



FALCON GOLD CORP.

MANAGEMENT'S DISCUSSION & ANALYSIS

YEAR ENDED JUNE 30, 2017

FALCON GOLD CORP.

Management's Discussion & Analysis

Year Ended June 30, 2017

Introduction

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations of Falcon Gold Corp. ("Falcon Gold" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended June 30, 2017. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited annual financial statements of the Company for the years ended June 30, 2017 and 2016, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results for the period presented are not necessarily indicative of the results may be expected for any future period.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Falcon Gold's common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

The effective date of this report is October 27, 2017.

Forward Looking Information

Certain information regarding the Company within the MD&A may include "forward-looking statements" within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical facts, included in this MD&A that address activities, events or developments that the Company expects or anticipates will or may occur in the future, including such thing as future business strategy, goals, expansion and growth of the Company's business, plans and other such matters are forward-looking statements. When used in this MD&A the words "estimate", "plan", "anticipate", "expect", "intend", "believe" and similar expressions are intended to identify forward-looking statements. Such statements by their nature involve certain risks and uncertainties that could cause actual results to differ materially from those contemplated by such statements. The Company considers the assumptions on which these forward-looking statements are based to be reasonable at the time they were prepared, but cautions the reader that these assumptions regarding future events, many of which are beyond the control of management, may ultimately prove to be incorrect. The reader should not rely solely on these forward-looking statements.

Nature of the Business and Corporate Overview

The Company was incorporated on November 24, 2006 under the Business Corporations Act (Ontario) and was continued under the Business Corporations Act (British Columbia) on May 2, 2013. The Company trades on the TSX Venture Exchange under the symbol "FG".

Financing

The Company completed equity financing of \$637,400 for cash during the year. Subsequent to the year end the Company completed equity financings of \$91,000 and announced that it had arranged equity financing of \$300,000.

FALCON GOLD CORP.

Management's Discussion & Analysis

Year Ended June 30, 2017

Share Data

On August 15, 2016, the Company consolidated its shares on a 5 for 1 basis. Particulars of the share consolidation were approved by the shareholders at the Company's AGM on January 14, 2016. The Company had 42,185,496 common shares issued and outstanding and the resulting post consolidation shares outstanding at June 30, 2016 equaled 8,437,094. The exercise price and number of common shares issuable pursuant to all outstanding stock options and warrants have been adjusted in accordance with the consolidation ratio.

All references to shares, stock options and warrants are to post consolidation shares, stock options and warrants.

Selected Annual Information

	Year Ended June 30, 2017	Year ended June 30, 2016	Year Ended June 30, 2015
Revenue	\$ -	\$ -	\$ -
Net Loss	\$ 607,806	\$ 1,378,411	\$ 1,055,135
Net Loss per Share	\$ (0.03)	\$ (0.16)	\$ (0.14)
Total Assets	\$ 1,346,020	\$ 1,338,045	\$ 2,481,217
Total Liabilities	\$ 440,129	\$ 522,157	\$ 316,918
Dividends	-	-	-

The decrease in net loss from 2016 to 2017 was as a result of impairment of mineral properties in the amount of \$nil in fiscal 2017 compared to \$1,139,785 in fiscal 2016, an increase in general and administration expense of \$257,383, an increase in share based compensation of \$89,734 and an increase in professional fees of \$6,888.

The increase in total assets from 2016 to 2017 resulted from an increase in cash of \$4,956, an increase of a receivable of \$2,206 and increase in exploration and evaluation assets of \$604.

FALCON GOLD CORP.

Management's Discussion & Analysis

Year Ended June 30, 2017

Selected Quarterly Financial Information

	Three Months Ended June 30, 2017	Three Months Ended Mar 31, 2017	Three Months Ended Dec 31, 2016	Three Months Ended Sept 30, 2016
Total assets	\$ 1,346,020	\$ 1,352,633	\$ 1,397,296	\$ 1,554,903
Working capital (deficiency)	\$ (402,400)	\$ (282,297)	\$ (156,108)	\$ (34,930)
Net loss for the period	\$ 124,964	\$ 124,160	\$ 117,742	\$ 240,940
Loss per share	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.02)

	Three Months Ended June 30, 2016	Three Months Ended Mar 31, 2016	Three Months Ended Dec 31, 2015	Three Months Ended Sep 30, 2015
Total assets	\$ 1,338,045	\$ 1,328,614	\$ 1,339,120	\$ 1,789,003
Working capital	\$ (491,799)	\$ (380,172)	\$ (362,133)	\$ (342,772)
Net loss for the period	\$ 111,832	\$ 17,232	\$ 462,394	\$ 786,953
Loss per share	\$ (0.00)	\$ (0.00)	\$ (0.05)	\$ (0.10)

Falcon Gold reported no discontinued operations and declared no dividends for any period presented.

