



FALCON

GOLD CORP

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2020

FALCON GOLD CORP.

Management's Discussion & Analysis
For the Year Ended June 30, 2020

DATE OF REPORT: October 29, 2020

Introduction

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations of The Company 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, 2020. 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 unaudited condensed interim financial statements of the Company for the six months ended June 30, 2020 and with the audited financial statements for the years ended June 30, 2020 and 2019 and related notes attached 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 The Company 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.

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".

Forward Looking Information

Certain statements in this Management Discussion and Analysis constitute forward-looking statements under applicable securities legislation. Forward-looking statements or information typically containing statements with words such as "anticipate", "believe", "expect", "plan", "intend", "estimate", "propose" or similar words suggesting future outcomes or statements regarding, and outlook. Forward-looking statements or information in this Management Discussion and Analysis include, but are not limited to, statements regarding:

- Business objectives, plans and strategies;
- Exploration objectives, plans and strategies; and,
- Certain geological interpretations and expectations.

Such forward-looking statements or information are based on a number of assumptions which may prove to be incorrect. In addition to other assumptions identified in this Management Discussion and Analysis, assumptions have been made regarding, among other things:

- The ability of the Company to continue to fund its operations through financings, options and joint ventures;
- The ability of the Company to obtain equipment, services and supplies in a timely manner to carry out its activities;
- The level of exploration activities and opportunities;
- The ability of the Company to retain access and develop its mineral claims; and
- Current and future mineral commodity prices.

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Although the Company believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements because the Company can give no assurance that such expectations will prove correct. Forward-looking statements or information are based on current expectations, estimates and projections that involve a number of risks and uncertainties which could cause actual results to differ materially from those anticipated by the Company and described in the forward-looking statements or information. These risks and uncertainties include but are not limited to:

- The ability of management to execute objectives, plans and strategies;
- Exploration, development and operational risks inherent in the mining industry;
- Market conditions;
- Risks and uncertainties inherent in geology and exploration for deposits;
- Potential delays and changes in plans;
- The Company's ability to retain land tenure;
- Uncertainties regarding financings and funding;
- General economic and business conditions;
- Possibility of governmental policy changes;
- Changes in First Nations policies;
- Other risks and uncertainties described within this document.

The forward-looking statements or information contained in this Management Discussion and Analysis are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities law.

OVERALL PERFORMANCE

McCaul Hutchinson Property

The McCaul Hutchinson Property consists of a claim group located in McCaul and Hutchinson Townships, east of Atikokan in Northern Ontario. The McCaul Hutchison Property consists of 6 unpatented mining claims consisting of 55 claim units.

The McCaul Hutchinson Property is subject to a 1.0% net smelter return in favour of the previous owner of the claims. The Company may purchase the net smelter return for an aggregate amount of \$1,000,000 at any time prior to the commencement of production.

The Company can acquire a 100% interest in the McCaul Hutchinson Property by making escalating cash payments of \$250,000 and issuing 400,000 common shares over a four- year period.

The Company entered into a debt settlement agreement to cover \$39,000 of the second anniversary payment by issuing 650,000 shares.

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The following is the payments made to date:

		No. of Shares	\$
June 30, 2018	Cash payment		5,000
	Shares issued	50,000	2,500
June 30, 2019	Cash payment		23,000
	Shares issued	50,000	10,000
June 30, 2020	Shares issued	650,000	39,000
		100,000	40,500

Central Canada Property

The Central Canada Property consists of a claim group located in Hutchinson Township, east of Atikokan in Northern Ontario. The Central Canada Property consists of 7 unpatented mining claims consisting of 55 claim units.

The Central Canada Property is subject to a 2.0% net smelter return in favour of the previous owner of the claims. The Company may purchase the one-half of the net smelter return for an aggregate amount of \$1,000,000 at any time prior to the commencement of production.

The Company can acquire a 100% interest in the Central Canada Property by making escalating cash payments of \$141,500 and issuing 325,000 common shares over a four- year period. In addition, the Company must carry out exploration and evaluation expenditures of \$10,000, \$20,000, \$30,000 and \$40,000 during years 1 through 4 respectively.

During the summer of 2020, the Company completed a 7 drill hole program 1,055 meters ("m"). Each of the 7 core holes successfully intersected the historical mine trend.

