

**Fairchild Gold Corp.**  
**Management's discussion and analysis**  
**For the year ended August 31, 2021**

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The following Management's Discussion and Analysis ("MD&A") is current as of December 29, 2021. This MD&A contains a review and analysis of financial results for Fairchild Gold Corp. ("the Company") for the year ended is August 31, 2021.

This MD&A supplements but does not form part of the condensed financial statements of the Company and Notes thereto for the year ended August 31, 2021, and consequently should be read in conjunction with the afore-mentioned financial statements and notes thereto.

All amounts both in the Company's financial statements and this MD&A are expressed in Canadian dollars.

## **FORWARD-LOOKING STATEMENTS**

This MD&A contains forward-looking statements and forward-looking information (collectively, "forward-looking statements") within the meaning of applicable Canadian legislation, operations and financial performance and condition of the Company. All statements, other than statements of historical fact, included herein including, without limitation, management's expectations regarding the Company's growth, results of operations, estimated future revenues, future demand for and prices of gold and precious metals, business prospects and opportunities, future capital expenditures and financings (including the amount and nature thereof), anticipated content, commencement, and cost of exploration programs in respect of the Company's projects and mineral properties, anticipated exploration program results from exploration activities, the discovery and delineation of mineral deposits, resources and/or reserves on the Company's projects and mineral properties, and the anticipated business plans and timing of future activities of the Company, are forward-looking statements. In making the forward-looking statements in this MD&A, the Company has applied several material assumptions, including without limitation, that there will be investor interest in future financings, market fundamentals will result in sustained precious metals demand and prices, the receipt of any necessary permits, licenses and regulatory approvals in connection with the future exploration and development of the Company's projects in a timely manner, the availability of financing on suitable terms for the exploration and development of the Company's projects and the Company's ability to comply with environmental, health and safety laws. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct.

Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "may", "will", "budget", "scheduled", "estimates", "forecasts", "predicts", "intends", "targets", "aims", "anticipates" or "believes" or variations (including negative or grammatical variations) of such words and phrases or may be identified by statements to the effect that certain actions "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved.

Forward looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to differ materially from any future results, performance or achievements expressed or implied by the forward-looking information. Such risks and other factors include, among others:

- general business, economic, competitive, political and social uncertainties;
- the Company's strategies and objectives, both generally and in respect of its specific mineral properties or exploration and evaluation assets;
- the ability of the Company to obtain sufficient financing to fund its business activities and plans on an ongoing basis;

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- operating and technical difficulties in connection with mineral exploration for the Company's projects generally, including the geological mapping, prospecting, drilling and sampling programs for the Company's projects;
- accuracy of probability simulations prepared to predict prospective mineral resources;
- actual results of exploration activities, including exploration results, the estimation or realization of mineral resources and mineral reserves, the timing and amount of estimated future production, costs of production, capital expenditures, and the costs and timing of the development of new deposits;
- changes in project parameters as plans continue to be refined;
- possible variations in ore grade or recovery rates, possible failures of plants, equipment or processes to operate as anticipated, accidents, labour disputes and other risks of the mining industry;
- delays in obtaining governmental and regulatory approvals, permits or financing or in the completion of development or construction activities;
- changes in laws, regulations and policies affecting mining operations, hedging practices, currency fluctuations, title disputes or claims limitations on insurance coverage and the timing and possible outcome of pending litigation, environmental issues and liabilities, risks related to joint venture operations, and risks related to the integration of acquisitions;
- requirements for additional capital, future prices of precious metals, changes in general economic conditions, changes in the financial markets and in the demand and market price for commodities;
- risks relating to epidemics or pandemics such as COVID-19, including the impact of COVID-19 on the Company's business, financial condition and results of operations; and
- those factors discussed under the headings "Risk and Uncertainties" and "Financial Instruments and Risk Management" in this MD&A and other filings of the Company with the Canadian Securities Authorities, copies of which can be found under the Company's profile on the SEDAR website at [www.sedar.com](http://www.sedar.com).

These factors should be carefully considered and readers are cautioned not to place undue reliance on forward-looking statements. Although the forward-looking information contained in this MD&A is based upon what management believes to be reasonable assumptions, there can be no assurance that such forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Such forward-looking information is made as of the date of this MD&A and, other than as required by law, the Company assumes no obligation to update or revise such forward-looking information to reflect new events or circumstances.

