



FALCON
GOLD CORP

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2021

DATE OF REPORT: October 27, 2021

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, 2021. 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 financial statements for the years ended June 30, 2021 and 2020 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 year presented are not necessarily indicative of the results may be expected for any future years.

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". The Company's registered office is located at 110 – 175 Victory Ship Way, North Vancouver, BC, V7L 0B2.

The recent outbreak of the novel coronavirus COVID-19, which was declared a pandemic by the World Health Organization on March 11, 2020, has led to adverse impacts on the Canadian and global economies, disruptions of financial markets, and created uncertainty regarding potential impacts to the Company's supply chain and operations. The COVID-19 pandemic has impacted and could further impact the Company's operations and the operations of the Company's suppliers and vendors as a result of quarantines, facility closures, and travel and logistics restrictions. The extent to which the COVID-19 pandemic impacts the Company's business, results of operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to the duration, spread, severity, and impact of the COVID-19 pandemic, the effects of the COVID-19 pandemic on the Company's suppliers and vendors and the remedial actions and stimulus measures adopted by local and federal governments, and to what extent normal economic and operating conditions can resume. The management team is closely following the progression of COVID-19 and its potential impact on the Company. Even after the COVID-19 pandemic has subsided, the Company may experience adverse impacts to its business as a result of any economic recession or depression that has occurred or may occur in the future. Therefore, the Company cannot reasonably estimate the impact at this time our business, liquidity, capital resources and financial results.

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.

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

| As at June 30, 2021 | McCaul Hutchinson | Central Canada | Bruce Lake | Spitfire & Sunny | Gaspard | Springpole West | Esperanza | Hope Brook | Total |
|--|----------------------|-------------------|---------------|---------------------|-----------|--------------------|-----------|---------------|--------------|
| Balance, beginning of year | \$ 72,562 | \$ 199,654 | \$ 27,730 | \$ 326,404 | \$ - | \$ - | \$ - | \$ - | \$ 626,350 |
| Cash payments | - | 62,000 | - | - | 15,000 | - | - | - | 77,000 |
| Staking | - | - | - | - | - | - | - | 115,505 | 115,505 |
| Shares issued | - | 6,375 | - | - | 18,000 | - | 18,000 | - | 42,375 |
| Warrants issued | - | - | - | - | 10,000 | - | 10,000 | - | 20,000 |
| Option payment received | - | - | (74,750) | - | - | - | - | - | (74,750) |
| Option payment received in excess of cost | - | - | 47,020 | - | - | - | - | - | 47,020 |
| Exploration costs | - | 557,108 | - | 9,730 | - | 2,250 | 16,631 | - | 585,719 |
| Write-down | (42,562) | - | - | - | - | - | - | - | (42,562) |
| Balance, end of year | \$ 30,000 | \$ 825,137 | \$ - | \$ 336,134 | \$ 43,000 | \$ 2,250 | \$ 44,631 | \$ 115,505 | \$ 1,396,657 |

| As at June 30, 2020 | McCaul Hutchinson | Central Canada | Bruce Lake | Spitfire & Sunny | Camping Lake | Wabunk Bay | Esperanza | Total |
|---|----------------------|-------------------|------------|---------------------|-----------------|---------------|-----------|------------|
| Balance, beginning of year | \$ 33,562 | \$ 11,500 | \$ - | \$ - | \$ - | \$ - | \$ 41,770 | \$ 86,832 |
| Acquisition costs | 39,000 | 55,000 | 26,000 | 313,883 | 28,000 | - | - | 461,883 |
| Option payments received | - | - | - | - | (35,000) | - | - | (35,000) |
| Option payments received in excess of carrying costs | - | - | - | - | 6,170 | - | - | 6,170 |
| Exploration costs | - | 133,154 | 1,730 | 12,521 | 830 | 86,526 | 20,048 | 254,808 |
| Write-down | - | - | - | - | - | (86,526) | (61,818) | (148,343) |
| Balance, end of year | \$ 72,562 | \$ 199,654 | \$ 27,730 | \$ 326,404 | \$ - | \$ - | \$ - | \$ 626,350 |