The Company entered into a debt settlement agreement to cover \$21,000 of the second anniversary payment by issuing 350,000 shares.

On July 23, 2020, The Company reported it had acquired by staking an additional 7,477 hectares of mineral claims consisting of 369 units in the Atikokan area increasing the Company's land position to 10,392 ha. and a new project total of 507 units. These new mining claims together with the McCaul Hutchinson Property and the Central Canada Property now comprise the Central Canada Project.

The Company's staking has resulted in two new claims groups. The southern claims group parallels the Quetico Fault Zone and occupies the gap between the original Central Canada property and the property belonging to Agnico Eagle Mines Limited and its Hammond Reef gold deposit. The northern staked claims are contiguous with the Hammond Reef property on its northern boundary and are located approximately 3.5 km north of the main part of the Hammond Reef gold zone that reportedly hosts a Measured and Indicated Resources in the order of 4.5 million ounces. Subsequently, the Company now controls a combined 51 km of strike length along or parallel to the Quetico Fault Zone and its major northeast trending splays the Marmion Fault zone. Our original Central Canada optioned ground and the new staking combine to make The Company one of the largest land holders in the mining camp second only to Agnico Eagle Mines.

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The Following is the payments made to date:

		No. of Shares	\$
June 30, 2018	Cash payment		6,500
	Shares issued	50,000	2,500
June 30, 2019	Shares issued	50,000	2,500
June 30, 2020	Cash payment		34,000
	Shares issued	350,000	21,000
		450,000	66,500

Wabunk Bay Property

The Wabunk Bay Property consists of a claim group located in Earngey Township in Northern Ontario. The Wabunk Bay Property consists of 2 unpatented mining claims consisting of 19 claim units.

The Wabunk Bay Property is subject to a 1.0% net smelter return in favour of the previous owner of the claims. The Company may purchase the net smelter return for an aggregate amount of \$1,000,000 at any time prior to the commencement of production.

The Company can acquire a 100% interest in the Wabunk Bay Property by making escalating cash payments of \$200,000 and issuing 300,000 common shares over a four- year period.

During the year ended June 30, 2018, the Company and Vatic Ventures Corp. entered into a memorandum of understanding whereby Vatic has an option to earn a 60% interest in the Wabunk Bay property by making an initial cash payment in the amount of \$25,000 and a further cash payment of \$275,000 before the first anniversary of the agreement. In addition, Vatic must issue an initial tranche of 200,000 units of Vatic to the Company with each unit consisting of one common share and one common share purchase warrant exercisable for a period of two years at \$0.25 per share followed by an additional 200,000 units prior to the first anniversary of the agreement on the same terms as the initial units. Vatic must also incur exploration and evaluation expenditures of \$750,000 within the twelve months prior to the first anniversary of the agreement.

During the fiscal year ended June 30, 2019, the Company received a non-refundable cash amount of \$25,000 from Vatic. Subsequently the memorandum of understanding was terminated by mutual consent.

During the year ended June 30, 2020, the option to acquire the Wabunk Bay property was terminated by mutual consent.

Esperanza Property

The Esperanza Property is comprised of seven mineral concessions within the Sierra de Las Minas District of La Rioja and San Luis provinces in Argentina.

The Company can earn an 80% interest in the Esperanza Property by making escalating annual payments totalling US\$500,000 and issuing 4,000,000 shares over a six year period. In addition, the Company must incur exploration and evaluation expenditures of US\$1,750,000 over a six year period. Subsequent to acquiring an 80% interest in the Ezperanza Property, the Company will have an option to acquire the remaining 20% of the property for a cash payment of US\$4,000,000 plus a 1% net smelter royalty.

On October 15, 2019, the Company amended the option agreement to acquire the Esperanza Property. The amended agreement requires the Company to issue 5,500,000 shares and carry out exploration and evaluation expenditures of \$1.6 million USD over a period of six years.

On December 12, 2019, the Company terminated the Option agreement.

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Coomer Lake Property

The Coomer Lake Property consists of 50 claim units located in the James Bay lowlands approximately 250 km north of Nakina, Ontario.

The Coomer Lake Property is subject to a 2.0% net smelter return in favour of the previous owner of the claims. The Company may purchase the net smelter return for an aggregate amount of \$1,000,000 at any time prior to the commencement of production.

