MANAGEMENT DISCISSION ANALYSIS

FOR THE SIX MONTHS ENDED

JANUARY 31, 2021

BASIS OF DISCUSSION & ANALYSIS AND DATE

This Management Discussion and Analysis ("MD&A") of the financial position and results of Tarachi Gold Corp. (the "Company" or "Tarachi") should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and related notes for the six months ended January 31, 2021 and 2020. The MD&A was prepared to conform to National Instrument 51-102F1 and was approved by the Board of Directors prior to its release. Readers are cautioned that the MD&A contains forward-looking statements and that actual events may vary from management's expectations. Readers are encouraged to read the Forward-Looking Statement disclaimer included with this MD&A.

The condensed interim consolidated financial statements and MD&A are presented in Canadian dollars, unless otherwise indicated, and have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The statements and any summary of results presented in the MD&A were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Please consult the audited financial statements for the years ended July 31, 2020 and 2019, and the condensed interim financial statements for the six months ended January 31, 2021 and 2020 for more complete financial information.

All of the Company's public disclosure filings, including its most recent management information circular, material change reports, press releases and other information, may be accessed via www.sedar.com and readers are urged to review these materials, including the technical reports filed with respect to the Company's mineral properties.

This MD&A has been prepared based on information available to the Company as of March 30, 2021.

OVERALL PERFORMANCE

NATURE OF BUSINESS

Tarachi Gold Corp. was incorporated as Kal Minerals Corp. under the Business Corporations Act (British Columbia) on February 19, 2016. On April 7, 2020, the Company changed its name to Tarachi Gold Corp. The shares of the Company are trading on the Canadian Securities Exchange under the symbol "TRG". The Company's principal business activity is the exploration of mineral properties. The Company currently conducts its operations in Mexico.

The head office and principal address of the Company is located at Suite 700, 1090 West Georgia Street, Vancouver, B.C. V6E 3V7.

The Company has no substantial revenue and supports its operations through the sale of equity or assets such as mineral properties. The value of any mineral property is dependent upon the existence or potential existence of economically recoverable mineral reserves. See section related to "Risk Factors" in this statement.

OVERALL PERFORMANCE, CONTINUED

PROJECT ACQUSITION

On February 8, 2021 the Company announced signing of a purchase agreement with Manto Resources S.A. de C.V. (“Manto”) to acquire Magistral del Oro mill and tailings project (“Magistral”) and On March 18, 2021 the Company announced the closing for the purchase of Magistral. The mill and high-grade gold tailings, located in the State of Durango, provide the Company with a near-term pathway to gold production and the Project is expected to start generating positive cashflow in 2022.

Acquisition Terms

Final terms of the Purchase Agreement are in line with the original Letter of Intent dated October 9, 2020, with Manto:

- Consideration for the Acquisition will consist of issuing 4,000,000 common shares of Tarachi to Manto.
- The Company will grant Manto a 15% net profits royalty on the estimated 1.3 million tonnes of tailings material expected to be processed and reimburse Manto for US$1,179,500 of cash outlays.
- The Company will satisfy certain obligations of Manto by paying a total of approximately US$1,111,000 plus any Mexican value added tax (IVA) and issuing 1,685,916 Common Shares within 90 days of closing.
- Manto will be entitled to the following staged bonus payments:
    - An additional 4,000,000 Common Shares 60 days after the Closing Date.
    - 4,000,000 Common Shares 180 days after the Closing Date.
    - 4,000,000 Common Shares 365 days after the Closing Date.
    - US$500,000 in cash following 6 months of commercial production at Magistral.
    - US$500,000 in cash following 12 months of commercial production at Magistral.
    - Upon the Company earning US$15,000,000 in revenue from Magistral, the Company will pay Manto US$1,000,000.
    - A finder's fee of 1,000,000 Common Shares will be issued to Spirit Exploration Corp.

FINANCING

On August 14, 2020, the Company closed a non-brokered private placement for gross proceeds of $9,487,442 through the issuance of 23,718,605 units at a price of $0.40 per unit. Each unit consists of one common share and one-half common share purchase warrant. Each warrant is exercisable at a price of $0.70 per share for a period of 24 months. The Company paid finders’ fees of $304,938, other related fees of $5,554 and issued 755,610 finders’ warrants at the same terms as the warrants described above. The fair value of the finders’ warrants is $425,007.