McCaul Hutchinson Property

On December 28, 2017, the Company entered into an option agreement to acquire 100% of the McCaul Hutchinson Property which consists of a claim group located in McCaul and Hutchinson Townships, east of Atikokan in Northern Ontario. The McCaul Hutchinson Property consists of 6 unpatented mining claims consisting of 55 claim shares. As consideration, the Company is required to issue 400,000 common shares and make cash payments totalling \$250,000 as follows:

- Cash payment of \$5,000 on signing (paid);
- Issue 50,000 common shares on regulatory approval (issued);
- Cash payment of \$20,000 (paid) and issuance of 50,000 common shares on the first anniversary of the approval (issued);
- Cash payment of \$50,000 and issuance of 50,000 common shares on the second anniversary of the approval (see below);
- Cash payment of \$50,000 and issuance of 50,000 common shares on the third anniversary of the approval date; and
- Cash payment of \$125,000 and issuance of 200,000 common shares on the fourth anniversary of the approval date.

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.

During the year ended June 30, 2020, the Company entered into a debt settlement agreement to cover \$39,000 of the second anniversary payment by issuing 650,000 common shares and a cash payment of \$15,000, that was paid on August 8, 2020.

During the year ended June 30, 2021, the Company wrote down the McCaul Hutchinson Property to \$30,000.

Central Canada Property

On January 10, 2018, the Company entered into an option agreement to acquire 100% of the Central Canada Property consisting 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 shares. As consideration, the Company is required to issue 325,000 common shares and make cash payments totalling \$141,500 and incur \$100,000 in exploration and evaluation expenditures as follows:

- a) Cash payment of \$6,500 on signing (paid);
- b) Issue 50,000 common shares on regulatory approval (issued);
- c) Cash payment of \$15,000 (paid), issuance of 50,000 common shares (issued) and incur \$10,000 in exploration expenditures on or before the first anniversary of the approval (incurred);
- d) Cash payment of \$30,000, issuance of 50,000 common shares (see below) and incur \$20,000 in exploration expenditures on or before the second anniversary of the approval (incurred);
- e) Cash payment of \$40,000 (paid), issuance of 75,000 common shares (issued) and incur \$30,000 in exploration expenditures on or before the third anniversary of the approval date (incurred); and
- f) Cash payment of \$50,000, issuance of 100,000 common shares and incur \$40,000 in exploration expenditures on or before the fourth anniversary of the approval date (incurred).

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.

During the year ended June 30, 2020, the Company entered into a debt settlement agreement to cover \$21,000 of the second anniversary payment by issuing 350,000 common shares and a cash payment of \$15,000, which was paid on August 8, 2020.

On July 23, 2020, the Company staked an additional 7,477 hectares of mineral claims consisting of 369 units in Atikokan gold camp. It increases the Company's land position to 10,392 hectares and additional 507 mining units.

Bruce Lake Property

On September 6, 2019, the Company entered into an option agreement to acquire 100% interest in the Bruce Lake Property, which 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. As consideration, the Company is required to issue 500,000 common shares (issued) and make cash payments totalling \$58,000 of which \$6,000 have been paid by the Company and the remaining \$50,000 over a four-year period as follows – \$8,000 on or before September 6, 2020 and \$10,000, \$14,000 and \$20,000 due on the second, third and fourth anniversary date respectively.

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

On June 20, 2020, the Company entered into property assignment agreement with Portofino Resources Inc. ("Portofino") whereby the Company has assigned 100% of the interest in the Bruce Lake Property as consideration, the Company will receive 650,000 common shares of Portofino and Portofino will assume the remaining cash payments of \$50,000 commencing on September 6, 2020. On July 20, 2020, the Company received the 650,000 common shares of Portofino with a fair value of \$74,750.

