.96
QCM22-3	scattered anomalous values				4.3 Vein	64.01
QCM22-4	24.38	60.96	36.58	0.35	Flagstaff NW	60.96
including	42.67	44.19	1.52	3.48	Flagstaff NW	
QCM22-5	scattered anomalous values				Flagstaff SE	60.96
QCM22-6	7.62	18.28	10.66	0.46	Flagstaff SE	85.34
including	7.62	9.14	1.52	1.30	Flagstaff SE	
QCM22-7	scattered anomalous values				Alcove	62.48
QCM22-8	3.05	24.38	21.33	2.39	14 Vein	63.39
including	15.24	16.76	1.52	22.97	14 Vein	

- True widths of the reported intervals are unknown.
- The 22.97 g/t Au value reported for the high-grade interval in Hole 22-8 from 15.24 metres to 16.76 metres represents the average of assay values for the original sample that returned 13.55 g/t Au and a field duplicate for that interval that returned 32.40 g/t Au.
- Hole QCM22-4 bottomed in a 1.52 metre interval grading 0.18 g/t Au, suggesting the target may remain open to depth.
- Holes QCM22-6 and QCM22-8 collared in 1.52 metre intervals grading 1.30 g/t Au and 0.56 g/t Au respectively.
- The relationship between the gold bearing intervals within hole 8 and the targeted surface showings suggest the mineralization has a northeast trend with a slight southeast dip.

2022 Phase 2 RC Drill Program

Phase 2 RC 2022 drill program consisted of six holes and approximately 810 metres with three holes designed to expand upon Phase 1 RC drill results and three holes to be located within the Main Zone.

Phase 2 Part 1 Drill Program Highlights

- Hole QCM22-9 that intersected 2.33 g/t Au over 44.19 metres undercut first phase hole QCM22-8 that intersected 2.39 g/t Au over 21.33 metres.
- Hole QCM22-10 that intersected 0.25 g/t Au over 47.24 metres was drilled adjacent to first phase hole QCM22-4 to test for extensions to the 0.35 g/t Au over 36.58 metres interval located at the bottom of hole QCM22-4.

Table 1: Phase 2 Part 1 Drill Results

Hole	From (m)	To (m)	Interval (m)	Au (g/t)	Target	Phase 1 Hole	Hole Depth (m)
QCM22-9	3.05	47.24	44.19	2.33	14 Vein	QCM22-8	121.92
including	30.48	32.00	1.52	22.20	14 Vein		
and	39.63	41.15	1.52	13.75	14 Vein		
QCM22-10	28.96	76.20	47.24	0.25	Flagstaff NW	QCM22-4	121.92
including	28.96	30.48	1.52	1.58	Flagstaff NW		
QCM22-11	scattered anomalous values				Flagstaff SE	QCM22-6	121.92

- Reported intervals are down-hole lengths. True thicknesses cannot be determined with available information.
- Hole QCM22-9 collared in material grading 0.52 g/t Au over 1.52 metres.
- The relationship between the gold bearing intervals found within holes QCM22-8 and 9 as well as the targeted surface showing suggest that the gold-bearing mineralization in this area trends approximately northeast and dips southeast. Gold-bearing intervals are hosted by argillite and lesser sandstone of the Quesnel and Cassiar Terranes. Gold-bearing intervals are typically carbonate and silica altered, cut by variably sized sheeted to stockwork quartz veins and are mineralized with up to 3% pyrite. Mariposite has been noted in some intervals.

Phase 2 Part 2 Drill Program Highlights:

- All three holes intersected gold bearing mineralization, with values of 0.59 g/t Au over 149.35 metres, including 0.78 g/t Au over 99.06 metres, found within hole QCM22-14.
- All three holes ended in gold bearing mineralization with the last sample of hole QCM22-12 containing 1.48 g/t Au over 1.52 metres.