Results of OperationsYears ended June 30, 2017 and 2016

The Company incurred a net loss of \$607,806 for the year ended June 30, 2017, compared to a net loss of \$1,378,411 for the year ended June 30, 2016. Details of the more significant changes over last year are as follows:

- An increase in general and administration to \$447,414 (2016- \$182,587),
- An increase in property investigation expenses to \$26,783 (2016- \$nil),
- An increase in share-based compensation to \$89,734 (2016 - \$ nil),
- An increase in professional fees to \$54,239 (2016- \$39,561),
- Write-down of exploration and evaluation assets of \$nil (2016-\$1,139,785), and
- Gain on settlement of accounts payable and accrued liabilities of \$27,538 (2016-\$nil).

The increases in general and administrative expenses are due primarily to a increase in consulting fees of \$167,750 to reflect time and resources to source new mineral properties and financing during fiscal 2017, an increase in

FALCON GOLD CORP.

Management's Discussion & Analysis

Year Ended June 30, 2017

travel expense of \$73,000 due to frequent trips to Argentina and other countries to source and negotiate the acquisition of new mineral properties-See Subsequent Events, an increase in management expense of \$27,000 to reflect additional activity during fiscal 2017, an increase in office and administration costs of \$9,700, and a decrease in insurance expense of \$14,600.

The increase in share-based compensation reflects the fact that options were granted during the year and no options were granted during 2016.

The increase in professional fees includes an increase in bookkeeping and accounting fees of \$9,840 and an increase in legal fees of \$5,390.

The increase in property investigation fees reflects the fact that work was done to investigate properties that were not subsequently acquired. There was no comparable activity during fiscal 2016.

As at June 30, 2017, the Company has cash of \$5,779 (2016 - \$823), receivable of \$6,391 (2016 - \$4,185), prepaid expenses of \$25,559 (2016 - \$25,350), accounts payable and accrued liabilities of \$390,129 (2016 - \$522,157), and loans payable of \$50,000 (2016-\$nil) for total working capital deficiency of \$402,400 (2016 - \$491,799).

Fourth Quarter Fiscal 2017 and 2016

General and administrative expenses for the fourth quarter of fiscal 2017 were higher by \$61,700 than for the fourth quarter of fiscal 2016. The more significant increases were for travel \$26,500, and consultants \$16,800 and management expense \$9,000 offset by decreases in rent \$16,200. Professional fees decreased by \$11,200.

Liquidity and Capital Resources

This section should be read in conjunction with the audited consolidated statement of financial position for the year ended June 30, 2017, and the corresponding notes thereto.

The Company currently has no revenue to finance its operations. It is therefore required to fund its activities through the issuance of equity securities and other financing alternatives. The Company's ability to continue its exploration mandate is therefore dependent upon its ability to raise funds.

The Company has not yet realized profitable operations and has incurred significant losses to date resulting in a cumulative deficit of \$4,902,747. As at June 30, 2017 the Company had cash of \$5,779 to settle current liabilities of \$440,129.

To continue operations and to fund future obligations, the Company will be required to raise funds through equity or other financing alternatives. Recent global economic conditions and market uncertainty may have an impact on the Company's ability to raise funds through the equity markets. Management believes that there are sources of financing available; however there can be no assurance that the Company will be successful in its future fund-raising activities. During the year Company raised \$637,400 in additional equity. Subsequent to year end the company raised \$91,000. See Subsequent Events section for details.

FALCON GOLD CORP.

Management's Discussion & Analysis

Year Ended June 30, 2017

Mineral Property Interests

	Opening Balance	Expenditures (Write-downs)	Ending Balance
Burton Property	1,307,083	604	1,307,687
Washington Silver Property	1,108,035	1,750	1,109,785
Write-down	-	(1,109,785)	(1,109,785)
New York Canyon Property		30,000	30,000
Write-down		(30,000)	(30,000)
Balance June 30, 2016	2,415,118	(1,107,431)	1,307,687
Burton Property	1,307,687	604	1,308,291
Washington Silver Property	-	-	-
Write-down	-	-	-
New York Canyon Copper Property	-	-	-
Write-down	-	-	-
Balance June 30, 2017	1,307,687	604	1,308,291

Burton Property

The Burton Property is situated in Esther Township, Porcupine Mining District, Ontario approximately 200 km north-northwest of Sudbury and approximately 150 km southwest of Timmins. Burton is located in a jurisdiction with a long established mining history and is comprised of 6 patented claims and 16 unpatented claims totaling approx. 350 ha. All unpatented claims are in good standing to the summer/fall of 2016.

