

Kestrel Gold Inc. Management's Discussion and Analysis For the Year Ended September 30, 2025

This Management Discussion and Analysis ("MD&A") of Kestrel Gold Inc. ("Kestrel" or the "Company") is dated January 27, 2026, and should be read in conjunction with the audited financial information of the Company for the year ended September 30, 2025.

The Company's financial information, including comparatives, has been prepared using accounting policies consistent with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The Company's financial information has 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 information does 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 the QCM property which is an orogenic gold target located in the Manson-Germanson placer district of central BC and the King Solomon Dome property which is an orogenic gold target located in the Yukon portion of the Tintina Gold Belt.

To date, Kestrel has not identified a known body of commercial grade minerals on any of its properties. Kestrel Gold Inc. is an exploration company headquartered in western Canada and focused on the Canadian Cordillera.

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.

Forward Looking Information and Risk Factors

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

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 information, 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 to 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.

Forward Looking Information and Risk Factors (continued)

- 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 Measurement

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

Critical Accounting Estimates and Judgments

The preparation of financial information 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 for 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:

Impairment/reversal of impairment of exploration and evaluation assets

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations in many cases. When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined. Identifying the cash-generating units requires management judgment. Estimates of the recoverable amount require management to make several assumptions as to future events or circumstances. These assumptions and estimates are subject to change if new information becomes available. Actual results with respect to impairment losses or reversals of impairment losses could differ in such a situation and significant adjustments to the Company's assets and earnings may occur during subsequent periods.

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.

Critical accounting judgments

Critical accounting judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial information 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 ensuing 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.

Government grants and Mining exploration tax credits

The Company is entitled to government grants and refundable tax credits on qualified mining exploration expenses incurred in the province of British Columbia. Management's judgment is applied in determining whether the Company has complied with all the conditions to receive the grants and the mining exploration expenses are eligible for claiming such credits. Those benefits are recognized when the Company estimates that it has reasonable assurance that the government grants will be received, or the tax credits will be realized.

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 has assessed 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, 2025, Kestrel incurred a net loss of \$459,965 and as of that date, had an accumulated deficit of \$16,936,530. 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 information has 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 information, 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

2025 Highlights

- Further QCM exploration was completed in 2025 and updates were provided by news released as information was provided from Centerra Gold Inc. ("Centerra"). Details to date are summarized in this document, see QCM 2025 Exploration on page 5 below for complete details.
- Kestrel received \$37,500 on the issuance of 750,000 common shares on the exercise of stock options at an exercise price of \$0.05 in July 2025.
- In September 2025 Kestrel issued 1,334,590 common shares with a fair value of \$75,138 pursuant to debt settlement agreements with officers and directors of the Company. In an effort to preserve Kestrel's cash position the CEO exchanged \$63,000 of debt for 1,119,000 common shares, the CFO exchanged \$7,917 of debt for 140,620 common shares, and a director exchanged \$4,221 of debt for 74,970 common shares, all at a deemed price of \$0.0563 per common share.
- Kestrel granted 4,000,000 stock options to officers and directors expiring on September 15, 2030, at an exercise price of \$0.065 per share and vesting immediately, 2,000,000 of which were issued to key management. The fair value of the options granted was \$273,000, determined using the Black-Scholes option pricing model.

The Company continues to focus on lowering its administrative expenses.

Exploration and Evaluation Assets

As of September 30, 2025, Kestrel owns a 100% interest in QCM along with the Company's 100% interest in King Solomon Dome ("KSD"). The Company terminated the Fireweed option agreement in 2023.

QCM

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 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-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 currently preparing the next phase of exploration as it evaluates the results of exploration executed in 2025.

Fireweed

The Company elected to terminate the Fireweed option agreement and has returned the property to the vendor. Accordingly, the carrying value of the asset was determined to be nil and all costs associated with the property were expensed in the 2024 fiscal year.

King Solomon Dome, Yukon

The Company owns 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. Kestrel Gold's position at King Solomon 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 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.

Capital Expenditures

During the year ended September 30, 2025, the Company had net recoveries of exploration expenditures of \$100,000 (2024 - \$106,287).