OVERALL PERFORMANCE, CONTINUED

EXPLORATION POJECTS

Juliana and Las Moritas

On September 3, 2020 (“Effective Date”), the Company entered into an option agreement to acquire a 100% interest, subject to a 3% NSR, in the group of mining concessions known as the Juliana, Juliana No.1, Juliana No.2 and Las Moritas Mining Concessions. The 4 concessions cover a total surface area of 1,148.42 hectares and are located in the Sierra Madre Gold Belt of Eastern Sonora, Mexico. The Company can earn 100% in the project by paying staged cash payments of US$2.1 million and issuing 4 million common shares of the Company over a period of four year.

Based on the channel sampling results of 6.34 grams/tonne gold over 62.55 metres at the historic La Dura mine announced on August 19, 2020 the company optioned these four concessions due to their close proximity immediately to the north and on trend with the felsic volcanic pile hosting the La Dura gold mineralization.

Geologically, mineralization is generally associated with high sulphidation epithermal mineralization contained within felsic volcanic piles typically of rhyodacitic composition. Higher grade gold concentrations are typically associated within silicified zones containing vuggy silica and breccias hosting hematite and specularite. Native gold has been observed along late-stage fracture coatings associated with barite.

MANAGEMENT CHANGES

On December 1, 2020, the Company announced appointment of new CFO and Corporate secretary and on December 2, 2020, the Company announced appointment of new CEO and Chairman of the board.

EXERCISE OF STOCK OPTIONS AND WARRANTS

During the six months ended January 31, 2021, 150,000 of options and 410,000 warrants were exercised for gross proceeds of $116,100.

RESULTS OF OPERATION

El Magistral

Since acquiring the Magistral Project, Tarachi has engaged Ausenco Engineering ("Ausenco") to conduct a preliminary economic assessment of the project and provide an NI 43-101 compliant resource estimate for the tailings material that Tarachi has access to. Tarachi plans to process the tailings material through the Magistral mill to produce gold and other recoverable metals beginning in 2022. The preliminary economic assessment is expected to be completed by the end of the second quarter of 2021.

An auger drill rig was mobilized to Magistral at the end of March 2021 to conduct sampling work as part of the preliminary economic assessment. Drilled samples will be used for metallurgical test work and analyzed for metal content.

The existing permits for the Magistral project are currently being audited by consultants in Mexico to determine their current status and what requirements need to be met to ensure that the project is in compliance and fully permitted before the mill is commissioned in 2022.

Engineers were sent to Magistral on the 18th of March to review the existing equipment in the mill and to provide an opinion of the mill's current status and capabilities. An electrical review was also underway in March in order to determine the mill's electrical consumption expectations which are needed to apply to have the mill connected to the local power grid.

In the second quarter of the year, the company will bring in a tailings disposal facility ("TSF") specialist to assess the existing TSF and determine what modifications are required to comply with the existing tailings permits. Metallurgical work overseen by Ausenco in the quarter will also determine what modifications or upgrades are recommended for the mill in order to maximize gold recoveries and minimize operating costs. In particular, Ausenco will be looking at how best to manage the presence of cyanide soluble copper in the tailings material.

Tarachi plans to complete all modifications and upgrades to the mill and TSF over the duration of 2021 with the intent of commissioning the facility in early 2022. Tarachi expects the mill to operate at a rate of 1,000 tonnes per day and to achieve gold recoveries of approximately 70%. Actual mill capacity, gold recoveries and operating costs will depend on the results of the Ausenco report, capabilities of the existing mill equipment and what, if any, upgrades or modifications are made to the plant prior to start-up.

The historic resource estimate of 1.3 million tonnes of tailings grading 2.05g/t Au (not NI 43-101 compliant) is expected to provide feed to the Magistral mill for a period of 3.7 years at a rate of 1,000 tonnes per day. Tarachi is currently seeking out other local tailings material that could potentially provide additional feed to the Magistral mill and extend the life of the operation. There is no guarantee that Tarachi will be successful in securing additional material.

Tarachi Properties

On March 27, 2020, the Company entered into an option agreement to acquire a 100% interest in the Tarachi Project in Eastern Sonora, Mexico. The Company can earn 100% in the project by paying staged cash payments of US$5 million and issuing 10 million common shares of the Company over a period of four year. The project is located approximately 220 kilometres east-southeast of the city of Hermosillo in the state of Sonora, Mexico.

RESULTS OF OPERATION, CONTINUED

Tarachi Properties, continued

The project area is located in the Sierra Madre gold belt of the eastern Sonora, Mexico in an established gold and silver producing region and in close proximity to Alamos Gold Inc's Mulatos Mine and Agnico Eagle's La India mine. To date this belt has produced resources and reverses of over 80 million ounces of gold and 4.5 billion ounces of silver. Mineralization is generally associated with high sulphidation epithermal mineralization contained within felsic volcanic piles typically of rhyodacitic composition. Higher grade gold concentrations are typically associated within silicified zones containing vuggy silica and breccias hosting hematite and specularite or replacement sulphides, mainly pyrite.