The Burton Property lies within the Archean Swayze Greenstone Belt and has recently been correlated with and interpreted to be part of the Abitibi Greenstone Belt which hosts the world class Timmins and Kirkland Lake lode gold mining camps. The Burton Property occurs near the southern margin of the Swayze greenstone belt where the belt consists dominantly of mafic to intermediate metavolcanic rocks and Timiskaming-type metasedimentary rocks. The volcanic rocks are locally intruded by ultramafic intrusive rocks. Felsic to intermediate volcanic rocks occur to the north of the mafic volcanic rocks and sedimentary rocks. Bedding and foliations in the area strike dominantly east-southeast parallel to the trend of the southern contact of the Swayze belt and dip steeply to the southeast.

The Company has completed a phase 1 diamond drilling program of 2935 meters in 25 holes on the Burton Property. For results of this program please see the news releases of July 27, 2011 and September 12, 2011 on the company's website at www.falcongold.ca.

During fiscal 2012, the Company entered into a Mining Option Agreement (the "Agreement") with Trelawney Mining and Exploration Inc. (now IAMGOLD Corporation) ("Trelawney") whereby Trelawney can earn up to a 75% interest in the Burton Property. The terms of the Agreement include a cash payment of \$150,000 to the Company and a commitment to incur exploration and evaluation expenditures in the amount of \$1,200,000 over a two year period from the date of signing of the Agreement.

FALCON GOLD CORP.

Management's Discussion & Analysis

Year Ended June 30, 2017

In addition to the cash payment of \$150,000, the Company received an amount of \$619,278 as advances for exploration and evaluation expenditures to be incurred as part of the Trelawney Agreement. As of June 30, 2016, sufficient amounts have been expended with respect to the Trelawney Agreement to enable Trelawney to earn a 51% interest in the Burton Property.

During the year ended June 30, 2016 and the year ended June 30, 2017, the Company identified an impairment indicator with respect to the Burton Property as there was an absence of substantive exploration expenditures over the past three fiscal years, nor are substantive exploration expenditures budgeted or planned for the coming fiscal year. The Company estimated the net realizable value of the Burton Property, concluding that its net realizable value exceeded its carrying amount and therefore an impairment charge was not required.

Washington Silver Property

The Washington Property consisted of fifty-one unpatented claims and a mining lease enclosing the formerly producing Silver Bell Mine covering 356 hectares northwest of the town of Republic in Washington State.

The Washington Property was subject to a 2% net smelter return in favour of the previous owner of the claims. The Company could purchase fifty percent of the net smelter return for an aggregate amount of \$1,000,000 at any time. A portion of the Washington Property is subject to a 5% production royalty in favour of the State of Washington.

During the 2016 fiscal year the Company allowed fifty one unpatented claims to lapse resulting in impairment of \$665,000 to the carrying value of the Property and due to the continued softness in the commodities market and a lack of available funding sources for exploration projects, additional impairment of \$444,785 was recorded as the mining lease lapsed.

New York Canyon Copper Property

The New York Canyon Copper Property consisted of 190 unpatented claims and 21 patented claims covering 1,690 hectares in western Nevada.

The Company entered into an Option Agreement ("Agreement") whereby the Company can earn a 60% interest in the property by making cash payments of \$150,000, issuing 300,000 common shares and 100,000 common share purchase warrants and incurring exploration and evaluation expenditures of \$2,000,000 over a four year period from the date of the Agreement. The Company could earn an additional 20% interest in the property by issuing an additional 200,000 common shares and completing a Preliminary Economic Assessment over a two year period subsequent to the period covered by the 60% option.

The New York Canyon Copper Property was subject to a 1.75% net smelter return on the patented claims to an aggregate amount of US\$2,000,000 and a 2% net smelter return on the unpatented claims.

During the 2015 fiscal year, the Company issued 50,000 common shares and 100,000 share purchase warrants pursuant to the Agreement, and during the 2016 fiscal year the Company issued 50,000 common shares pursuant to the Agreement and 100,000 common shares as consideration for a limited forbearance agreement with respect to the Agreement.

