

Kestrel Gold Inc.

Interim MD&A – Quarterly Highlights

Nine months Ended June 30, 2024

This Management's Discussion and Analysis ("MD&A") of Kestrel Gold Inc. ("Kestrel" or the "Company") is dated August 28, 2024, and provides a discussion of the Company's financial and operating results for the quarter ended June 30, 2024, 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, 2023 audited financial statements and MD&A.

Forward-Looking Statements

This MD&A contains "forward-looking statements" 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 2024 exploration plans, Kestrel's business strategy, plans, and outlook; the future financial or operating performance of the Company; capital expenditures, corporate general and administration expenses and exploration and evaluation expenses; expected working capital requirements, 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 Statements 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 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 current property portfolio includes a 100% interest in QCM and King Solomon Dome. 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 #603, 734 7th Avenue SW, Calgary, Alberta, T2P 3P8.

Additional Statements relating to the Company can be found on SEDAR+ at www.sedarplus.ca and on the Company's website at www.kestrelgold.com.

Highlights for the nine months ended June 30, 2024

The Company's highlights for the nine months ended June 30, 2024, include:

- The Company expedited the remaining cash payment of \$100,000 and issuance of 2,500,000 common shares necessary for Kestrel to fully earn a 100% interest in the QCM property.
- On May 7, 2024 Kestrel signed an option agreement ("Agreement") with Thompson Creek Metals Inc. a wholly owned subsidiary of Centerra Gold Inc. ("Centerra"), whereby Centerra was granted the option to earn a 75% interest in the QCM gold property. Under terms of the Agreement Centerra has the right to acquire a 75% interest in the QCM property by making cash payments totalling \$900,000 and spending \$6,500,000 on mineral exploration costs on QCM, over 5 years. Mineral exploration costs must include a minimum of 13,500 metres of diamond drilling or reverse circulation ("RC") drilling.
- Exploration activities undertaken by Centerra at QCM during May and June of this year included the collection of 109 rock samples and 1,231 soil samples focused on the 14 Vein showing as well as northwest and southeast extensions to the Main Zone.
- Kestrel received \$135,522 in December 2023 and another \$7,396 in May 2024 totalling \$142,918 for the period of mineral exploration tax credits ("METC") with respect to exploration expenditures incurred in 2022 at QCM.
- Kestrel granted 2,600,000 stock options to directors, officers, and consultants, exercisable until November 15, 2028, at an exercise price of \$0.07 per share and vesting immediately, 2,000,000 of which were issued to key management. The fair value of the options granted was \$26,000, determined using the Black-Scholes option pricing model.

- Subsequent to June 30, on August 1, Kestrel announced the appointment of Greg Lynch, P. Geo as a Director of the Corporation and Jean Sharp as Chief Financial Officer. In conjunction with their appointments Mr. Lynch and Ms. Sharp have each been granted 500,000 stock options to purchase in the aggregate 1,000,000 common shares. All stock options have an exercise price of \$0.07 per share and will expire on July 30, 2029.
- On August 15, Kestrel announced Rob Solinger CEO, and Director of Kestrel Gold Inc will be stepping down for health reasons. Pat Lynch, currently a director and member of the audit committee has been appointed CEO effective August 19, 2024. The Corporation has entered into a debt settlement agreement with Rob Solinger to settle management fees in the amount of \$45,663 by the issuance of 1,522,100 Common Shares at a deemed price of \$0.03 per Common Share. The debt settlement agreement has been accepted by the TSX Venture Exchange. Settlement of the debt owing to Rob Solinger will leave Kestrel with no debts and approximately \$170,000 of positive working capital.

Kestrel would like to thank Rob for his honesty, integrity and dedication to the Company and extends its best wishes to him and his family during this difficult time.

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 of June 30, 2024, Kestrel had working capital of \$136,228 comprised of current assets of \$181,427, of which \$170,204 was cash and cash equivalents, and current liabilities of \$45,199.
- Kestrel will need to raise additional funds by way of issuing equity 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 in central British Columbia and the Yukon consisting of a 100% interest in the QCM and King Solomon Dome.