The Company will receive an additional 0.5% NSR for a total of 2% NSR of which 1.5% is payable to the previous owner.

Spitfire and Sunny Boy

On April 16, 2020, the Company acquired 100% interest in Spitfire and Sunny Boy claims in south central British Columbia. The claims are located approximately 16 kilometers east of Merritt and total 502 hectares. As consideration the Company paid cash of \$25,000, issued 2,500,000 common shares fair valued at \$175,000 and issued 2,500,000 warrants exercisable at \$0.10 for a period of two years 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.

Camping Lake

On September 6, 2019, the Company entered into an option agreement to acquire 100% interest in the Camping Lake Property which consists of a claim group located in Red Lake area of Northern Ontario. The Camping Lake Property consists of 5 unpatented mining claims consisting of 109 claim cells. As consideration, the Company is required to issue 500,000 common shares (issued) and make cash payments totalling \$65,000 of which \$8,000 have been paid by the Company and the remaining \$57,000 over a four-year period as follows – \$10,000 on or before September 6, 2020 and \$12,000, \$15,000 and \$20,000 due on the second, third and fourth anniversary date respectively.

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.

On December 9, 2019, the Company entered into an option agreement with Marvel Discovery Resources Inc.'s (formerly International Montoro Resources Inc.) ("IMT") whereby IMT has the option to earn an initial 51% interest in the Camping Lake Property by assuming the Company's underlying claim payment schedule of \$65,000 over a four-year period, incurring property expenditures of \$300,000 over 2 years and issuing 1,500,000 million shares of IMT to the Company. On January 18, 2020, the Company received 1,000,000 common shares with a fair value of \$35,000 from IMT and the remaining 500,000 shares will be due within one year of the effective date. On March 17, 2021, the Company received the 500,000 shares of IMT with a fair value of \$40,000. As at June 30, 2021, IMT and the Company are connected by way of common officers.

Upon exercising the option to earn an initial 51%, IMT can acquire an additional 24% interest for \$500,000 cash within 120 days from earning the 51% interest. The agreement is subject to a 2% NSR royalty, with the original vendor at 1.5% and Falcon at 0.5%.

On July 14, 2020, the Company staked 57 claims to its Camping Lake Property. The new claims add approximately 1,200 hectares ("ha") to the Camping Lake Property that is located near the Red Lake gold camp in northwestern Ontario and increases the project size to 3,400 hectares of contiguous mining units.

On June 30, 2021, the Company has decided not to proceed with the Camping Lake Property and have mutually terminate the joint venture agreement with IMT.

Springpole West Project

On August 25, 2020, the Company acquired 4,440 hectares of mining land 110 kilometers ("km") northeast of Red Lake, ON in the Birch-Uchi Greenstone Belt on Springpole Lake. The Company's new Springpole West Property comprises 197 claims containing 217 units and extends from McNaughton Township.

Esperanza Property

On February 3, 2021, the Company entered into an option agreement to re-acquire 80% interest in Esperanza property. As consideration, the Company is required to issue 500,000 common shares and 500,000 warrants and complete a total of US\$350,000 in exploration expenditures over a four-year period with minimum annual expenditures of US\$87,500 per year.

The Company is required to issue the following:

- i) Issue 200,000 common shares (issued) and 200,000 warrants (granted) on signing of the agreement;
- ii) Issue 100,000 common shares and 100,000 warrants on the second anniversary date of the first payment;
- iii) Issue 100,000 common shares and 100,000 warrants on the third anniversary date; and
- iv) Issue 100,000 common shares and 100,000 warrant on the fourth anniversary date;

The Company fair valued the 200,000 warrants at \$10,000 using the Black Scholes option pricing model with the following assumptions – Share price on grant date of \$0.09; Risk-free interest rate of 0.22%; Dividend yield of NIL; Expected volatility of 140%; Expected life of 2 years and forfeiture rate of 0%. Volatility was determined based on the Company's historical data.