FALCON GOLD CORP.

Management's Discussion & Analysis

Year Ended June 30, 2017

On October 16, 2015 the Agreement with Canyon Copper Corp. was terminated and an impairment charge was recorded for the carrying amount of the New York Canyon Copper property. Impairment of \$260,451 was recorded during the 2015 fiscal year and impairment of \$30,000 was recorded during the 2016 fiscal year.

The Company is required by the various government agencies to incur annual qualifying exploration and development expenditures and/or to make annual payments in order to maintain its claims in good standing. As at June 30, 2016, the Company believes it has incurred the required amount of expenditures and believes to the best of its knowledge that all claims are in good standing.

Critical Accounting Estimates

The preparation of financial statements in conformity with IFRS requires management to make certain estimates and apply judgment affecting the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of expenses during the reporting period. The areas involving a higher degree of judgement of complexity, or areas where assumptions and estimates are significant to the financial statements are:

Exploration and evaluation assets

The application of the Company's accounting policy for exploration and evaluation assets requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of such expenditure is unlikely, the amount capitalized is written off in the statement of loss and comprehensive loss in the period the new information becomes available.

Title to mineral property interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Share-based payments

Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility, interest rates and, dividend yield and expected vesting dates and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 8 to the consolidated financial statements.

Changes in Accounting Policies

The following standards and interpretations have been issued but are not yet effective:

The following standards, interpretations and amendments, which have not been applied to in these

FALCON GOLD CORP.

Management's Discussion & Analysis

Year Ended June 30, 2017

consolidated financial statements, will or may have an effect on the Company's future consolidated financial statements. The Company is in the process of evaluating these new standards.

IFRS 9 – Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2018.

IFRS 15 – Revenue from Contracts with Customers establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018, with early adoption permitted.

IFRS 16 – Leases eliminates the classification of leases as either operating or finance leases for a lessee. Instead all leases are capitalized by recognizing the present value of lease payments and recognizing an asset and a financial liability representing an obligation to make future lease payments. The principles in IFRS 16 provide a more consistent approach to acquiring the use of an asset whether by leasing or purchasing the asset.

The new leasing standard is applicable to all entities and will supersede current lease accounting standards under IFRS. Prospective application is required beginning on or after January 1, 2019 with early adoption permitted only if an entity early adopts IFRS 15 as well.

IFRS 2 – Share-based Payments (“IFRS 2”) has been revised to incorporate amendments issued by the International Accounting Standards Board (IASB) in June 2016. The amendments provide guidance on the accounting for:

- the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- share-based payment transactions with a net settlement feature for withholding tax obligations; and
- a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The amendments are effective for annual periods beginning on or after January 1, 2018

Financial Instruments

Financial risk

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, foreign currency risk and commodity and equity price risk).

FALCON GOLD CORP.

Management's Discussion & Analysis

Year Ended June 30, 2017

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

The Company's financial instruments consist of cash, receivable, accounts payable and accrued liabilities. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values.

(a) Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and receivables. The Company has no significant concentration of credit risk arising from operations. Cash is held with a Canadian Schedule A bank, from which management believes the risk of loss to be minimal.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company receives cash flow primarily from its financing activities. As at June 30, 2017, the Company had cash of \$5,779 (June 30, 2016 - \$823) to settle current liabilities of \$440,129 (June 30, 2016 - \$522,157). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity.

(c) Market risk

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

(i) Interest rate risk

Cash is subject to floating interest rates. Sensitivity to a plus or minus 1% change in interest rates would not have a material impact on the reported consolidated net loss and comprehensive consolidated net loss for the year ended June 30, 2017.

(ii) Foreign currency risk

Currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is minimal. The Company does not hold balances in foreign currencies to give rise to exposure to foreign exchange risk.

(iii) Commodity and equity price risk

FALCON GOLD CORP.