QCM, BC

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.

The QCM property is 8,729 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 mineralized showings. Recently completed logging and associated road building has significantly improved access throughout the property which is proving of significant value to exploration efforts.

On March 22, 2024, the Company announced it had expedited the remaining cash payment and common share issuances necessary for Kestrel to fully exercise the QCM property option, which required the Company to make a cash payment of \$100,000 and issue 2,500,000 common shares to Bernie Kreft.

The property is subject to a 2% net smelter return royalty payable to Bernie Kreft, 50% of which can be purchased by Kestrel for \$1,000,000. In addition, within 30 days of Kestrel publicly disclosing an Inferred Mineral Resource or greater category, as such term is defined in National Instrument 43-101 - Standards of Disclosure for Mineral Projects, Kestrel will pay Bernie Kreft \$1.00 (one dollar) per oz of gold equivalent to a maximum of \$500,000.

Peak values from historical drilling completed within the Main Zone were found within hole QCM04-002 which intersected 2.86 g/t Au over 110.95 metres, including a high-grade sub-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.

On May 8, 2024, the Company announced it had entered into an option agreement with Thompson Creek Metals Inc. a wholly owned subsidiary of Centerra Gold Inc. ("Centerra"), whereby Centerra was granted the option to earn a 75% interest in the QCM gold property. Under terms of the Agreement, Centerra has the right to acquire a 75% interest in the Property by making cash payments totalling \$900,000 and spending \$6,500,000 on mineral exploration costs on QCM, over 5 years. Mineral exploration costs must include a minimum of 13,500 metres of diamond drilling or reverse circulation drilling.

Exploration activities undertaken by Centerra at QCM during May and June 2024 included the collection of 109 rock samples and 1,231 soil samples focused on the 14 Vein showing as well as northwest and southeast extensions to the Main Zone. Centerra has received results for this work and has commenced follow up work.

King Solomon Dome, Yukon

On October 31, 2010, the Company entered into an option agreement pursuant to which it acquired the right to 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.

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.

During the quarter ended June 30, 2024, the Company elected to terminate the Fireweed option agreement and return the property to the vendor.

Results of Operations for the Nine months Ended June 30, 2024

The net loss for the Nine months ended June 30, 2024, was \$179,436 compared to \$117,984 for the same period in 2023. The \$61,452 increase in the net loss, for the nine months ended, is due to share-based payments of \$26,000 and the impairment of the Fireweed asset of \$47,670 offset by interest income of \$12,337 and a small increase in expenses of \$119.

	Nine months Ended Jun 30 2024	Nine months Ended Jun 30 2023	Increase (Decrease)
Management and consulting fees	\$65,488	\$64,340	1,148
Impairment	47,670	-	47,670
Shared based payments	26,000	-	26,000
Investor relations and website	22,946	26,067	(3,121)
Listing and filing fees	12,326	9,721	2,605
Insurance	4,700	6,530	(1,830)
Office and administration	8,685	6,223	2,462
Professional fees	3,958	5,103	(1,145)
Interest earned	(12,337)	-	(12,337)
Net Loss	179,436	117,984	61,452

- The Company elected to terminate the Fireweed option agreement, and costs incurred were impaired.
- Share-based payments of \$26,000 were recorded on the issuance of 2,600,000 stock options at an exercise price of \$0.07 per share.
- Other expenses increased slightly period over period as the Company remained focused on keeping costs low.
- Interest income includes accrued interest on GICs and the METC.

Summary of Quarterly Results

The following table summarizes selected financial data reported by the Company for the quarters ended June 30, 2024, and the seven previous quarters.