The Company can acquire a 100% interest in the Coomer Lake Property by making escalating cash payments of \$185,000 issuing 400,000 common shares over a four- year period and incurring exploration and evaluation expenditures totalling \$400,000 over a five year period.

During the year ended June 30, 2019, the option to acquire the Coomer Lake property was terminated by mutual consent.

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. IAMGOLD Corporation earned a 51% interest in the Burton Property by paying \$150,000 in cash to the Company Gold and completing \$600,000 in exploration expenditures on or before February 16, 2013.

The Burton Property is subject to a 2.5% net smelter return and a 10% net profits interest in favour of the previous owner of the claims. The Company may purchase sixty percent of the net smelter return for an aggregate amount of \$1,500,000 at any time.

During the year ended June 30, 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.

As of June 30, 2015, and 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. The option for Trelawney to acquire an additional 24% interest in the Burton Property has lapsed.

During the year ended June 30, 2019, the Company identified an impairment indicator with respect to the Burton Property as there was an absence of substantive exploration expenditures over the past four fiscal years, nor are substantive exploration expenditures budgeted or planned for the coming fiscal year. Consequently, the Company recorded impairment in the amount of \$1,308,291 in connection with the Burton Property.

As of June 30, 2020, there is no activity incurred for the property.

Bruce Lake

The Bruce Lake Property consists of a claim group located in the Red Lake area of Northern Ontario. The Bruce Lake Property consists of 5 unpatented mining claims consisting of 72 claim cells.

The Bruce Lake Property is subject to a 1.5% net smelter return in favour of the previous owner of the claims. The Company may purchase the one-half of the net smelter return for an aggregate amount of \$400,000 at any time prior to the commencement of production.

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As of June 30, 2020, the Company had issued 500,000 common shares for the amount of \$ 20,000 and paid \$6,000. The Company will pay the remaining \$52,000 over a four-year period for acquiring a 100% interest in the Bruce Lake Property.

On August 14, 2020 the Bruce Lake property agreement was assigned to Portofino Resources for 650,000 Portofino common shares. The Company Gold will retain a 0.5 % NSR. Portofino has also assumed the underlying property payments.

Camping Lake

The Camping Lake Property consists of a claim group located in Northern Ontario. The Camping Lake Property consists of 5 unpatented mining claims consisting of 109 claim cells located within the Red Lake Mining District in Northwestern Ontario.

The Camping Lake Property is subject to a 1.5% net smelter return in favour of the previous owner of the claims. The Company may purchase the one-half of the net smelter return for an aggregate amount of \$400,000 at any time prior to the commencement of production.

The Company can acquire a 100% interest in the Camping Lake Property by issuing 500,000 common shares and making escalating cash payments of \$65,000 over a four- year period.

During the year ended June 30, 2020, Falcon entered into an option agreement with IMT whereby IMT has the option to earn an initial 51% interest in the Camping Lake Property by assuming Falcon's underlying claim payment schedule of \$65,000 over a four-year period, incurring property expenditures of \$300,000 over 2 years and issuing 1.5 million shares to Falcon.

Upon exercising the option to earn an initial 51%, IMT can acquire an additional 24% interest for \$500,000 cash. The agreement is subject to a 2% NSR royalty, with the original vendor at 1.5% and Falcon at 0.5%.

As of June 30, 2020, the Company had issued 500,000 shares for the amount of \$ 20,000 and paid \$ 8,000.

On January 18, 2020, the Company received 1,000,000 common shares with a fair value of \$35,000 from IMT.

Spitfire and Sunny Boy

April 16, 2020, the Company acquired the Spitfire and Sunny Boy claims covering 502 ha, in south-central British Columbia. Consideration for the claims included a cash payment of \$25,000 and 2.5 million Falcon common shares and 2.5 million warrants at a conversion price of 10 cents for a two-year period. The vendors retain a 2% net smelter return royalty. The Company may purchase one-half of the NSR (1%) at any time up to commencement of production for a one-time payment of \$400,000. The claims are located approximately 16 kilometres east of Merritt, BC. The properties are close to excellent infrastructure and access is gained via paved highway and ranch and logging roads.