	KSD	QCM	Fireweed	Total
September 30, 2023	\$ 214,579	\$ 876,790	\$ 47,670	\$ 1,139,039
Acquisition costs	-	120,000	-	120,000
Mining exploration tax credit	-	(142,917)	-	(142,917)
Issuance of shares	-	75,000	-	75,000
QCM option proceeds	-	(100,000)	-	(100,000)
Reclamation bond	-	(10,700)	-	(10,700)
Impairment	-	-	(47,670)	(47,670)
Net additions (deletions)		(58,617)	(47,670)	(106,287)
September 30, 2024	\$ 214,579	\$ 818,173	-	\$ 1,032,752
QCM option proceeds		(100,000)		(100,000)
Net additions (deletions)		(100,000)	-	(100,000)
September 30, 2025	\$ 214,579	\$ 718,173	-	\$ 932,752

QCM

2025 Exploration

During the fiscal year ended September 30, 2025 Centerra Gold Inc. ("Centerra") continued their exploration at QCM.

A total of 7,276 m of diamond drilling was completed between May and September. Drilling focused on two areas of interest, located approximately 7 km apart. Drilling at the Main Zone was designed to validate historical results, test for preferred vein orientations, and step out along strike. Sixteen holes (4,455 m) were completed at the Main Zone. Drilling at the 14 Vein was designed to step out along strike from historical results and test additional anomalies. Fourteen holes (2,821 m) were completed at the 14 Vein. Partial assay results were available for the Main Zone. Remaining results from the Main Zone and 14 Vein were not available at September 30, 2025 and will be provided in a subsequent news release. Drilling continued in October and November of 2025 with an additional 2,500 m following up on the results at the Main Zone. For drill hole locations and drill results that have been reported to date at both the Main Zone and Vien 14 see news releases at www.kestrelgold.com.

QCM (continued)

2024 Exploration

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 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.

Exploration activities undertaken by Centerra at QCM during May to September of this year included the collection of 94 rock samples and 1,231 soil samples in Phase 1 and 545 soil samples in Phase 2 of the QCM soil sampling program from the area of the 14 Vein showing and the Main Zone. Historical drill data from the Main Zone was uploaded to Leapfrog geological modelling software to create a numerical model of Au data. Orthophoto and DSM data were acquired from Photo Sat for the QCM claim block.

2023 Exploration

During the fiscal year ended September 30, 2023, results for the 2023 QCM prospecting program were received, compiled, and interpreted. Highlights include work at Area G located approximately 600 metres southeast of 14 Vein where drilling in 2022 returned up to 2.33 g/t Au over 44.19 metres. Area G sampling included sheared, gouge-bearing and carbonate altered argillite cut by a quartz limonite vein, returning values ranging from <0.005 g/t Au to 2.085 g/t Au. The peak value of 2.085 g/t Au was obtained from a 1.2 metre channel sample of wallrock flanking a 40-centimeter-wide southeast striking quartz limonite vein which returned 1.11 g/t Au in 2022 sampling.

A representative of Centerra was toured on the QCM property in 2023, with a view towards facilitating further advancement of the QCM property. The Corporation received a three-year exploration permit for the QCM property allowing for reverse circulation ("RC") drilling and excavator trenching from the British Columbia Ministry of Mines, Energy and Low Carbon Innovation.

King Solomon Dome

2025 Exploration

Kestrel believes there is exploration potential for KSD which requires exploration funding.

2024 Exploration

Exploration was suspended based on results from the 2023 drill program. The company continued to develop its next exploration strategy at KSD.

2023 Exploration

The 2023 prospecting program focused on the Dominion Creek drainage basin which drains the southern portion of the property. Prospecting of new road cuts and active placer pits in this area identified numerous areas of sheared, quartz veined, pyritic and carbonate altered bedrock or rubble crop, sampling of which returned values ranging from <0.005 to 2.051 g/t Au. Gold recovered by the placer mining in this area is very angular, rough, and ragged and is often found attached to quartz or weathered pyrite cubes.