### **BASIS OF PRESENTATION**

In this document and in the Company's consolidated financial statements, unless otherwise noted, all financial data is prepared in accordance with IFRS.

### **BUSINESS OVERVIEW**

The Company is a publicly traded mineral exploration company, whose common shares are listed on the TSX Venture (the "TSX-V") under the symbol "FAIR". The Company is engaged in the acquisition, exploration and development of North American mineral properties.

The Company's exploration assets are grouped together as the Fairchild Lake Property (the "Fairchild Project" or the "Project") and the mining claims are located in the Patricia Mining Division of Ontario, described in more detail below.

The company's head office and registered and records office are located 9285 203B Street Langley, British Columbia.

### **COVID-19**

The impact of the outbreak of COVID-19 is uncertain and could ultimately have a significant impact on operations. To date there has been no material negative economic impact on the Company's operations. The Company continues to follow COVID-19 infection prevention guidance and directives of federal, provincial and regional authorities in respect of acceptable protocols.

It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effect on the Company's business or ability to raise funds.

## **EXPLORATION PROJECTS**

### **Fairchild Project**

#### *Property description*

The Company's principal asset is the Fairchild Lake property. On January 16, 2020, the Company entered into a Mineral Property Option Agreement (the "Agreement") with 1544230 Ontario Inc. to acquire a 100% interest in the mineral claims known as Fairchild Lake mineral property located the mineral property comprised of 25 single-cell and 108 multi-cell claims covering an area of approximately 2,224 hectares, in the Patricia Mining Division in north-western Ontario, approximately 250 km northwest of the city of Thunder Bay.

The Claims are subject to a 1.5% net smelter returns ("NSR"). The Company has the right to purchase a one-half interest of this NSR for \$500,000.

Under the Option Agreement, the Company will be required to make cash payments totaling \$86,000 as follows:

- a. \$16,000 upon execution and delivery of this agreement – **paid**,
- b. \$12,000 on or before January 16, 2021- **paid**
- c. \$14,000 on or before January 16, 2022,
- d. \$16,000 on or before January 16, 2023, and
- e. \$28,000 on or before January 16, 2024.

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The value of the Company's exploration and evaluation asset was comprised of the following as of August, 2021:

	Acquisition Costs	Exploration Costs	Total
Balance at November 28, 2019	\$ -	\$ -	\$ -
Additions:			
Cash	16,000	-	16,000
Labour	-	33,164	33,164
Labs	-	6,643	6,643
Magnetic survey	-	60,681	60,681
Mobilisation and demobilisation	-	15,000	15,000
Supplies	-	3,573	3,573
Travel	-	20,871	20,871
Balance, August 31, 2020	\$ 16,000	\$ 139,932	\$ 155,932
Additions:			
Cash	12,000	-	12,000
Report	-	10,161	10,161
Balance, August 31, 2021	\$ 28,000	\$ 150,093	\$ 178,093

Pursuant to the property option agreement, the company paid \$12,000 to 1544230 Ontario Inc. In addition, to the payment, the company paid \$10,161 to develop a NI-43-101 Report for the Fairchild Lake Property. The report provides a summary of material scientific and technical information concerning the company's mineral exploration on the Fairchild Lake Property and can be found on the company's SEDAR page.

**SELECTED ANNUAL INFORMATION**

Financial year ended	August 31, 2021	August 31, 2020
Total revenues	\$ nil	\$ nil
Net loss	\$ (348,959)	\$(201,326)
Per share	\$ (0.04)	\$(0.04)
Total assets	\$ 805,353	\$344,126
Total long-term financial liabilities	\$ nil	\$ nil

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Below is a summary of the Company's results, for the preceding 8 quarters

	Fiscal Year ending August 31, 2021				Fiscal [ML1] Year ended August 31, 2020			
	Three months ended - August 31, 2021	Three months ended - May 31, 2021	Three months ended - February 28, 2021	Three months ended - November 30, 2020	Three months ended - August 31, 2020	Three months ended - May 31 30,2020	Three months ended - February 28, 2020	Incorporated on November 28, 2019
Net loss	(228,874)	(43,324)	(29,128)	(47,633)	(172,503)	(12,701)	(16,122)	N/A
Basic and diluted loss per share	(0.04)	(0.00)	(0.00)	(0.00)	(0.02)	(0.00)	(0.01)	N/A