Table 1: Phase 2 Part 2 Drill Results

Hole	From (m)	To (m)	Interval (m)	Au (g/t)	Target	Hole Depth (m)
QCM22-12	3.05	121.92	118.87	0.43	Main Zone Infill	121.92
including	97.54	121.92	24.38	0.94	Main Zone Infill	
QCM22-13	28.96	143.26	114.30	0.65	Main Zone Infill	143.26
including	28.96	67.06	38.10	1.16	Main Zone Infill	
QCM22-14	3.05	152.40	149.35	0.59	Main Zone Infill	152.40
including	12.19	111.25	99.06	0.78	Main Zone Infill	

- Reported intervals are down-hole lengths. True thicknesses cannot be determined with available information.
- Gold-bearing intervals are hosted by carbonate and silica altered volcanic sandstone and lesser argillite cut by sheeted to stockwork quartz veins, and variably mineralized with up to 10% pyrite in some intervals. Mariposite has also been noted in some intervals.

Operating Segments

The Company operates in one reportable operating segment, being the acquisition, exploration and evaluation of mineral properties in Canada.

Results of Operations for the Years Ended September 30, 2022

The net loss for the year ended September 30, 2022, was \$631,696 compared to \$290,350 for the same period in 2021. The \$341,346 increase in the net loss, year over year, is due to the impairment of exploration and evaluation assets \$390,824 which was offset by a \$49,487 decrease in expenses.

	Year Ended Sep 30, 2022	Year Ended Sep 30 2021	Increase (Decrease)
Consulting fees	\$144,955	\$129,228	\$15,727
Investor relations and website	25,373	52,745	(27,372)
Professional fees	40,616	41,884	(1,268)
Share-based payments	-	33,372	(33,372)
Office and administration	10,591	13,948	(3,357)
Listing and filing fees	8,003	9,741	(1,738)
Insurance	9,108	5,850	3,258
Travel and promotion	2,226	3,582	(1,356)
Impairment	390,824	-	390,824
Net Loss	\$631,696	\$290,350	\$341,346

Summary of Quarterly Results

The following table summarizes selected financial data reported by the Company for the three months ended September 30, 2022 and the seven previous quarters:

	Sep 30, 2022	Jun 30, 2022	Mar 31, 2022	Dec 31, 2021
Current assets	\$503,898	\$746,617	\$939,743	\$916,710
Exploration and evaluation assets	1,003,079	1,221,908	956,606	981,047
Total assets	1,491,977	1,968,425	1,896,349	1,897,757
Current liabilities	111,165	140,220	72,176	36,274
Working capital	392,733	606,397	864,567	880,436
Net loss	457,808	63,968	62,310	47,610
Basic and diluted loss per share	\$0.003	\$0.001	\$0.001	\$0.001
Weighted average shares	101,831,713	101,361,154	100,356,820	100,351,264

	Sep 30, 2021	Jun 30, 2021	Mar 31, 2021	Dec 31, 2020
Current assets	\$1,226,481	\$1,608,937	\$391,721	\$524,953
Exploration and evaluation assets	814,778	440,812	258,259	265,337
Total assets	2,041,259	2,064,749	679,980	790,290
Current liabilities	132,166	137,934	18,835	98,955
Working capital	1,094,315	1,471,003	372,886	425,998
Net loss	71,146	58,643	68,031	92,530
Basic and diluted loss per share	\$0.001	\$0.001	\$0.001	\$0.001
Weighted average shares	99,212,778	95,706,214	83,438,922	82,309,186