The Merritt district has a lengthy history of mineral exploration and development that began in the late 1800s with first recorded discoveries being made in 1908, at a location in the northeastern portion of the Sunny Boy claim block. A resurgent focus in the area makes the Merritt district B.C.'s newest emerging gold belt. The Company's 2019 due diligence work confirmed the presence of gold mineralization along the Master vein over a 300-metre strike length with samples ranging from 0.33 to 2.74 ounces per ton Au. Recent data compilation of historic exploration work suggests that the best exploration targets on the property are high-grade gold vein deposits in the northeastern part of the project. The Company is planning tightly spaced soil sampling, Eelectromagnetic and Induced Polarization geophysical survey, and structural geological mapping as the best approach for identifying mineralized structures for both gold and base metals.

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As of June 2, 2020, the Company had issued 2,500,000 common shares with a fair value of \$ 175,000 and paid \$25,000 for acquiring 100% of the properties. In addition, the Company issued 2,500,000 warrants at \$0.10 with a two year term with a fair value of \$113,883.

The vendor will retain a 2% net smelter royalty (NSR). The Company will have the right to purchase 0.5 of the total NSR 1% at any time up to commencement of production for a one-time payment of \$ 400,000.

Springpole West Property

The Company reported the staking of the Springhole West Property on August 20th, 2020. The Springpole West Property covers 4,440 hectares ("ha") of mining land located 110 kilometers ("km") northeast of Red Lake, ON in the Birch-Uchi Greenstone Belt on Springpole Lake. The area is accessible by floatplane, ATV trail, and winter road. The Property is within 6 km of an all-weather gravel road and hydro-electric transmission lines are close by.

Springpole West Property comprises 197 claims containing 217 units and extends from McNaughton Township northeast for approximately 22 km where its most northeastern cells are less than 4 km from First Mining Gold Corp.'s Springpole Gold deposit. First Mining completed their preliminary economic assessment ("PEA") in November 2019 and reported an Indicated Resource of 139.1 Mt grading 1.04 g/t Au and 5.4 g/t Ag, containing 4,670,000 ounces of Au and 24,190,000 ounces of Ag as well as an Inferred Resource of 11.4 Mt averaging 0.63 g/t Au and 3.1 g/t Ag, containing 230,000 ounces of Au and 1,120,000 ounces of Ag.

The Company is currently compiling historical data on the Springpole West claims and surrounding area. It is planned to commence exploration with addressing known gold occurrences and prospective structures beginning in summer of 2021.

RESULT OF OPERATIONS

	Twelve months ended June 30, 2020 \$	Twelve months ended June 30, 2019 \$
Expenses		
Consulting	124,124	41,500
Filing fees and communication	217,269	21,683
Foreign exchange	3,300	–
Management fees	113,500	82,125
Office and miscellaneous	20,571	156,550
Professional fees	42,573	38,397
Share-based compensation	117,099	–
Total expenses	638,436	340,255

- An increase in consulting fees to \$124,124 due to the new consulting contract.
- An increase in filing fees and communication to \$ 217,269 due to increase market activities.
- An increase in management fees to \$113,500 due to increasing corporate activities.
- A decrease in general and administration costs to \$20,571 due to reducing expenses.
- An increase in share-based compensation expense to \$ 117,099 due to options issued to management and directors.

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	Three months ended June 30, 2020	Three months ended June 30, 2019
	\$	\$
Expenses		
Consulting	89,124	41,500
Filing fees and communication	162,387	2,147
Foreign exchange	3,300	–
Management fees	33,500	7,500
Office and miscellaneous	41	42,646
Professional fees	20,354	11,256
Share-based compensation	43,990	–
Total expenses	352,696	105,049

- An increase in consulting fees to \$89,124 due to the new consulting contract.
- An increase in filing fees and communication to \$ 162,387 due to increased market activities.
- An increase in management fees to \$ 33,500 due to increasing corporate activities.
- A decrease in general and administration costs to \$41 due to reducing expenses.
- An increase in share-based compensation expense to \$ 43,990 due to options issued to management and directors.