**Financial Performance**

For the three months ended August 31, 2021

Net losses for the three months ended August 31, 2021 were \$228,874 (2020 - \$174,088). The increase in losses is directly attributed to the engagement of senior technical staff and consultants to assist in the evaluation and assessment of projects, as well as increased professional expense related the preparation of offering documents

This general and administrative expenses of \$35,893 (2020- \$1,253), an increase of \$34,640 is related to the Company's activities in evaluating properties in Nevada.

Professional fees of \$145,850 (2020-\$ 14,300) the increase of \$132,850 is related to increased accounting and legal costs related to ongoing efforts to raise capital and increasingly complex financial reporting requirements related to the incorporation of a Nevada subsidiary. [ML2]

Management fees of \$17,631 (2020 - \$9,000). The increase of \$8,631 related to the hiring of a new CEO.

Share based compensation \$19,000 (2020 - \$147,000) related to a revaluation of shares already issued.

Twelve months ended August 31, 2021

Net losses for the year ended were \$348,959 (2020 - \$201,326<sup>1</sup>) and the period from inception, to August 31, 2021 were and respectively. The losses increased due to the professional fees, office expenses, rental costs, and marketing costs. The company reduced share-based compensation by \$100,000 to offset some of the increases in other areas.

Advertising and promotion, \$11,642 compared to (2020 - \$NIL) increased as the company created marketing materials to promote its initial public offering.

Management fees increased from (2020 - \$27,000) to \$44,631, an increase of \$17,631 due to increases in management fees paid to certain managers and new managers being paid.

Office expenses increased from (2020 - \$5,991) to \$41,780, an increase of \$35,789. The increase is related to website operation costs and the opening of a new Nevada office.

<sup>1</sup> The Company was incorporated on November 29, 2019, resulting in a short comparative period in the prior year

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Professional fees increased from (2020 - \$14,585 to \$187,787), an increase of \$173,202. The increase can be attributed to accounting and legal fees associated with the public company disclosure requirements, annual audit and quarterly review costs in addition, some legal costs related to the IPO that were expensed.

Share based compensation decreased from (2020 - \$147,000) to \$47,000, a decrease of \$100,000 since the company issued fewer options under the company's stock option plan.

**Cash Flows**

*For the year ended August 31, 2021 and period ending August 31, 2020*

Cash flows used in operating activities for the year ended and the period from inception, November 29, 2019 to August 31, 2021 were \$356,931 and (18,578) respectively.

Net cash used in investing activities was \$22,161 compared to \$155,932. The decline was a result of the company focusing on raising capital during the most recent fiscal year.

Net cash provided by financing was \$732,678 compared to \$283,751 as the company completed its IPO during the most recent fiscal period.

**Liquidity and Capital Resources**

Total shareholders' equity as of August 31, 2021 was \$719,471 (August 31, 2020 – 266,875) as follows:

Balance as of August 31, 2020	\$	266,875
Shares issued for cash		1,035,000
Share issuance costs		(355,249)
Share based payments		121,804
Current period loss		(348,959)
Balance as of December 31, 2020		<u>\$719,471</u>

The Company ended the period with cash of \$499,983 an increase of \$353,588 from August 31, 2020.

The working capital surplus was 492,052 as at August 31, 2021 compared to a surplus of \$73,493 as at August 31, 2020.

The Company does not generate cash flows from operations and accordingly, the Company will need to raise additional funds through the issuance of shares. Although, the Company has been successful in raising funds in the past there can be no assurance that the Company will be able to raise sufficient funds in the future, in which case the Company may be unable to meet obligations in the normal course of business. These factors may cast significant doubt regarding the Company's ability to continue as a going concern. Should the Company be unable to discharge liabilities in the normal course of business, the net realizable value of the Company's assets may be materially less than amounts on the statement of financial position.

**COMMITMENTS AND CONTINGENCIES**

The Company is committed to certain cash payments, common share issuances and exploration expenditures as described in the Business Overview.

