

Kestrel Gold Inc.

Interim MD&A – Quarterly Highlights

Nine months ended June 30, 2025

This Management's Discussion and Analysis ("MD&A") of Kestrel Gold Inc. ("Kestrel" or the "Company") is dated August 27, 2025, and provides a discussion of the Company's financial and operating results for the quarter ended June 30, 2025, 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, 2024 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 property portfolio includes a 100% interest in King Solomon's Dome ("KSD") and in the QCM gold property ("QCM") under option to Centerra Gold Inc. ("Centerra", TSX:CG). Centerra is currently in the process of earning a 75% interest in QCM by making a series cash payments totaling \$900,000 and completing \$6,500,000 in exploration work which includes a minimum of 13,500 meters of drilling over the 5 year earn-in period ending May 7th, 2029. 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 information 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, 2025

QCM Project Highlights

Kestrel Gold Inc.'s joint venture partner Centerra has returned for a second year of exploration on Kestrel's QCM gold property, located in the Manson-Germanson area of central British Columbia. The current summer 2025 drilling program has an approved budget of \$3,000,000, planning for 7,430 meters of diamond drilling. Work will be concentrated in the Main Zone and 14 Vein areas, along with exploration of other showings.

The return of Centerra supports our belief in the potential of the property and its numerous gold bearing zones, and will provide Kestrel shareholders with an expansive amount of meaningful new data, across two large prospects. Positive results from this drilling would have the potential to create a significant amount of value for Kestrel shareholders, in the near term.

Highlights for the nine months ended June 30, 2025 (continued)

QCM Project Highlights (continued)

Drilling commenced at the Main Zone on May 25th, and from last reporting as of July 6th a total of 9 holes and 2,640 meters have been completed. All holes have encountered intervals of quartz veined tuff and greywacke affected by variable intensity silica-ankerite-sericite-pyrite alteration. Since July 6th drilling has continued, and we are waiting for further details on this program to be provided by Centerra. Drilling is also planned for the 14 Vein zone which is a quartz veined and quartz-sericite-pyrite altered zone located approximately 7.5 kilometers northwest of the Main Zone. Analytical results for drilling will be released as they are received, compiled and interpreted.

Centerra has received a 5-year Multi-Year-Area-Based (MYAB) permit from the Ministry of Energy, Mines and Low Carbon Innovation of British Columbia, which will allow for property wide exploration and drilling.

Centerra successfully completed its 2024 fall exploration program at QCM, located in the Manson-Germanson area of central British Columbia. The program focused on assessing the potential of the “14 Vein” target, where reverse circulation (RC) drilling by Kestrel as previously reported in 2022, returned up to 2.33 g/t Au over 44.19 meters.

In 2024, 8 new RC drill holes were completed, totaling 1,096.94 meters, along with the excavation of a 30-meter-long roadside trench to provide additional context into local stratigraphy and structural controls.

Centerra’s drilling was conducted on several different azimuths in an effort to test various geological theories, as well as a geophysical anomaly. Elevated gold values were encountered within 5 of the 8 holes completed, outlining a significant zone of gold-bearing mineralization in this area. See Table 1 for 2024 drilling highlights.

Table 1: 2024 Drill Results

Hole ID	From (m)	To (m)	Interval (m)	Au (g/t)	Hole Depth (m)
QCM-24-RC001	3.05	91.44	88.39	0.75	131.1
including	10.67	62.5	51.83	1.11	
QCM-24-RC002	scattered anomalous values				84.43
QCM-24-RC003	9.15	153.35	144.2	0.66	153.35
including	54.27	96.93	42.66	1.07	
and	139.6	153.35	13.75	0.73	
QCM-24-RC004	5.49	13.72	8.23	1.74	147.87
QCM-24-RC005	71.65	102.11	30.46	0.84	149.4
QCM-24-RC006	74.68	85.34	10.66	1.50	147.87
QCM-24-RC007	scattered anomalous values				164.02
QCM-24-RC008	scattered anomalous values				118.9

- Reported intervals are down-hole lengths, true widths have not been established at this time.
- Holes QCM-24-RC001, QCM-24-RC003 and QCM-24-RC004 all collared in gold bearing material, with 1.36 g/t Au over 0.91 meters encountered at the top of Hole QCM-24-RC003.
- Gold-bearing intervals are hosted by greywacke and phyllite that is often sericite and silica altered, mineralized with up to 5% pyrite and cut by variably sized quartz veins.

Highlights for the nine months ended June 30, 2025 (continued)

QCM Project Highlights (continued)

Table 2: RC Hole Location Data (coordinates in Zone 10, NAD83)

Hole ID	Easting	Northing	Azimuth	Dip	Hole Depth (m)
QCM-24-RC001	396139	6179247	275	-45	131.1
QCM-24-RC002	396141	6179251	300	-60	84.43
QCM-24-RC003	396100	6179292	330	-45	153.35
QCM-24-RC004	396100	6179292	280	-45	147.87
QCM-24-RC005	396179	6179259	240	-45	149.4
QCM-24-RC006	396179	6179259	170	-45	147.87
QCM-24-RC007	396236	6179315	350	-45	164.02
QCM-24-RC008	396366	6179210	340	-45	118.9

Drill holes QCM-24-RC001 to QCM-24-RC006 were designed to test and step out the assessment of the width of mineralization of the 14 Vein outcrop. Drill holes QCM-24-RC007 and QCM-24-RC008 were designed to test features Northeast to the 14 Vein with QCM-24-RC008 crossing the stratigraphy observed in the trench.