Management's Discussion & Analysis

Year Ended June 30, 2017

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, as they relate to precious and base metals and other minerals, and the stock market to determine the appropriate course of action to be taken by the Company. Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability of development depend upon the world market price of precious and base metals and other minerals. Precious and base metals and other mineral prices have fluctuated widely in recent years. There is no assurance that, even if commercial quantities of precious and base metals and other minerals are produced in the future, a profitable market will exist for them. As of June 30, 2017, the Company was not a precious mineral, base metals and other minerals producer. Even so, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

Related Party Transactions

During the three months and the year ended June 30, 2017, the Company entered into the following transactions with related parties and paid or accrued the following amounts, excluding share-based payment charges in connection therewith:

Name	Relationship	Purpose of Transaction	Three Months Ended	Year Ended
Stephen Wilkinson	CEO, Director of the Company	Consulting Services	\$16,150	\$64,650
Brant Capital Partners Inc.	Company controlled by the CFO of the Company	Consulting services	\$9,000	\$36,000
Pacific Capital Advisors	Entity of which a director of Falcon Gold is the CEO	Consulting Services	\$15,000	\$75,000

During the year ended June 30, 2017, the following stock options were granted to insiders:

Name	Relationship	Grant Date	Number Granted	Exercise Price
Stephen Wilkinson	CEO and Director of the Company	September 7, 2016	300,000	\$ 0.10
Brian Crawford	CFO and Director of the Company	September 7, 2016	125,000	\$ 0.10
David Tafel	Director of the Company	September 7, 2016	260,000	\$ 0.10
James Farley	Director of the Company	September 7, 2016	125,000	\$ 0.10

FALCON GOLD CORP.

Management's Discussion & Analysis

Year Ended June 30, 2017

Accounts payable and accrued liabilities include \$109,177 (2016 - \$257,080) due to related parties. These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

Off-Balance-Sheet Arrangements

As of the date of this MD&A, the Company does not have any off balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity, capital expenditures and capital resources that would be material to investors.

Proposed Transactions

As of the date of this MD&A the Company has no proposed transactions other than disclosed under Subsequent Events caption.

Outstanding Share Data

On August 15, 2016, the Company consolidated its shares on a 5 for 1 basis. Particulars of the share consolidation were approved by the shareholders at the Company's AGM on January 14, 2016. The Company had 42,185,496 common shares issued and outstanding and the resulting post consolidation shares outstanding at June 30, 2016 equaled 8,437,094. The exercise price and number of common shares issuable pursuant to all outstanding stock options and warrants have been adjusted in accordance with the consolidation ratio.

All references to shares, stock options and warrants are to post consolidation shares, stock options and warrants. As of the date of this MD&A, the Company has 21,846,184 post consolidation common shares issued and outstanding as well as: (a) stock options to purchase an aggregate of 1,615,000 post consolidation common shares expiring at various date between July 2017 and August 2019 and exercisable at prices ranging from \$0.10 to \$0.75 per common share and, (b) share purchase warrants to purchase an aggregate of 13,912,272 post consolidation common shares expiring between May 2017 and July 2019 exercisable at prices ranging from \$0.08 to \$1.00 per common share. Included in the warrants outstanding are 503,182 broker warrants. For additional details of share data, please refer to Notes 6, 7, and 8 of the June 30, 2017 audited consolidated financial statements.

Risks and Uncertainties

Liquidity and Additional Financing

The Company has limited financial resources and no current revenues. There can be no assurance that additional funding will be available to it for further exploration and development of its projects or to fulfill its obligations under applicable agreements. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, 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. Failure to obtain such additional financing could cause the Company to reduce or terminate its operations.

Regulatory Requirements

Even if the Company's properties are proven to host economic reserves of gold or other precious or non-precious metals, factors such as governmental expropriation or regulation may prevent or restrict mining of any such

FALCON GOLD CORP.

Management's Discussion & Analysis

Year Ended June 30, 2017

deposits. Exploration and mining activities may be affected in varying degrees by government policies and regulations relating to the mining industry. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may adversely affect its business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, environmental legislation and mine safety.

Nature of Mineral Exploration and Mining

At the present time, the Company does not hold any interest in a mining property in production. The Company's viability and potential success lie in its ability to discover, develop, exploit and generate revenue out of mineral deposits. Mineral exploration and development involves a high degree of risk and few properties which are explored are ultimately developed into producing mines. The profitability of the Company's operations will be in part directly related to the cost and success of its exploration programs, if any, which may be affected by a number of factors beyond the Company's control. Mineral exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of diamond, precious and non-precious metals, any of which could result in work stoppages, damage to the property, and possible environmental damage. Hazards such as unusual or unexpected formations and other conditions such as formation pressures, fires, power outages, labor disruptions, flooding, explorations, cave-ins, landslides and the inability to obtain suitable adequate machinery, equipment or labor are involved in mineral exploration, development and operation. The Company may become subject to liability for pollution, cave-ins or hazards against which it cannot insure or against which it may elect not to insure. The payment of such liabilities may have a material, adverse effect on the financial position of the Company.