- **Sep 30, 2022** – The Company completed its Phase 2 2022 RC drill program. 363,072 warrants were exercised at \$0.07 per share for gross proceeds of \$25,415. After September 30, 2022, Kestrel elected to end its Grabben and Sixtymile option agreements, resulting in an impairment charge of \$0.39 million with respect to costs incurred on the properties.
- **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** – The Company 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, costs incurred \$0.16 million. Current assets decreased \$0.31 million due to decrease in accounts payable, incurring operating expenses and exploration expenditures.
- **Sep 30, 2021** – The Company continued to execute on its 2022 exploration program, total costs incurred during the quarter were \$0.35 million, including prospecting at KSD, Sixtymile and QCM, geophysical surveying at QCM and the acquisition of additional claims at QCM.
- **Jun 30, 2021** – Kestrel completed a private placement for gross proceeds of \$1.2 million and received additional proceeds of \$0.1 million on the exercise of warrants and stock options. The Company commenced its 2022 exploration program with a geophysical survey and RC drilling program at Grabben, exploration costs incurred during the quarter were \$177,743.
- **Mar 31, 2021** – Company expenses impacting the loss for the quarter included \$23,395 for investor relations and website, Kestrel revamped its website and payment of the annual insurance premium of \$8,250. Total assets were lower because the operating loss decreased 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 2021 exploration program and entered into option agreements to acquire QCM, Grabben and Sixtymile.

Overall Financial Performance

Results from Operations

As at September 30, 2022, the Company had working capital of \$392,733 (2021 - \$1,094,315; 2020 - \$243,831). The decrease in working capital is largely attributable to exploration and administrative expenditures incurred in the year as Kestrel was focused on increasing its property portfolio and undertaking exploration work required to advance its properties. The increase in working capital in 2021 as compared to 2020 was the result of two private placements completed in fiscal 2021 and proceeds received on the exercise of warrants and options exceeding exploration expenditures and administrative expenses.

Total assets for the year ended September 30, 2022, decreased by \$0.5 million as compared to an increased \$1.5 million in 2021. The decrease in 2022 is attributable to a net loss in the year of \$0.6 million comprised of \$0.2 million in administrative expenses and an impairment charge of \$0.4 million. The increase in 2021 was because of the two private placements completed during the year and the proceeds received on the exercise of share purchase warrants and stock options offset by administrative expenses of \$0.3 million.

Summary of Selected Annual Information

	Sept 30, 2022	Sept 30, 2021	Sept 30, 2020
Working capital	\$392,733	\$1,094,315	\$243,831
Total assets	1,506,977	2,041,259	509,636
Share-based payments	-	33,372	152,476
Impairment of E&E assets	390,824	-	-
Net loss	631,696	\$290,350	\$ 264,176
Weighted average common	100,977,569	90,212,778	68,231,285
Loss per share	\$0.006	\$0.003	\$0.004

Liquidity and Capital Resources

To date, the Company has not realized profitable operations and has relied on equity financing to fund its operations.

The financial statements have been prepared assuming the Company will continue on a going-concern basis. In order for the Company to meet its liabilities as they come due and to continue its operations, the Company is solely dependent upon its ability to generate additional funds by equity financing.

In the short term, the Company intends to continue to undertake private placement equity financings to fund payment of immediate operating expenses, such as management fees, sustaining and investor relations expenses and audit and legal fees and to fund its exploration activities.

There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. If adequate financing is not available when required, the Company may be required to delay, scale back, eliminate or relinquish various programs and may be unable to continue in operation. The Company will be required to seek such additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company, or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests. Management is considering various sources of financing available to the Company.

Management continues to evaluate and adjust its planned level of activities to ensure that adequate levels of working capital are maintained by Kestrel. The future availability of funding will affect the planned activity levels at the Company's various properties and expenditures will, as much as possible, be adjusted to match available funding.

The Company's future revenues, if any, are expected to be in large part derived from the mining and sale of gold or base metals or interests related thereto. The economics of developing and producing gold properties are affected by many factors including the cost of operations, variations in the grade of ore and the price of gold. Depending on the price of gold, the Company may determine that it is impractical to continue commercial production. The price of gold has fluctuated widely in recent years. Gold prices are affected by many factors beyond the Company's control including anticipated changes in international investment patterns and monetary systems, economic growth rates, political developments, extent of sales of reserves by governments and shifts in the private supply of and demand for gold. The supply of gold consists of a combination of new Dome production and existing stocks held by governments, producers, financial institutions and consumers. If the market price for gold falls below the Company's full production costs and remains

at such levels for any sustained period of time, the Company will experience losses and may decide to discontinue operations or other development of a project or mining at one or more of its properties.