## **RELATED PARTY TRANSACTIONS**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

The Company had incurred the following key management personnel cost from related parties:

	<b>Three months ended August 31, 2021</b>	<b>Year Ended, August 31, 2021</b>	<b>Period ended August 31, 2020</b>
			\$
Management fees	17,000	44,000	27,000
Professional fees	-	56,957	7,602
Rent	2,250	9,000	6,750
Share-based payments	-	47,000	147,000

Key management includes directors and key officers of the Company, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"). During the period ended August 31, 2020, the Company issued 3,000,000 common shares with estimated fair value of \$150,000 (see Note 7) to directors and officers of the Company. Accordingly, the Company recorded an amount of \$147,000 as share-based payments for the period ended August 31, 2020.

During the year months ended August 31, 2021, the company issued 750,000 stock options to directors and officers of the Company. Accordingly, the Company recorded an amount of \$28,000 as share-based payments for the year ended August 31, 2021.

During the three and year ended August 31, 2021, the Company paid management fees of \$17,000 and \$44,000 and rent of \$2,250 and \$9,000 to a company controlled by the CEO and director of the Company. During the same period, the Company incurred \$43,693 and \$58,110 in accounting fees to a company controlled by the CFO and director of the Company.

## **OFF-BALANCE SHEET ARRANGEMENTS**

There were no off-balance sheet arrangements for the three months ended August 31, 2021.

## **PROPOSED TRANSACTIONS**

There are no proposed transaction at this time however, the company is exploring raising additional capital through a private placement.

## **CRITICAL ACCOUNTING ESTIMATES**

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

*Significant accounting estimates*

- i. the measurement of deferred income tax assets and liabilities; and
- ii. the inputs used in accounting for share-based payments.

**ADOPTION OF NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS**

The Company has performed an assessment of new standards issued by the IASB that are not yet effective. The Company has assessed that the impact of adopting these accounting standards on its financial statements would not be significant.

**FINANCIAL INSTRUMENTS AND FINANCIAL RISK**

International Financial Reporting Standards 7, Financial Instruments: Disclosures, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - 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 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**Fair value of financial instruments**

The Company's financial assets include cash and are classified as Level 1. The carrying value of these instruments approximates their fair values due to the relatively short periods of maturity of these instruments.

Assets measured at fair value on a recurring basis were presented on the Company's statements of financial position as at August 31, 2021 were as follows:

	Carrying amount	Fair value measurement using		
		Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 499,983	\$ 499,872	\$ -	\$ -

**Financial risk management objectives and policies**

The Company's financial instruments include cash and accounts payable. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

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*Currency risk*

The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

The Company does not have any significant foreign currency denominated monetary liabilities. The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval and acceptance by regulatory authorities.

*Credit Risk*

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places these instruments with a high-quality financial institution.

*Interest Rate Risk*

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term.

The Company has not entered into any derivative instruments to manage interest rate fluctuations.

*Liquidity risk*

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations.

**Dilution**

The Company does not generate any revenues from production and may not have sufficient financial resources to undertake by itself all of its planned exploration programs. The Company has limited financial resources and has financed its operations primarily through the sale of common shares. The Company assesses various options for financing; however, the Company may need to continue its reliance on the sale of securities for future financing, resulting in potential dilution to the Company's existing shareholders. The amount of additional funds required will depend largely on the success of the Company's exploration programs.

Further exploration programs will depend on the Company's ability to obtain additional financing which may not be available under favorable terms, if at all. If adequate financing is not available, the Company may not be able to commence or continue with its exploration and development programs or to meet minimum expenditure requirements to prevent the full or partial loss of its mineral properties.

**No Known Mineral Reserves**

The Company's mineral properties are in the exploration stage and it is without known mineral reserves. Although the Company may discover mineral reserves through its exploration programs, commercial production may not be warranted due to insufficient quantities or unfavourable economic conditions.

In the event a mineral reserve is discovered, substantial expenditures are required to develop the mineral reserve for production including facilities for mining, processing, infrastructure and transportation. The marketability of any minerals discovered may be affected by numerous factors which are beyond the

Company's control and which cannot be accurately predicted, such as global economic conditions, mineral markets and mineral pricing, global smelting and refining availability, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection. Depending on the price of minerals produced, the Company may determine that it is not warranted to commence or continue commercial production.