Upon completion of the 80% the Company has the option to acquire the remaining 20% for a further payment of 2,000,000 common shares of the Company and cash payment of US\$1,500,000 payable within 30 months and grant 1% net Smelter Return Royalty to the vendor.

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.

On December 12, 2019, the Company terminated its original option agreement to earn an 80% interest in the Esperanza Property which it had amended on October 15, 2019, which required 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.

Gaspard Claims

On January 27, 2021, the Company entered into a property purchase agreement to acquire 100% interest in the Gaspard Claims which is located in the Clinton Mining District in central British Columbia. The Gaspard Claims consist of 3 mineral claims totaling 3,955.15 hectares. As consideration, the Company paid \$15,000 in cash and issued 200,000 common shares and granted 200,000 warrants at \$0.20 per share for a two year term within 15 days of the effective date and complete \$34,000 in exploration expenditures on the property during the 2021 field season.

The Company fair valued the 200,000 warrants at \$10,000 using the Black Scholes option pricing model with the following assumptions – Share price on grant date of \$0.09; Risk-free interest rate of 0.22%; Dividend yield of NIL; Expected volatility of 140%; Expected life of 2 years and forfeiture rate of 0%. Volatility was determined based on the Company's historical data.

The Company will pay a 2% net Smelter Returns ("NSR") to the vendor and the Company may at any time purchase 1% NSR for \$1,500,000.

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 shares.

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 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 shares of Vatic to the Company with each share consisting of one share and one share purchase warrant exercisable for a period of two years at \$0.25 per share followed by an additional 200,000 shares prior to the first anniversary of the agreement on the same terms as the initial shares. 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 year ended June 30, 2019, the Company received a non-refundable cash amount of \$25,000 as contemplated by the memorandum of understanding following which the memorandum of understanding was terminated by mutual consent.

During the year ended June 30, 2020, the Company terminated the option agreement.

Burton Property

The Burton Property consists of a 100% interest in a claim group located in Esther Township, northwest of Sudbury in Northern Ontario. The Burton Property consists of 16 unpatented mining claims and 6 patented claims covering 356 hectares in a largely contiguous block.

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 with Trelawney Mining and Exploration Inc. (now IAMGOLD Corporation) 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, and 2021, the Company owns 49% of the Property and the Property remain inactive.

Selected Annual Information

| | Year ended June 30, 2021 | Year ended June 30, 2020 | Year ended June 30, 2019 |
|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Revenue | Nil | Nil | Nil |
| Net Loss | \$886,999 | \$671,496 | \$1,663,046 |
| Total Assets | \$2,372,289 | \$860,895 | \$167,367 |
| Total Long-term Liabilities | \$- | \$- | \$- |
| Cash dividends per share | \$- | \$- | \$- |

During the year ended June 30, 2019, the Company recorded a net loss of \$1,663,046 which included \$1,330,591 in impairment and write-off of mineral properties. During the year ended June 30, 2020, the Company recorded a net loss of \$671,496 which included \$148,344 in impairment and write-off of mineral properties and share-based payments. During the year ended June 30, 2021, the Company recorded a net loss of \$886,999 which included share-based payments of \$458,600 and write-off of mineral properties totaling \$42,562.

RESULT OF OPERATIONS

During the year ended June 30, 2021, the Company recorded a net loss of \$886,999 as compared to the net loss of \$671,496 for the comparable year ended June 30, 2020. Included in the net loss for the current year to date was an unrealized gain on marketable securities of \$126,588, realized gain on sale of marketable securities of \$29,119, other income of \$87,045 and a write-off of mineral properties of \$42,562, whereas in the comparable year there were write-offs of accounts payable, mineral properties and prepaid expenses.