	June 30, 2024	Mar 31, 2024	Dec 31, 2023	Sep 30, 2023
Current assets	\$181,427	\$117,733	\$256,005	\$217,236
Exploration and evaluation assets	1,043,452	1,198,517	1,023,517	1,139,039
Total assets	1,224,879	1,316,250	1,279,522	1,356,275
Current liabilities	45,199	39,447	40,464	95,711
Working capital	136,228	78,286	215,541	121,525
Net loss	97,123	34,807	47,506	50,266
Basic and diluted loss per share	\$0.0009	\$0.0003	\$0.0005	\$0.0005
Weighted avg. shares outstanding	105,114,336	102,889,061	102,614,336	102,614,336
	June 30, 2023	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022
Current assets	\$273,059	\$305,661	\$361,213	\$503,898
Exploration and evaluation assets	1,095,878	1,064,999	1,064,479	1,003,079
Total assets	1,368,937	1,370,660	1,425,692	1,491,977
Current liabilities	58,109	14,558	33,513	111,165
Working capital	214,950	291,103	327,700	392,733
Net loss	45,272	38,077	34,633	457,808
Basic and diluted loss per share	0.0004	0.0004	\$0.0003	\$0.0005
Weighted avg. shares outstanding	102,614,336	102,614,336	102,556,640	101,831,713

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

- **Jun 30, 2024** – The Company announced it had entered into an option agreement with Thompson Creek Metals Inc. a wholly owned subsidiary of Centerra Gold Inc. ("Centerra"), whereby Centerra was granted the option to earn a 75% interest in the QCM gold property and Kestrel received an initial option payment of \$100,000. Kestrel received \$7,396 METC with respect to exploration expenditures incurred in 2022 at QCM. The Company elected to terminate the Fireweed option agreement and recorded an impairment charge of \$47,670.
- **Mar 31, 2024** – Kestrel expedited earning 100% in the QCM property by making a \$100,000 cash payment and issuing 2,500,000 common shares.
- **Dec 31, 2023** – The Company received \$135,522 mineral exploration tax credits or METC with respect to exploration expenditures incurred in 2022 at QCM. Granted 2.6 million stock options at an exercise price of \$0.07 per share and recorded share-based compensation of \$26,000.

- **Sep 30, 2023** – Kestrel received a three-year exploration permit for the QCM property, from the BC Government, that allows for RC drilling and excavator trenching. Talks continue with a major mining company with a view towards creating a business arrangement designed to advance the QCM project. Positive results from prospecting and sampling at the KSD project resulted in a 3-hole RC drill program which failed to return economic values.
- **Jun 30, 2023** – The Company completed its 2023 prospecting program at QCM. Kestrel reduced its loss for the quarter by decreasing consulting fees.
- **Mar 31, 2023** – The Company prepared and applied for a three-year work permit at QCM which will allow reverse circulation drilling and excavator trenching. Kestrel reduced its loss for the quarter by decreasing consulting fees.
- **Dec 31, 2022** – Kestrel made a \$10,000 cash payment and issued 600,000 common shares at a deemed price of \$0.055 per share pursuant to the terms of the QCM option agreement. The Company started work on a 43-101 report on the Fireweed property.
- **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. 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.

Outstanding Share Statement

Kestrel had the following common shares, warrants and stock options outstanding as of June 30, 2024, and as of the report date.

	June 30, 2024	Issued	Exercised	Report Date
Common shares	105,114,336	-	-	105,114,336
Warrants	3,463,720	-	-	3,463,720
Stock options	6,600,000	1,000,000	-	7,600,000
Fully diluted shares outstanding	115,178,056	1,000,000	-	116,178,056

On July 31, 2024 Kestrel granted a director and an officer of the company each 500,000 stock options to purchase in the aggregate 1,000,000 common shares at an exercise price of \$0.07 per common share, the options expire July 30, 2029.

The Company entered into a debt settlement agreement on August 23, 2024 to settle management fees in the amount of \$45,663 to Rob Solinger by the issuance of 1,522,100 common shares on at a deemed price of \$0.03 per common share.

Future Plans

Centerra's future plans at QCM in 2024 include a permit application for geophysics, trail geophysical surveys, an RC drill program and the submission of a multi-year area-based ("MYAB") notice of work ("NOW") drill permit.

Risk and Uncertainties

The Company is subject to several 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.
- Statements technology security risks.

Additional Statements

Additional Statements regarding Kestrel is available on SEDAR+ at www.sedarplus.ca and at the Company's website www.kestrelgold.com.