Commitments

Kestrel is obligated to make various cash payments, issue common shares, and incur expenditures on its properties to fulfill the requirements of its property option agreements complete details are set forth in the Exploration and Evaluation section above:

QCM

To earn a 100% interest in the property Kestrel will issue 4,000,000 common shares, make cash payments totaling \$150,000, and complete \$750,000 of exploration work, over a four-year term.

Fireweed

To earn a 100% interest in the property Kestrel will issue 1,500,000 common shares, make cash payments totaling \$250,000, and complete \$375,000 of exploration work, over a four-year term.

Related Party Transactions

Key management personnel are individuals responsible for planning, directing, and controlling the activities of the Company, and include certain directors. Key management compensation comprises:

	Sep 30 2022	Sep 30 2021
Short-term benefits	\$ 133,000	\$ 117,000

Short-term benefits are comprised of management fees.

At September 30, 2022, \$615 (2021 - \$2,535) is included in accounts payable and accrued liabilities payable to related parties. All advances and amounts due to related parties have repayment terms similar to the Company's other accounts receivable and payable and are unsecured and without interest. All of the above transactions and balances are in the normal course of operations.

Effective October 1, 2022, the CEO and CFO agreed to reduce their monthly consulting fees to \$5,000 and \$1,500 respectively.

Outstanding Share Data

The Company began the current fiscal year with 100,351,264 common shares outstanding and ended the year with 102,014,336 common shares outstanding.

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

	Sep 30, 2022	Issued	Expired	At Report Date
Common shares	102,014,336	600,000	-	102,614,336
Warrants	11,197,888	-	(1,937,500)	9,260,388
Stock options	4,100,000	-	-	4,100,000
Fully diluted shares outstanding	117,312,224	600,000	(1,937,500)	115,974,724

Share based payments

Under IFRS, graded vesting awards are accounted for as though each installment is a separate award. IFRS does not provide for an election to treat the instruments as a pool and recognize expense on a straight-line basis. Under IFRS, the estimates of

the number of equity-settled awards that vest are adjusted to the actual number that vests, unless forfeitures are due to market-based conditions.

Investor Relations

The Company provides Investor relations through its website Kestrelgold.com. The contact information for CEO Mr. Rob Solinger is on the Company's website.

Financial Instruments

Overview

The Company has exposure to the following risks from its use of financial instruments:

- (i) Credit risk (see below)
- (ii) Liquidity risk (see below and next page)
- (iii) Market risk (see next page)

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. These risks are discussed with Management and to the extent the Board determines that the risks are of such a nature that they need to be mitigated, procedures are put in place. To date, no specific risk management tools have been put in place to mitigate these risks.

Credit Risk

Credit risk is the risk that one party to a financial instrument, will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to a significant concentration of credit risk consist of primarily of cash.

The fair value of financial instruments at September 30, 2022 and September 30, 2021 is summarized as follows:

	Sep 30, 2022		Sep 30, 2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash	\$ 461,003	\$ 461,003	\$ 1,177,491	\$ 1,177,491
Financial Liabilities at amortized cost				
Accounts payable and accrued liabilities	\$ 111,165	\$ 111,165	\$ 132,166	\$ 132,166

The carrying amounts of accounts payable and accrued liabilities approximates fair value due to the short-term nature of these financial instruments.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. Because Kestrel has no operations to generate cash flow to meet such obligations and is an exploration stage Company, the Company requires external financing to ensure all of its obligations are met on a timely basis. To date, the Company has been successful in raising the funds necessary to meet its obligations and fund its capital program.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as foreign exchange rates, interest rates and commodity prices.