In late June 2020, the company commenced field studies on the project's concessions focusing on detailed geological and structurally mapping and sampling. Part of the program consisted of detailed underground channel sampling in the historic La Dura mine on the Jabali Concession. On August 19, 2020 the company announced 6.34 grams/tonne gold over 62.55 metres was obtained from the La Dura channel sampling program. Mapping indicated mineralization to be contained in brecciated, east-west trending, steep south dipping quartz veins.

On November 12, 2020, Tarachi mobilized a man-portable diamond drill to commence drill testing known high-grade gold bearing structures on the San Javier concession with nine propose holes for a total of 864 metres. The HQ diamond drilling program will focus along a northwest-trending shear structure where holes SJA-14-002/004 encountered high-grade gold values 34.5 g/t gold /5.0m and 24.3 g/tonne gold over 3.0 metres respectively. These holes are approximately 100 metres apart with no other drilling completed between or down-dip.

Shear zone gold mineralization at San Javier remains open along strike and to depth and may widen with depth. Mineralization is hosted within andesitic volcanics with an intrusive immediately adjacent.

November 24, 2020, the company released initial assay results from underground diamond drill holes JAB-20-03/04/05 completed at the historic La Dura mine on the company's Jabali concession. The underground La Dura drill program is testing the down-dip and potential plunge orientation to the area of initial interest identified by Tarachi geologists in the summer of 2020.

Diamond drill hole composites

Hole ID	From (m)	To (m)	Core length (m)	Gold (g/t)
JAB-20-03	1.80	7.00	5.20	2.30
JAB-20-04	-	14.50	14.50	5.49
including	-	7.00	7.00	9.67
	110.00	118.00	8.00	0.31
JAB-20-05	-	20.10	20.10	4.54
including	-	10.00	10.00	7.48

RESULTS OF OPERATION, CONTINUED

Tarachi Properties, continued

December 03, 2020, the company released additional assay results from underground diamond drill hole JAB-20-06, completed at the historic La Dura mine on the company's Jabali concession. The underground La Dura drill program will continue testing the down dip and potential plunge orientation to the area of known gold-bearing structures and potential new zones. Currently, the company has two diamond drill rigs turning: one at the La Dura historic mine and the other at the San Javier shear zone. At San Javier four drill holes have been completed with the discovery of replacement-style massive sulphides encountered over several metres in one of these holes."

Diamond drill hole composites

Hole ID	From (m)	To (m)	Core length (m)	Gold (g/t)
JAB-20-06	2.25	10.25	8.00	3.95
	22.25	43.00	20.75	5.05
	27.65	33.75	6.10	14.50
New zone L1	51.50	56.00	4.50	0.84
New zone L2	74.00	82.50	8.50	2.22

* Assay results are in core length; true width is unknown.

As of the date of this MD&A, assays were still pending for 10 drill holes completed in December on the Jabali and San Javier Concessions diamond drilling programs.

TECHNICAL DISCLOSURE

All technical disclosure covering the Company’s mineral properties was prepared under the supervision of Lorne Warmer, P.Geo. for the Company and a “Qualified Person” within the meaning of NI 43-101.

RESULTS OF OPERATION, CONTINUED

FINANCIAL RESULTS

For the six months ended January 31, 2021 ("2021") and 2020 ("2020"), the Company reported net loss of $2,637,246 and $93,127.

	Three months ended January 31,			Six months ended January 31,		
	2021	2020	Variance	2021	2020	Variance
Professional fees	65,370	1,451	63,919	141,717	11,451	130,266
Consulting fees	401,510	7,500	394,010	575,167	12,500	562,667
Transfer agent and filing fees	6,801	7,741	(940)	28,093	9,691	18,402
Stock-based compensation	376,628	29,375	347,253	1,289,449	29,375	1,260,074
General and administrative	136,370	14,872	121,498	602,820	30,110	572,710

The net loss of the Company increased by $2,544,119 during 2021 compared to 2020. Stock based compensation is a non-cash item. Excluding stock-based compensation the loss for 2021, is $1,347,797 compared to $63,752 for 2020.

General and administrative expense form largest component of the operating expenses. Increase in the operations and complexity of the Company resulted in an increase in general and administration cost in 2021. Rent expense, support services and marketing costs included under general and administrative cost resulted in an increase during 2021.

Consulting fees increased due to increase in fees charged by the consultants and an increase in number of consultants used by the Company.