SUMMARY OF QUARTERLY RESULTS

The following table presents certain selected financial information on a quarterly basis:

	Revenues	Net loss	Net loss per share (basic and diluted)
	\$	\$	\$
March 31, 2018	–	(79,928)	(0.00)
June 30, 2018	–	(251,206)	(0.02)
September 30, 2018	–	(63,151)	(0.00)
December 31, 2018	–	(105,414)	(0.00)
March 31, 2019	–	(47,641)	(0.00)
June 30, 2019	–	(1,446,840)	(0.05)
September 30, 2019	–	(123,293)	(0.00)
December 31, 2019	–	(114,067)	(0.00)
March 31, 2020	–	(32,370)	0.00
June 30, 2020	–	(401,766)	0.01

LIQUIDITY

As at June 30, 2020, the Company had a negative working capital \$202,621 (June 30, 2019 – \$546,500), had not yet achieved profitable operations, has accumulated losses of \$7,717,999 (June 30, 2019 - \$7,046,503) since its inception and expects to incur further losses in the development of its business, all of which indicate the existence of a material uncertainty that may cast substantial doubt about the Company's ability to continue as a going concern.

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	June 30, 2020	June 30, 2019
	\$	\$
Cash used in operating activities	(555,252)	(180,446)
Cash used in investing activities	(327,809)	(48,089)
Cash provided by financing activities	951,511	249,490
Net increase (decrease) in cash	68,450	20,955

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 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

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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.

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 licenses 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

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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 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 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.

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.

RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors and officers, close family members and enterprises that are controlled by these individuals as well as certain consultants performing similar functions.

Related party transactions conducted in the normal course of operations are measured at the exchange value (the amount established and agreed to by the related parties).

The Company had the following transactions in the normal course of operations with related parties:

	June 30, 2020	June 30, 2019
Management	113,500	82,125
Consulting	–	41,500
Share-base compensation	117,099	–

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Accounts payable and accrued liabilities include \$50,005 (2019 - \$203,197) due to related parties. These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

The Company paid or accrued \$15,500 (2019 - \$46,125) in management fees to the former president of the Company; \$12,000 (2019 - \$36,000) to the former CFO of the Company; \$15,000 to directors of the Company; and \$71,000 (2019 - \$Nil) to the CEO of the Company.

During the year ended June 30, 2020 the Company issued 250,000 common shares to the former CFO of the Company to settle accounts payable of \$12,500, the remaining balance owing of \$74,102 was assigned by the former CFO to an unrelated party.

PROPOSED TRANSACTIONS

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

ACCOUNTING POLICY JUDGMENTS AND ESTIMATION UNCERTAINTY

The preparation of financial statements requires the use of accounting estimates. It also requires management to exercise judgment in the process of applying its accounting policies. Estimates and judgments are regularly evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. The use of judgments, estimates and assumptions affects the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The following discusses accounting policy judgments and the sources of estimation uncertainty that may result in material changes in the carrying amount of assets or liabilities within the next year:

(a) Accounting policy judgements

Impairment of Mineral Properties

In accordance with the Company's accounting policy for its mineral properties, exploration and evaluation expenditures on mineral properties are capitalized. There is no certainty that the expenditures made by the Company in the exploration of its property interests will result in discoveries of commercial quantities of minerals. The Company applies judgment to determine whether indicators of impairment exist for these capitalized costs.

Management uses several criteria in making this assessment, including the period for which the Company has the right to explore, expected renewals of exploration rights, whether substantive expenditures on further exploration and evaluation of mineral properties are budgeted, and evaluation of the results of exploration and evaluation activities up to the reporting date.

Determining Amount and Timing of Reclamation Provisions

A reclamation provision represents the present value of estimated future costs for the reclamation of the Company's mineral properties. These estimates include assumptions as to the future activities, cost of services, timing of the reclamation work to be performed, inflation rates and interest rates. The actual cost to reclaim a mine or exploration property may vary from the estimated amounts because there are uncertainties with respect to the extent of required future remediation activities, as studies are currently ongoing, and uncertainties in factors used to estimate the cost and potential changes in regulations or laws governing the reclamation of a mineral property. Management periodically reviews the reclamation requirements and adjusts the liability as new information becomes available and will assess the impact of new regulations and laws as they are enacted.

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(b) Estimation Uncertainty

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 audited financial statements.

CHANGES IN ACCOUNTING POLICIES

Accounting Standards Issued but Not Yet Applied

There are no IFRS or International Financial Reporting Interpretations Committee interpretations that are not yet effective that would be expected to have a material impact on the Company's consolidated financial statements.

SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These consolidated financial statements have been prepared on a historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Functional Currency

The presentation currency and the functional currency of the Company and its subsidiaries is the Canadian dollar.

Transactions in foreign currencies are translated into the functional currency at exchange rates at the date of the transactions. Foreign currency differences arising on translation are recognized in profit or loss. Foreign currency monetary assets and liabilities are translated at the functional currency exchange rate at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when acquired. All gains and losses on translation of these foreign currency transactions are included in profit or loss.

Basis of Consolidation

These consolidated financial statements include the financial statements of the Company and its wholly-owned subsidiaries, Manhattan Minerals Inc. and 2287991 Ontario Inc.

The consolidated financial statements include the financial statements of subsidiaries subject to control by the Company. Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of operations and comprehensive loss for the effective date of acquisition or up to the effective date of disposal, as appropriate. All inter-company transactions and balances are eliminated on consolidation. The financial statements of the subsidiaries are prepared using consistent accounting policies and reporting date as of the Company.

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Cash

Cash includes cash on hand and deposits held at call with banks.

Mineral Exploration and Evaluation Expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as mineral concession taxes, option payments, wages and salaries, surveying, geological consulting and laboratory costs, field supplies, travel and administration. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they are incurred.

The Company may occasionally enter into option or royalty arrangements, whereby the Company will transfer part of its mineral properties, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as 'mines under construction'. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

Impairment of Non-financial Assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets with finite lives to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. In addition, long-lived assets that are not amortized are subject to an annual impairment assessment.

Restoration, Rehabilitation and Environmental Obligations

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either a unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage that is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

The Company has no material restoration, rehabilitation and environmental costs as at June 30, 2020 and June 30, 2019 as the disturbance to date is minimal.

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Income Taxes

Income tax expense is comprised of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive income loss.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Share-based Payments

Where equity-settled share options are granted to employees, the fair value of the options at the date of grant, measured using the Black-Scholes option pricing model, is charged to the statement of comprehensive loss or capitalized to mineral properties over the vesting period using the graded vesting method. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Charges for options that are forfeited before vesting are reversed from share-based payment reserve.

Where equity-settled share options are granted to non-employees, they are measured at the fair value of the goods or services received. However, if the value of goods or services received in exchange for the options cannot be reliably estimated, the options are measured using the Black-Scholes option pricing model.

All equity-settled share-based payments are reflected in share-based payment reserve, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in share-based payment reserve is credited to share capital, together with any consideration received.

Share Capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Consideration received from a private placement financing involving units consisting of common shares and warrants is allocated to the share capital and the warrant reserve accounts using the residual value method. The residual method first allocates the value to common shares issued in the private placements at their fair value as determined by the closing quoted bid price on the issuance date. The balance, if any, is allocated to the warrants. Any fair value attributed to the warrants is recorded as contributed surplus in shareholders' equity. Share issuance costs are netted against share proceeds on a pro rata basis.

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Loss per share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method, the dilutive effect on earnings per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

Financial Instruments

Financial instruments are measured on initial recognition at fair value, plus, in the case of financial instruments other than those classified as fair value through profit or loss ("FVTPL"), directly attributable transaction costs. Financial instruments are recognized when the Company becomes party to the contracts that give rise to them and are classified as amortized cost, fair value through profit or loss or fair value through other comprehensive income, as appropriate.

Financial assets at FVTPL

Financial assets at FVTPL include financial assets not designated upon initial recognition as amortized cost or fair value through other comprehensive income ("FVOCI"). A financial asset is classified in this category principally for the purpose of selling in the short term, or if so designated by management. Transaction costs are expensed as incurred. On initial recognition, a financial asset that otherwise meets the requirements to be measured at amortized cost or FVOCI may be irrevocably designated as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Financial assets measured at FVTPL are measured at fair value with changes in fair value recognized in the statements of operations and comprehensive loss. Cash and marketable securities are classified as FVTPL.

Financial assets at FVOCI

On initial recognition of an equity investment that is not held for trading, an irrevocable election is available to measure the investment at fair value upon initial recognition plus directly attributable transaction costs and at each period end, changes in fair value are recognized in other comprehensive income ("OCI") with no reclassification to the statements of operations. The election is available on an investment-by-investment basis. Investments in equity securities, where the Company cannot exert significant influence, are designated as financial assets at FVOCI.