Foreign currency risk

The Company only operates in Canada. Therefore, the Company is not exposed to foreign exchange risk arising from transactions denominated in foreign currency.

Interest rate risk

The Company is not subject to significant interest rate risk.

Other price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices and the stock market to determine the appropriate course of action to be taken by the Company. The Company is not subject to significant other price risk.

Risk Factors and Uncertainties

As an exploration company, Kestrel's goal is to continue to find resources and reserves that can be developed economically. In attempting to accomplish this goal, the Company faces many risks that it must minimize. In addition to financial instruments risks, the Company is subject to the following risks:

Pandemics, Natural Disasters, Terrorism, or other Unforeseen Events

Global Pandemic

The Company faces risks related to health epidemics and other outbreaks of communicable diseases, which could significantly disrupt its operations and may materially and adversely affect its business and financial conditions. The Company's business could be adversely impacted by the effects of the COVID-19 coronavirus which was declared a global pandemic by the World Health Organization in March 2020. COVID-19 infections have been reported globally.

The extent to which COVID-19 may impact the Company's business, including its operations and the market for its securities, will depend on future developments which cannot be predicted, and include the duration, severity and scope of the outbreak and the actions taken to contain or treat the outbreak. The continued spread of COVID-19 globally could materially and adversely impact the Company's business, financial condition and results of operations including without limitation, employee health, workforce productivity, increased insurance premiums, limitations on travel, the availability of industry experts and personnel, restrictions to any drill programs and/or the timing to process drill and other metallurgical testing, and other factors that will depend on future developments beyond the Company's control.

World Economic Conditions

The continuing worldwide economic conditions, reflective in stock market uncertainty and the international credit crisis could adversely impact the Company's ability to raise sufficient working capital to sustain operations. The Company can neither predict the impact the current economic conditions will have on future results, nor predict when the economy will show meaningful improvement.

Early-stage Exploration Company

The Company is engaged in the business of acquiring and exploring mineral properties in the hope of locating economic deposits of minerals. All of its properties are in the early stages of exploration and are without known deposits of commercial ore. Development of the Company's properties will only follow upon obtaining satisfactory exploration results. There can be no assurance that the Company's existing or future exploration programs will result in the discovery of commercially viable mineral deposits. Further, there can be no assurance that even if an economic deposit of minerals is located, that it can be commercially mined.

Mineral Exploration and Development

The exploration and development of minerals is highly speculative in nature and involves a high degree of financial and other risks over time which, even a combination of careful evaluation, experience and knowledge may not eliminate. While discovery of a mineral deposit or ore body may result in significant rewards, few properties which are explored are ultimately developed into producing Domes. Substantial expenses are required to establish ore reserves by drilling, sampling and other techniques and to design and construct mining and processing facilities. Whether a mineral deposit will be commercially viable depends on a number of factors, including the particular attributes of the deposit (i.e. size, grade, access and proximity to infrastructure), financing costs, the cyclical nature of commodity prices and government regulations (including those relating to prices, taxes, currency controls, royalties, land tenure, land use, importing and exporting of minerals, and environmental protection). The effect of these factors or a combination thereof cannot be accurately predicted but could have an adverse impact on the Company.

Mining Operations and Insurance

Mining operations generally involve a high degree of risk. The Company's operations are subject to all of the hazards and risks normally encountered in mineral exploration and development. Such risks include unusual and unexpected geological formations, seismic activity, rock bursts, cave-ins, flowing and other conditions involved in the drilling and removal of material, environmental hazards, industrial accidents, nine months interruptions due to adverse weather conditions, labour disputes and political unrest. The occurrence of any of the foregoing could result in damage to, or destruction of, mineral properties or interests, production facilities, personal injury, damage to life or property, environmental damage, delays or interruption of operations, increases in costs, monetary losses, legal liability and adverse government action. The Company does not currently carry insurance against these risks and there is no assurance that such insurance will be available in the future, or if available, at economically feasible premiums or acceptable terms. The potential costs associated with liabilities not covered by insurance or excess insurance coverage may cause substantial delays and require significant capital outlays.