Total expenses for the current year amounted to \$1,087,189 as compared to \$638,436 for the comparable year an increase of approximately \$448,000. The increase can be attributed to the following: Share-based payments have increased from \$117,099 to \$458,600 in the current year as there were more stock options granted to directors, officers and consultants. Share-based payments is a non-cash transaction. Filing fees and communications have increased from \$217,269 to \$239,865 in the current year which was due to the increase in marketing activities during the current year and increase in filings due to the increase mineral property acquisition and granting of stock options. General and administration costs have increased from \$20,571 to \$54,964 in the current period which can be attributed to an increase in rent expenses and promotional costs.

During the year ended June 30, 2021, the Company incurred \$585,719 in exploration costs on its mineral properties with the majority of the work performed on the Central Canada property. Included in exploration costs are airborne surveys, assays drilling, geological, and staking costs. The Company also acquired the Gaspard and Esperanza properties and paid cash of \$15,000, issued an aggregate of 400,000 common shares fair valued at \$36,000 and 400,000 warrants fair valued at \$20,000 using the Black-Scholes Option pricing model.

The Company staked additional claims within the Hope Brook area in Newfoundland for total cost of \$115,505.

During the year ended June 30, 2021, the Company decided not to proceed with the Camping Lake Property and have mutually terminated the joint venture agreement with IMT. The Company received the remaining 500,000 common shares of IMT. The Company also wrote-down the McCaul Hutchinson Property to \$30,000.

SUMMARY OF QUARTERLY RESULTS

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

| Quarter Ended | Revenue | Loss for the period | Basic and Diluted Loss per share |
|--------------------|---------|---------------------|----------------------------------|
| June 30, 2021 | \$ Nil | \$ 153,422 | \$ (0.00) |
| March 31, 2021 | \$ Nil | \$ 111,792 | \$ (0.00) |
| December 31, 2020 | \$ Nil | \$ 156,086 | \$ (0.00) |
| September 30, 2020 | \$ Nil | \$ 465,699 | \$ (0.00) |
| June 30, 2020 | \$ Nil | \$ 401,766 | \$ (0.01) |
| March 31, 2020 | \$ Nil | \$ 32,370 | \$ (0.00) |
| December 31, 2019 | \$ Nil | \$ 114,067 | \$ (0.00) |
| September 30, 2019 | \$ Nil | \$ 123,293 | \$ (0.00) |

Variances in quarterly results can be due to share-based payments incurred in a quarter as the Company's stock options generally vest on the grant date and therefore are fully expensed in the quarter in which they are granted and to the write-off of mineral properties during a quarter.

FOURTH QUARTER

During the fourth quarter ended June 30, 2021, the Company recorded a net loss of \$153,422 as compared to \$401,766 for the comparable quarter ended June 30, 2020. The net loss in 2021 mainly included \$37,600 in share-based payments on stock options granted or vested to June 30, 2021, \$72,176 in consulting fees to third parties for administrative and business advisory services and recorded a write-down of \$42,562 on the McCaul Hutchinson Property. The net loss in 2020 mainly included consulting fees to third parties of \$89,124; filing fees and communications services of \$162,387 and share-based payments totaling \$43,990 and yearend adjustments.

LIQUIDITY

As at June 30, 2021, the Company had working capital of \$813,564 (June 30, 2020 – \$202,621 working capital deficiency), had not yet achieved profitable operations, has accumulated losses of \$8,604,998 (June 30, 2020 - \$7,717,999) 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.

The Company believes that the current capital resources is not sufficient to pay overhead expenses and its exploration expenditure commitment for the next twelve months and will need to seek additional funding for overhead expenses and any future commitments. The Company will continue to monitor the current economic and financial market conditions and evaluate their impact on the Company's liquidity and future prospects.

Since the Company will not be able to generate cash from its operations in the foreseeable future, the Company will have to rely on the issuance of shares, shares for debt, loans and related party loans to fund ongoing operations and investments. The ability of the Company to raise capital will depend on market conditions and it may not be possible for the Company to issue shares on acceptable terms or at all.