Financial assets at amortized cost

A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and is not designated as FVTPL. Financial assets classified as amortized cost are measured subsequent to initial recognition at amortized cost using the effective interest method.

Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in net earnings when the liabilities are derecognized as well as through the amortization process. Borrowing liabilities are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date. Accounts payable and loans payable are classified as and measured at amortized cost.

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De-recognition of financial assets and liabilities

A financial asset is derecognized when either the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party. If neither the rights to receive cash flows from the asset have expired nor the Company has transferred its rights to receive cash flows from the asset, the Company will assess whether it has relinquished control of the asset or not. If the Company does not control the asset then derecognition is appropriate. A financial liability is derecognized when the associated obligation is discharged or canceled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in net loss.

Impairment of financial assets:

A loss allowance for expected credit losses is recognized in OCI for financial assets measured at amortized cost. At each balance sheet date, on a forward-looking basis, the Company assesses the expected credit losses associated with its financial assets carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The impairment model does not apply to investment in equity instruments.

The expected credit losses are required to be measured through a loss allowance at an amount equal to the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date) or full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument). A loss allowance for full lifetime expected credit losses is required for a financial instrument if the credit risk of that financial instrument has increased significantly since initial recognition.

Financial instruments recorded at fair value:

The fair value of quoted investments is determined by reference to market prices at the close of business on the statement of financial position date. Where there is no active market, fair value is determined using valuation techniques. These include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; discounted cash flow analysis; and, pricing models.

Financial instruments that are measured at fair value subsequent to initial recognition are grouped into a hierarchy based on the degree to which the fair value is observable as follows:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

RISK MANGEMENT, FINANCIAL INSTRUMENTS AND CAPITAL DISCLOSURES

The Company manages its capital structure and makes adjustments to it based on the funds available to the Company in order to support future business opportunities. The Company defines its capital as shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to manage its capital to be able to sustain the future development of the Company's business.

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The Company currently has no source of revenues, and therefore is dependent upon external financings to fund activities. In order to carry future projects and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended June 30, 2020. The Company is not subject to externally imposed capital requirements.

The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

Credit risk

Concentration of credit risk exists with respect to the Company's cash as all amounts are held at a single major Canadian financial institution.

The Company's concentration of credit risk and maximum exposure is as follows:

	June 30, 2020	June 30, 2019
Cash	\$ 121,333	\$ 52,883

The credit risk associated with cash is minimized by ensuring it is placed with a major Canadian financial institution with a strong investment-grade rating issued by a primary ratings agency.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they fall due. The Company's approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due. The Company manages its liquidity risk by forecasting cash flows required for operations and anticipated investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

The business of mining and exploration involves a high degree of risk and there can be no assurance that exploration programs will result in profitable mining operations. The Company has insufficient cash to meet its requirements for administrative overhead, to conduct due diligence on mineral property acquisition targets, and to conduct exploration of its mineral properties and mineral properties that may be acquired.

The Company does not generate cash flows from operations to fund its activities and therefore relies principally upon the issuance of securities for financing. Future capital requirements will depend on many factors including the Company's ability to execute its business plan. The Company intends to continue relying upon the issuance of securities to finance its future activities but there can be no assurance that such financing will be available on a timely basis under terms acceptable to the Company.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

i. Interest rate risk

The Company's cash consist primarily of cash held in bank accounts and term deposits with banks. Due to the short-term nature of this financial instrument, fluctuations in market rates do not have a significant impact on estimated fair value as of June 30, 2020. The Company manages interest rate risk by maintaining an investment policy that focuses primarily on preservation of capital and liquidity. Accordingly, the Company is not subject to interest rate risk.

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ii. Foreign currency risk

During the year ended June 30, 2020, the Company was not exposed to material foreign currency risk.

iii. Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk, foreign currency risk or commodity price risk. The Company's marketable securities are exposed to other price risk.

Financial risk

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.

Outstanding Share Data

As at the date of this MD&A, the Company has the following shares or equities that are convertible to the Company's share capital on a one-to-one basis:

Shares	89,339,118	72,546,818
Warrants outstanding	27,648,134	27,648,134
Options outstanding	3,600,000	3,600,000
	120,587,252	103,794,952

Additional Information

Additional information about the Company, including the Annual Financial Statements, is available on SEDAR at www.sedar.com.