The 2023 reverse circulation drill program at KSD was a three-hole 207.3 metre program designed to test areas of sheared, quartz veined, pyritic and altered bedrock located at and upstream of an area of the property where the gold recovered by the local placer miner is extremely rough, ragged and either attached to quartz or weathered pyrite cubes. Unfortunately drill results were disappointing with only scattered anomalous gold values returned.

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, 2025

The net loss for the year ended September 30, 2025, was \$459,965 compared to \$307,606 for the same period in 2024. The \$152,359 increase in net loss, year over year, is primarily due to a \$198,368 increase in share-based compensation on the granting of 4,000,000 stock options in September 2025, and a decrease of \$8,261 in interest income. These increases in costs were offset by a decrease of \$47,670 for impairment charges related to the carrying value of exploration assets in 2024.

	Year Ended Sep 30, 2025	Year Ended Sep 30 2024	Increase (Decrease)
Share-based compensation	\$ 273,000	\$ 74,632	\$ 198,368
Management and consulting fees	108,458	105,688	2,770
Professional fees	31,616	30,396	1,220
Investor relations and website	26,930	27,706	(776)
Listing and filing fees	13,433	15,708	(2,275)
Office and administration	7,365	10,316	(2,951)
Travel and promotion	1,367	1,602	(235)
Insurance	1,307	5,950	(4,643)
Meals and entertainment	290	-	290
Impairment	-	47,670	(47,670)
Interest income	(3,801)	(12,062)	8,261
Net Loss	\$ 459,965	\$ 307,606	\$ 152,359

Summary of Quarterly Results

The following table summarizes selected financial data reported by the Company for the three months ended September 30, 2025, and the seven previous quarters:

	Sep 30, 2025	Jun 30, 2025	Mar 31, 2025	Dec 31, 2024
Current assets	\$ 166,818	\$ 157,884	\$ 82,099	\$ 119,156
Exploration and evaluation assets	932,752	932,752	1,032,752	1,032,752
Total assets	1,099,570	1,090,636	1,114,851	1,151,908
Current liabilities	35,806	68,653	48,651	46,602
Working capital	131,012	89,231	33,448	72,554
Net loss	343,856	44,217	39,107	32,785
Basic and diluted loss per share	\$0.0032	\$0.0004	\$0.0004	\$0.0003
Weighted average common shares	107,284,177	106,636,436	106,636,436	106,636,436

Summary of Quarterly Results (continued)

	Sep 30, 2024	Jun 30, 2024	Mar 31, 2024	Dec 31, 2023
Current assets	\$ 143,919	\$ 181,427	\$ 117,733	\$ 256,005
Exploration and evaluation assets	1,032,752	1,043,452	1,198,517	1,023,517
Total assets	1,176,671	1,224,879	1,316,250	1,279,522
Current liabilities	38,580	45,199	39,447	40,464
Working capital	105,339	136,228	78,286	215,541
Net loss	128,170	97,123	34,807	47,506
Basic and diluted loss per share	\$0.0012	\$0.0009	\$0.0003	\$0.0005
Weighted average common shares	105,693,396	105,114,336	102,889,061	102,614,336

Sep 30, 2025 – Centerra continued the drilling operations at QCM in the quarter and Kestrel is waiting in anticipation of further drilling results. Working capital increased in the quarter by \$41,781 due to the receipt of \$37,500 in cash on the exercise of 750,000 stock options and an increase in prepaid insurance, which was partially offset by a reduction in accounts payable. Expenses increased in the fourth quarter with the recording of \$273,000 for share-based compensation on the granting of 4,000,000 stock options, and recording the year end audit fee of \$24,000.

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.

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.

Summary of Quarterly Results (continued)

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.

Overall Financial Performance

Results from Operations

As of September 30, 2025, the Company had working capital of \$131,012 (2024 - \$105,339; 2023 - \$121,525).

Total assets for the year ended September 30, 2025, decreased by \$77,101 as compared to a decrease of \$179,604 in 2024. The decrease in assets in 2025 is attributable to a \$100,000 reduction in exploration assets offset by increased working capital.