No Operating History and Financial Resources

The Company does not have an operating history and has no operating revenues and is unlikely to generate any in the near term. If its exploration program is successful, additional funds will be required for further exploration to prove economic deposits and to bring such deposits to production. Continued exploration and development of the Properties, as well as the Company's ability to continue as a going concern are dependent on Kestrel's ability to obtain necessary financing. As the Company is not currently producing from its properties, it will be necessary for the Company to seek additional equity to finance its programs. While the Company has been successful in the past in attracting equity financing required to carry out its planned exploration program, there can be no assurance that additional funding will be available in the future, particularly in light of the current state of the equity markets. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration plans, as well as the Company's ability to meet its obligations and continue as a going concern.

The Company has a history of losses and expects to incur losses for the foreseeable future.

Kestrel has incurred losses during each period since inception of the Company. As of September 30, 2022, the Company had an accumulated deficit of \$16,000,711. Kestrel expects to continue to incur losses unless and until such time as one or more of the properties enter commercial production and generate sufficient revenues to fund the Company's continuing operations.

Exploration and Development

The mining industry in general is inherently risky in nature. Mineral properties are often non-productive for reasons that cannot be anticipated in advance and the Company may be subject to risks from operations, mining law, environmental regulations, permits, licenses, land claims and financing.

The Company focuses exploration efforts in areas in which it has existing knowledge and expertise. Exploration activities rely on the exploration results collected at that time and on professional judgment of people involved in the exploration business. There can be no assurance that exploration programs will result in a discovery being made. In the event that a discovery is made, no assurance can be given that the discovery will result in either resources or reserves being established on the property. If reserves are established, it may take a number of years and substantial expenditures before production are achieved, during which the economic feasibility of the project may change.

The long-term profitability of the Company's operations will, in part, be directly related to the success of its exploration programs in finding additional reserves, which may be affected by a number of factors that are beyond the control of the Company.

Government Regulation

Kestrel's mining operations and exploration activities are subject to the laws and regulations of the Yukon Territory, Canada. There is no assurance that these laws will not change in the future.

The current or future operations of the Company, including exploration and development activities and the commencement and continuation of commercial production, require licenses, permits or other approvals from various foreign federal, state and local governmental authorities and such operations are or will be governed by laws and regulations relating to prospecting, development, mining, production, exports, taxes, labour standards, occupational health and safety, waste disposal, toxic substances, land use, water use, environmental protection, land claims of indigenous people and other matters. There can be no assurance, however, that the Company will obtain on reasonable terms, or at all, the permits and approvals, and the renewals thereof, which it may require for the conduct of its current or future operations or that compliance with applicable laws, regulations, permits and approvals will not have an adverse effect on any mining project which the Company may undertake. Possible future environmental and mineral tax legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays to the Company's planned exploration and operations, the extent of which cannot be predicted.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Competition

The mineral exploration and mining business are competitive in all of its phases. The Company will compete with numerous other companies and individuals, including competitors with greater financial, technical and other resources, in the search for and the acquisition of attractive mineral properties. The Company's ability to acquire properties in the future will depend not only on its ability to develop its present properties, but also on its ability to select and acquire suitable prospects for mineral exploration or development. There is no assurance that the Company will be able to compete successfully with others in acquiring such prospects.

Title to Property

The Company has taken precautions to ensure that legal titles to its property interests are properly recorded. There can be no assurance that the Company will be able to secure the grant or the renewal of exploration permits or other tenures on terms satisfactory to it, or that governments in the jurisdictions in which the properties are situated will not revoke or significantly alter such permits or other tenures or that such permits and tenures will not be challenged or impugned. Third parties may have valid claims underlying portions of the Company's interests and the permits or tenures may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by undetected defects. If a title defect exists, it is possible that the Company may lose all or part of its interest in the properties to which such defects relate.