Chips were selected from each major lithology and alteration types for thin section analysis. For assays, RC holes were sampled in 1.5 m intervals, from top to bottom; all samples were submitted to BV Laboratories for crushing, fire assay and ICPMS analysis.

Additional geophysics data was acquired in October, via two IP lines as well as a drone magnetic and lidar survey in the vicinity of the 14 Vein showing.

Further updates will be news released as information is forthcoming from Centerra.

KSD Project Highlights

Kestrel continued evaluating further exploration and partnering opportunities for King Solomon's Dome.

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, 2025, Kestrel had working capital of \$89,231 comprised of current assets of \$157,884, of which \$151,447 was cash and cash equivalents, and current liabilities of \$68,653.

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.

Kestrel BC and Yukon Properties, Capital Expenditures, Agreements

Kestrel's properties are in the Yukon and central BC and consist of a 100% interest in King Solomon's Dome and a 100% interest in the QCM project. The Company terminated the Fireweed option agreement in 2024.

The Company plans to advance its various properties using a variety of exploration techniques. Further property acquisitions are also being evaluated and considered by Kestrel.

QCM

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. During the fiscal year ended September 30, 2024 the company expedited the remaining cash payment and common share issuances necessary for Kestrel to fully exercise the QCM property option which earned the company 100% interest in the QCM property. Kestrel has made option payments of \$150,000; issued 4,000,000 common shares and made eligible expenditures of approximately \$741,000. The property is subject to a 2% net smelter return ("NSR") royalty, 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.

On May 7, 2024, the Company 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.

To exercise the option and earn a 75% interest in the property, Centerra must:

- Pay \$100,000 within 5 business days of the Effective Date (received on May 8, 2024);
- Pay \$100,000 annually on or before each anniversary up to, and including, the third anniversary (received on May 2, 2025);
- Pay \$200,000 and \$300,000, respectively, on or before the fourth and fifth anniversaries of the Effective Date; and
- Complete aggregate exploration expenditures of \$600,000, \$1,200,000, \$2,000,000, \$3,500,000, and \$6,500,000 on each anniversary date over a five-year term.

Mineral exploration costs must include a minimum of 13,500 meters of diamond drilling or reverse circulation ("RC") drilling.

The QCM property is 8,727 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 epiclastic volcanic greywacke and argillite. Two main target areas occur on the property, Main Zone and 14 Vein as well as numerous other mineralized showings. 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 meters, including a high-grade interval of 173 g/t Au over 1.5 meters, 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 meters. Geology consists of silica-ankerite-pyrite altered greywacke 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.

Centerra's geological team is continually preparing the next phase of exploration which commenced in May 2025, with current planning for 7,430 meters of diamond drilling.

King Solomon Dome, Yukon

The Company owns a 100% interest in King Solomon's 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. The Company's position at King Solomon's Dome (7.6 km²) offers a unique exploration opportunity for in situ bedrock gold-quartz veins, which from deep erosion have contributed detritus to the prolific placer goldfields of the surrounding Klondike region. At KSD the headwaters of producing placer streams run down the flanks of King Solomon's Dome, surrounding the land base on all sides. In the bedrock, the dominant regional structure features a large low-angle thrust fault which comes to surface along the eastern edge of the property, and dips shallowly to the west underlying the land base. Exploration is currently suspended based on results from the 2023 drill program as the company develops its next exploration strategy at KSD.

Fireweed

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, 2025, was \$116,108 compared to \$179,436 for the same period in 2024. The \$63,328 decrease in the net loss, for the nine months ended, is primarily due to share-based payments of \$26,000 and the impairment of the Fireweed asset of \$47,670 and an overall decrease in corporate expenses of \$11,242 from 2024 to 2025. These decreases were offset by a \$12,337 increase in management fees and a decrease in interest income of \$9,247 due to lower GIC balances and interest rates.

	nine months ended June 30 2025	nine months ended June 30 2024	Increase (Decrease)
Management and consulting fees	\$77,825	\$65,488	12,337
Impairment	-	47,670	(47,670)
Shared based payments	-	26,000	(26,000)
Investor relations and website	21,912	22,946	(1,034)
Listing and filing fees	8,777	12,326	(3,549)
Insurance	1,250	4,700	(3,450)
Office and administration	5,655	8,685	(3,030)
Professional fees	3,779	3,958	(179)
Interest earned	(3,090)	(12,337)	9,247
Net Loss	116,108	179,436	(63,328)

- Management expenses were offset by decreases in other operating costs during the nine month period as the Company remained focused on keeping costs low.
- Interest income on the GIC investments has decreased as the amount in the GICs has decreased period over period and interest rates have also dropped period over period.
- The Company elected to terminate the Fireweed option agreement, and costs incurred were impaired in June 2024.
- Expenses decreased period over period as the Company did not have any share-based payments in the current period ending June 30, 2025. The June 2024 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.