The increased net loss of \$459,965 for the year ended September 2025 as compared to the net loss of \$307,606 in 2024 is primarily attributable to the share-based compensation of \$273,000 for stock options issued to officers and directors. The September 2025 share-based compensation is offset by a decrease in impairment costs of \$47,670 as no impairments were recorded in the current year. Interest income, listing/filing fees, office administration fees and insurance all decreased in 2025. The net loss for the year ended September 2024 of \$307,606 as compared to a net loss of \$168,248 in 2023 is comprised of \$197,366 in administrative expenses, \$74,632 in share-based payments and an impairment charge of \$47,670, which were offset by interest income of \$12,062.

Summary of Selected Annual Information

	Sept 30, 2025	Sept 30, 2024	Sept 30, 2023
Working capital	\$ 131,012	\$ 105,339	\$ 121,525
Total assets	\$ 1,099,570	\$ 1,176,671	\$ 1,356,275
Share-based payments	\$ 273,000	\$ 74,632	-
Impairment of E&E assets	\$ -	\$ 47,670	-
Net loss	\$ 459,965	\$ 307,606	\$ 168,248
Weighted average common shares	106,799,702	103,991,075	102,527,213
Loss per share	\$ 0.004	\$ 0.003	\$ 0.002

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 information has been prepared assuming the Company will continue on a going-concern basis. 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 through 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 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.

Liquidity and Capital Resources (continued)

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, 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 has fulfilled its property option agreement obligations outstanding to make various cash payments, issue common shares, and incur expenditures on its properties. Currently there are no unfulfilled property option agreements entered into by Kestrel as optionor.

Related Party Transactions

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

	Sep 30 2025	Sep 30 2024
Short-term benefits	\$ 108,458	\$ 101,488

Short-term benefits are comprised of management fees payable to the CEO and CFO, and consulting fees paid to a director. For the year ended September 30, 2025 the CEO was paid \$90,000 and the CFO was paid \$14,438 (2023 - \$81,250 and \$20,238 respectively), and the director was paid \$4,020 (2024 - \$nil).

As of September 30, 2025, \$nil (2024 - \$10,193) is included in accounts payable and accrued liabilities payable to related parties. All advances and amounts due to related parties have repayment terms like the Company's other accounts receivable and payable and are unsecured and without interest. All the above transactions and balances are in the normal course of operations.

Outstanding Share Data

The Company began the current fiscal year with 106,636,436 common shares outstanding and ended the year with 108,721,026 common shares outstanding. Kestrel issued 750,000 common shares for \$37,500 on the exercise of stock options at a deemed price of \$0.05 per common share. Kestrel issued 1,334,590 common shares for the settlement of \$75,138 of debt owed to officers and directors of the Company at a deemed price of \$0.0563 per common share.

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

	Sep 30, 2025	Issued	Exercised	Expired	At Report Date
Common shares	108,721,026				108,721,026
Warrants	-				-
Stock options	7,450,000	1,000,000		350,000	8,100,000
Fully diluted shares outstanding	116,171,026	1,000,000		350,000	116,821,026

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 vest, unless forfeitures are due to market-based conditions.

Investor Relations

The Company provides investor relations updates through its website Kestrelgold.com. The contact information for CEO Mr. Pat Lynch 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)
- (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 primarily of cash.

The fair value of financial instruments on September 30, 2025, and September 30, 2024, is summarized as follows:

	Sep 30, 2025		Sep 30, 2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash and cash equivalents	\$ 154,482	\$ 154,482	\$ 130,576	\$ 130,576
Financial Liabilities at amortized cost				
Accounts payable and accrued liabilities	\$ 35,806	\$ 35,806	\$ 38,580	\$ 38,580

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 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:

World Economic Conditions

The continuing worldwide economic conditions, reflected in stock market uncertainty and the international credit conditions could adversely impact on 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 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 several 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 the inception of the Company. As of September 30, 2025, the Company had an accumulated deficit of \$16,936,530. 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.

Government Regulation (continued)

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 and 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 several 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 people 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 people 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

On September 30, 2025, 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.

Outlook

Kestrel expanded its property base beyond King Solomon Dome with the addition of QCM. Together these projects provide excellent opportunities to increase shareholder value. The Company has funds available to begin planning its 2026 exploration activities which will focus on the QCM property as well as KSD.