Environmental Factors

All phases of the Company's operations will be subject to environmental regulation in the Yukon. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation, provide for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry activities and operations. They also set forth limitations on the generation, transportation, storage and disposal of hazardous waste. A breach of such regulation may result in the imposition of fines and penalties. In addition, certain types of mining operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the viability or profitability of operations. Environmental hazards may exist on the properties in which the Company holds interests or on properties that will be acquired which are unknown to the Company at present and which have been caused by previous or existing owners or operators of the properties.

Although Kestrel takes the steps necessary to protect the environment around its operations, there is no assurance that future changes in environmental regulation, if any, will not adversely affect Kestrel's operations or result in substantial costs and liabilities in the future.

Kestrel has adopted a proactive approach to any potential environmental risks in the regions it is operating in.

Commodity Prices

The price of the Company's securities, its financial results and exploration, development and mining activities may in the future be significantly adversely affected by declines in the price of precious or base minerals. Precious or base minerals prices fluctuate widely and are affected by numerous factors beyond the Company's control such as the sale or purchase of precious or base metals by various dealers, central banks and financial institutions, interest rates, exchange rates, inflation or deflation, currency exchange fluctuation, global and regional supply and demand; production and consumption patterns, speculative activities, increased production due to improved mining and production methods, government regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals, environmental protection and international political and economic trends, conditions and events. The price of precious or base metals has fluctuated widely in recent years, and future serious price declines could cause continued development of the Company's properties to be impracticable.

Further, reserve calculations and life-of-Dome plans using significantly lower precious or base minerals prices could result in material write-downs of the Company's investment in mining properties and increased amortization, reclamation and closure charges.

In addition to adversely affecting reserve estimates and its financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

Price Volatility

In recent years, the securities markets in Canada and elsewhere have experienced a high level of price and volume volatility, and the market prices of securities of many public companies have experienced significant fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. It may be anticipated that any quoted market for the Company's securities will be subject to such market trends and that the value of such securities may be affected accordingly.

Key Executives

The Company is dependent on the services of key executives and a small number of highly skilled and experienced consultants and personnel, whose contributions to the immediate future operations of the Company are likely to be of importance. Locating mineral deposits depends on a number of factors, not the least of which is the technical skill of the exploration personnel involved. Due to the relatively small size of the Company, the loss of these persons or the Company's inability to attract and retain additional highly skilled employees or consultants may adversely affect its business and future operations. The Company does not currently carry any key man life insurance on any of its executives. The directors and officers of the Company only devote part of their time to the affairs of the Company.

Dividends

The Company has no earnings or dividend record and is unlikely to pay any dividends in the foreseeable future as it intends to employ available funds for mineral exploration and development. Any future determination to pay dividends will be at the discretion of the Board of Directors of the Company and will depend on the Company's financial condition, results of operations, capital requirements and such other factors as the Board of Directors of the Company deem relevant.

Nature of the Securities

The purchase of the Company's securities involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks. The Company's securities should not be purchased by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in Company's securities should not constitute a major portion of an investor's portfolio.

Off Balance Sheet Arrangements

At September 30, 2022 and as of the date of this MD&A, the Company had no material off balance sheet arrangements such as guarantee contracts, derivative instruments or any obligations that trigger financing, liquidity, market or credit risk to the Company.

International Financial Reporting Standards

During the year ended September 30, 2022, the Company applied IFRS.

The Company's financial statements, including comparatives, have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by 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.

Significant Accounting Policies

The significant accounting policies used by the Company are disclosed in note 3 to the September 30, 2022 audited financial statements. The accounting policies presented in note 3 are a complete set of accounting policies that would normally be filed in the annual audited financial statements of the Company.

Outlook

Kestrel has expanded its property base beyond King Solomon's Dome with the addition of QCM and Fireweed. Together these projects provide excellent opportunities to increase shareholder value. The Company has funds available to begin planning its 2023 exploration activities which will focus on the QCM property.