The Company will continue to rely upon consultants and others for exploration and development expertise. Substantial expenditures are required to determine if mineralization reserves exist through drilling, to develop processes to extract the precious and non-precious metals from the mineralization and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis or at all. The economics of developing mineral properties are affected by many factors including the cost of operations, variations in the grade of mineralization mined, fluctuations in markets, costs of processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. The remoteness and restrictions on access to any properties in which the Company has or may have an interest may have an adverse effect on profitability in that infrastructure costs will be higher.

Uninsurable Risks

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. It is not always possible to fully insure against such risks and the Company may decide not to take out insurance against such risks as a result of high premiums or for other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and cause insolvency and/or a decline in the value of the securities of the Company.

FALCON GOLD CORP.

Management's Discussion & Analysis

Year Ended June 30, 2017

No Assurance of Title to Properties

The acquisition of title to mineral projects is a very detailed and time consuming process. Although the Company has taken precautions to ensure that legal title to its property interests is properly recorded in the name of the Company where possible, there can be no assurance that such title will ultimately be secured. Furthermore, there is no assurance that the interest of the Company in any of its properties may not be challenged or impugned.

Permits and Licenses

The operations of the Company may require licenses and permits from various governmental authorities. The company believes that it presently holds all necessary licences and permits to carry on with activities which it is currently conducting under applicable laws and regulations and the Company believes it is currently complying in all material respects with the terms of such laws and regulations. However, such laws and regulations are subject to change. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects.

Competition

The mineral exploitation industry is intensely competitive in all its phases. The Company competes with many companies possessing greater financial resources and technical facilities than itself for the acquisition of mineral properties, claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees. In addition, there is no assurance that even if commercial quantities of minerals are discovered, a ready market will exist for their sale. Factors beyond the control of the Company may affect the marketability of any minerals discovered. These factors include market fluctuations, the proximity and capacity of natural resource markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital or losing its invested capital.

Environmental Regulations

The Company's operations are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of 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 noncompliance, 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 profitability of operations. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important requirements, which affect

FALCON GOLD CORP.

Management's Discussion & Analysis

Year Ended June 30, 2017

capital and operating costs. Unusual or infrequent weather, phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations.

Fluctuating Prices

Factors beyond the control of the Company may affect the marketability of any copper, nickel, gold, platinum or any other minerals discovered. The price of those commodities has fluctuated widely, particularly in recent years, and is affected by numerous factors beyond the Company's control including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, consumption patterns, speculative activities and increased production due to new mine developments and improved mining and production methods.

The effect of these factors on the price of gold, base and precious metals and therefore the economic viability of any of the Company's projects cannot be accurately predicted.

Reliance on Key Personnel

The Company is dependent on a relatively small number of key people, the loss of any of whom could have an adverse effect on its operations. The Company does not carry any key man insurance.

Subsequent Events

On July 13, 2017, the Company issued 1,820,000 units at \$0.05 per unit which is comprised of one common share and one common share purchase warrant. Each warrant will be exercisable for one common share for a period of two years at \$0.08. The financing included the conversion of loans payable in the amount of \$45,000.

On October 3, 2017, the Company signed a Letter Agreement whereby it can acquire an initial 80% interest in mineral concessions located in La Rioja Province and in San Luis Province of Argentina. Subject to its due diligence and TSX Venture Exchange approval, the Company has agreed to make escalating payments over a six-year option period to the Optionor totalling US\$815,000 in cash and to issue a total of 5 million common shares. The initial payments through to the completion of due diligence and regulatory approval will consist of cash of US\$40,000 and 500,000 common shares. During the six-year option period, the Company is to make exploration expenditures on the Property amounting to US\$5,645,000. Subsequent to acquiring its 80% interest, the Company will have the right for a period of 24 months, to purchase the Optionor's residual 20% interest, resulting in the Company owning a 100% interest in the Property, for a further payment of US\$4.0 million and a 1% Net Smelter Return royalty.

On October 10, 2017, the Company announced that it has arranged a non-brokered private placement of up to 6 million units at \$0.05 per unit for gross proceeds of \$300,000. Each unit consists of one common share and one common share purchase warrant exercisable at \$0.08 for a period of two years from the date of issue. The financing is subject to regulatory approval.

Additional Information

Additional information relating to the Company is available on SEDAR at www.sedar.com.