On July 13, 2020, the Company completed a non-brokered private placement of 5,750,000 units at a price of \$0.08 per unit for total proceeds of \$460,000. Each unit consist of one common share and one share purchase warrant. Each share purchase warrant is exercisable at \$0.125 per share expiring three years from the date of issuance.

On January 14, 2021, the Company completed a non-brokered private placement of 6,666,665 units at a price of \$0.12 per unit for total proceeds of \$800,000 of which \$73,000 is included in subscriptions receivable at June 30, 2021. Each unit consist of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one common share of the Company at a price of \$0.20 per share expiring on January 14, 2024. The Company has allocated the fair value of \$66,667 to the warrants.

On March 12, 2021, the Company issued 200,000 common shares fair valued at \$9,000, pursuant to the terms of the Gaspard property agreement.

On March 12, 2021, the Company issued 200,000 common shares fair valued at \$9,000, pursuant to the terms of the Esperanza property agreement.

On April 14, 2021, the Company issued 75,000 common shares fair valued at \$6,375, pursuant to the terms of the Central Canada property agreement.

During the year ended June 30, 2021, the Company issued an aggregate of 13,142,300 common shares pursuant to the exercise of share purchase warrants for total proceeds of \$825,530 of which \$50,000 was included in subscription receivable at June 30, 2021 and was subsequently collected.

During the year ended June 30, 2021, the Company issued 140,000 common shares pursuant to the exercise of stock options for total proceeds of \$10,000. The Company also transferred \$7,400 from contributed surplus.

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 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 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:

| | 2021 | 2020 |
|----------------------|-------------------|-------------------|
| Management fees | \$ 113,000 | \$ 113,500 |
| Rent | 20,700 | - |
| Accounting | 16,000 | - |
| Share-based payments | 214,250 | 47,420 |
| | <u>\$ 363,950</u> | <u>\$ 160,920</u> |

Accounts payable and accrued liabilities include \$7,674 (2020 - \$50,005) due to related parties. These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

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

N/A

SUBSEQUENT EVENTS

On July 9, 2021, the Company completed a non-brokered private placement of 1,500,000 units at a price of \$0.12 per unit for total proceeds of \$180,000 of which it is included in subscriptions received as at June 30, 2021. Each unit consist of one common share and one non-transferable warrant entitling the holder to purchase one common share of the Company at a price of \$0.20 per share expiring on July 9, 2024.

On August 5, 2021, the Company granted 1,800,000 stock options to an officer of the Company and consultants exercisable at a price of \$0.10 per share expiring on August 31, 2026.

On October 12, 2021, the Company completed a non-brokered private placement of 4,117,000 flow-through units at a price of \$0.13 per unit for total proceeds of \$535,210. Each unit consist of one flow-through common share and one-half of one common share purchase warrant; each whole warrant entitling the holder to subscribe for and purchase one non-flow-through common share at a price of \$0.25 expiring on October 12, 2023.

Subsequent to June 30, 2021, 80,000 stock options were exercised for total proceeds of \$9,600.

Subsequent to June 30, 2021, 7,800,000 share purchase warrants were exercised for total proceeds of \$390,000.

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.

(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.

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.

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, 2021. 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, 2021 | June 30, 2020 |
|---------------------------|----------------------|----------------------|
| Cash and cash equivalents | \$ 547,426 | \$ 121,333 |

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, 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, 2021. 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.

ii. Foreign currency risk

During the year ended June 30, 2021, 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 June 30, 2021 and 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:

| Security description | As at | |
|--|---------------|-------------|
| | June 30, 2021 | MD&A |
| Common shares – issued and outstanding | 98,720,783 | 112,217,783 |
| Share purchase warrants | 25,952,499 | 21,710,999 |
| Stock options | 7,360,000 | 8,830,000 |
| Common shares – fully diluted | 132,033,282 | 159,801,281 |

Additional Information

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