Summary of Quarterly Results

The following table summarizes selected financial data reported by the Company for the quarters ended June 30, 2025, and the seven previous quarters.

	June 30, 2025	Mar 31, 2025	Dec 31, 2024	Sep 30, 2024
Current assets	\$157,884	\$ 82,099	\$ 119,156	\$ 143,919
Exploration and evaluation assets	932,752	1,032,752	1,032,752	1,032,752
Total assets	1,090,636	1,114,851	1,151,908	1,176,671
Current liabilities	68,653	48,651	46,602	38,580
Working capital	89,231	33,448	72,554	105,339
Net loss	44,217	39,107	32,785	128,170
Basic and diluted loss per share	\$0.0004	\$ 0.0004	\$ 0.0003	\$ 0.0012
Weighted avg. shares outstanding	106,636,436	106,636,436	106,636,436	105,693,396
	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

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, 2025** – Centerra returned to its drilling operations at QCM starting in May and Kestrel is waiting in anticipation of further drilling results. Working capital increased in the quarter by \$55,783 due to the second \$100,000 option payment from Centerra. This was offset by management and consulting fees of \$24,463, increased investor and listing fees totaling \$17,296 and other corporate overhead expenditures net of interest income of \$2,458.
- **Mar 31, 2025** – Kestrel's joint venture partner, Centerra, is continuing their operations at QCM. Working capital decreased in the quarter by \$39,106 due to management and consulting fees of \$25,025 and general corporate overhead expenditures of \$14,846 offset by interest income of \$764.
- **Dec 31, 2024** – Kestrel incurred no expenditures for its own account in this quarter. Kestrel continues to monitor exploration activities incurred by its joint venture partner Centerra at QCM. Working capital decreased in the quarter by \$32,785 due to management and consulting fees of \$28,338 and general corporate overhead expenditures of \$6,258 offset by interest income of \$1,811.

Summary of Quarterly Results (continued)

- **Sep 30, 2024** – Kestrel's joint venture partner, Centerra, continued their exploration and RC drilling activities at QCM during the 4th quarter of 2024. Kestrel received a refund of the security bond paid to the BC Government for QCM in the amount of \$10,700. The Company issued 1,522,100 common shares to an officer for the settlement of amounts owed to August 2024. The President of Kestrel resigned for health reasons in August 2024 and a new President was appointed. The CFO resigned at the end of July 2024 and a new CFO was appointed. A new independent Director was appointed to the Board of Directors at the end of July 2024. 500,000 stock options with a vesting price of \$0.07 per share were issued to each of the new CFO and the new Director, those options will expire on July 30, 2029. The fair value of the options granted was \$30,100, determined using the Black-Scholes option pricing model.
- **Jun 30, 2024** – On May 7, 2024 Kestrel entered into an Option Agreement with 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. The QCM property is subject to a 2% net smelter return royalty, 50% of which can be purchased by Kestrel for \$1,000,000. Kestrel received an initial option payment of \$100,000 with subsequent options payments to be made on the anniversary date over the next 5 years. Centerra commenced RC drilling operations on the QCM property. 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 return the property to the vendor and recorded an impairment charge of \$47,670.
- **Mar 31, 2024** – The company expedited earning 100% in the QCM property with a cash payment of \$100,000 and the issuance of 2,500,000 common shares with a value of \$75,000.
- **Dec 31, 2023** – Kestrel received \$135,522 for mineral exploration tax credit ("METC") with respect to exploration expenditures incurred in 2022 at the QCM property. The company issued 2,600,000 stock options with a vesting price of \$0.07 per share which expire November 15, 2028, of which 2,000,000 were issued to officers and directors of the Company. The fair value of the options granted was \$44,532, determined using the Black-Scholes option pricing model.
- **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. Prospecting, sampling, and RC drill program at the KSD project have significantly extended the tenure on the claims.

Outstanding Share Statement

Kestrel had the following common shares and stock options outstanding as of June 30, 2025 and as of the report date.

	June 30, 2025	Issued	Exercised	Report Date
Common shares	106,636,436	-	-	106,636,436
Stock options	7,600,000	-	-	7,600,000
Fully diluted shares outstanding	114,236,436	-	-	114,236,436

Subsequent to June 30, 2025 an officer and director exercised stock options and 750,000 common shares were issued at an exercise price of \$0.05 and the Company received \$37,500 in cash.

Plans for 2025

- The Company continues to monitor exploration activities at QCM by its joint venture partner Centerra to refine existing drill targets and locate new zones of interest.
- Kestrel also continues to pursue the possibility of identifying a joint venture partner to fund the next phase of exploration at KSD.

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.