### **Key Personnel**

The Company is dependent on a relatively small number of key personnel, the loss of any of whom could have an adverse effect on the operations of the Company. The Company's success is dependent to a great degree on its ability to attract and retain qualified management personnel. The loss of such key personnel, through incapacity or otherwise, may require the Company to seek and retain other qualified personnel and could compromise the pace and success of its exploration activities. The Company does not maintain key person insurance in the event of a loss of any such key personnel. Also, certain management personnel of the Company are officers and/or directors of other publicly-traded companies and may devote only part of their time to the Company.

Additionally, the Company has relied on and is expected to continue relying upon consultants and others for exploration and development expertise.

### **Industry Operating Hazards and Risks**

Mineral exploration and development involve many risks, including location of commercially productive mineral resources or reserves, which may not occur even with a combination of experience, knowledge and careful evaluation. The operations in which the Company has a direct or indirect interest may be subject to some or all of the hazards and risks normally incidental to resource companies, any of which could result in work stoppages. Fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides social disruptions, and the inability to obtain suitable or adequate machinery, equipment or labour are some of the industry operating risks involved in the development and operation of mines and the conduct of exploration programs. Other risks include injury or loss of life, severe damage to or destruction of property, clean-up responsibilities, regulatory investigation and penalties and suspension of operations. The occurrence of any of these operating risks and hazards may have an adverse effect on the Company's financial condition and operations and may incur legal liability.

Although the Company will, when appropriate, secure liability insurance in an amount which it considers appropriate, the nature of these risks is such that liabilities might exceed policy limits, the liability and hazards might not be insurable, or the Company might elect not to insure itself against such liabilities due to high premium costs or other reasons, in which event the Company could incur significant costs that may have a material adverse effect upon its financial condition and operations.

### **Government Regulations and Political Climate**

Mineral exploration on the Company's properties are affected to varying degrees by: (i) government regulations relating to such matters as environmental protection, health, safety and labour; (ii) mining law reform; (iii) tax laws (iv) restrictions on production, price controls, and tax increases; (v) maintenance of claims; (vi) tenure; and (vii) expropriation of property through nationalization, requisition or confiscation. Any mineral exploration activities conducted by the Company, including commencement of production, require permits from governmental authorities and such operations are and will be governed by laws and regulations governing prospecting, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters.

Companies engaged in the development and operation of mines and related facilities generally experience increased costs, and delays in development and/or production and other schedules as a result of the need to comply with applicable laws, regulations and permits. All permits required for the conduct of exploration, development and mining operations, including the construction of mining facilities, may not be obtainable by the Company on reasonable terms, which would have an adverse effect on any mining project the Company might undertake. Additionally, failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining exploration, development or operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

To the best of the Company's knowledge, the Company is and will continue to operate in compliance with applicable legal and environmental regulations and social requirements. However, amendments to current governmental laws and regulations affecting mining companies, or the more stringent application thereof, or shifts in political conditions or attitudes could adversely affect the Company's operations including the potential to curtail or cease exploration programs or to preclude entirely the economic viability of a mineral property. The extent of future changes to governmental laws and regulations cannot be predicted or quantified, but it should be assumed that such laws and regulations will become more stringent in the future. Generally, new laws and regulations will result in increased compliance costs, including costs and time and effort for obtaining permits, and increased delays or fines resulting from loss of permits or failure to comply with the new requirements.

## **DISCLOSURES**

### ***Additional Information as specified by National Instrument 51-102***

Additional information, including the Company's most recent Annual Information Form, is available on SEDAR at <http://www.sedar.com>

### ***Venture Issuer Without Significant Revenue***

This MD&A supports information disclosed in the Company's financial statements. More information regarding the Company's mineral right interests can be found under Note 4 of the Company's financial statements for the current reporting period.

### ***Internal Controls Over Financial Reporting ("ICFR")***

There were no changes in the Company's internal control over financial reporting during the period from August 31, 2020 to August 31, 2021 that have materially affected, or are reasonably likely to affect, the Company's internal control over financial reporting.