Professional fees are related to the fees paid to lawyers and auditors. Increased in such services resulted in an increase in related costs.

SUMMARY OF QUARTERLY RESULTS

Selected quarterly information for each of the eight most recently completed financial periods is set out below. All results were compiled using IFRS.

	Q2 January 31, 2021	Q1 October 31, 2020	Q4 July 31, 2020	Q3 April 30, 2020	Q2 January 31, 2020	Q1 October 31, 2019	Q4 July 31, 2019	Q3 April 30, 2019
Revenues	-	-	-	-	-	-	-	-
Net loss	986,679	1,650,567	1,063,753	306,322	60,939	32,188	8,145	92,404
Loss per common share	($0.03)	($0.03)	($0.04)	($0.01)	($0.01)	($0.02)	($0.01)	($0.01)

SUMMARY OF QUARTERLY RESULTS, CONTINUED

Increase in loss during the last three quarters were due to issuance of stock options and increased activity levels of the Company. The 3rd quarter ended April 30, 2020, company abandoned the Jack white property and recognized an impairment cost in the financial statements.

LIQUIDITY

The Company reported working capital of $7,209,796 as of January 31, 2021, compared to $1,064,111 as of July 31, 2020. Increased in the working capital was due to the closing of the financing during the 1st quarter ended October 31, 2020.

During the six months ended January 31, 2021, $1,424,822 was used in operating activities compared to that of $26,150 for the comparative period. While investing activities used $1,803,224, financing activities generated $7.6 million in cash during the six months ended January 31, 2021.

The Company's financial instruments are cashable at any time without restriction.

The Company has no long-term debt or commitments.

As the Company has limited or no revenues, its ability to fund operations is dependent upon its ability to secure financing through the sale of equity or assets. The value of any mineral property is dependent upon the existence of economically recoverable mineral reserves, or the possibility of discovering such reserves, or proceeds from the disposition of such properties. See Section "Risk Factors", below.

CAPITAL RESOURCES

The Company had 61,886,395 issued and outstanding common shares as of January 31, 2021 (July 31, 2020 – 37,094,664).

The Proceeds from private placements (described under overall performance) will be used for exploration and general working capital purposes.

As part of the private placement the Company issued 11,859,303 warrants and 755,610 finders warrants which will expire on August 14, 2022.

The Company issued 500,000 shares pursuant to the option agreement to acquire the Juliana and Las Moritas Property and 13,126 shares pursuant to a geological consulting agreement during the six months ended January 31, 2021.

During the six months ended January 31, 2021, the Company issued 3,138,000 options with a weighted average exercise price of $0.47.

The fair value of the options granted was calculated using the Black-Scholes option pricing model with a risk-free interest rate of 0.19%-0.29%, expected volatility of 160%-180% and zero expected dividend yield for a four-year term. The Company recorded total fair value of $1,289,449 as share-based compensation for the six months ended January 31, 2021.

During the six months ended January 31, 2021, 150,000 options and 410,000 warrants were exercised for gross proceeds of $116,100.

OFF-BALANCE SHEET ARRANGEMENTS

As a policy, the Company does not enter into off-balance sheet arrangements with special-purpose entities in the normal course of business, nor does it have any unconsolidated affiliates.

TRANSACTIONS WITH RELATED PARTIES

Unless otherwise noted, related party transactions were incurred in the normal course of operations and are measured at the exchange amount, being the amount established and agreed upon by the related parties.

The Company's key management personnel consist of directors and executives and companies owned, directly or indirectly, by key management personnel of the Company.

Name	Nature of Transactions
Lorne Warner, former CEO	Consulting
Martin Bajic, former CFO	Consulting
Michael Konnert, Chairman, Director	Consulting
Mahesh Liyanage, CFO	Consulting
Inventa Capital Corp.	rent and general and administrative expenses

As at January 31, 2021, the Company has amounts due to related parties totaling $15,750 (July 31, 2020: $5,250).

The Company's key management compensation for the six and three months ended January 31, 2021 and 2020 is as follows:

	For the three months ended		For the six months ended	
	Janaury 31, 2021	Janaury 31, 2020	Janaury 31, 2021	Janaury 31, 2020
Consulting	$56,000	$7,500	$107,000	$12,500
Rent and general administration	21,818	-	53,137	-
Stock based compensation	1,018,000	-	1,523,495	-
Total	**$1,095,818**	**$7,500**	**$1,683,632**	**$12,500**

PROPOSED TRANSACTIONS

The Company has a business plan that includes identifying and acquiring exploration projects, conducting exploration on the projects. Acquisitions and dispositions are an essential and on-going part of this plan.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's consolidated financial statements requires management to make certain estimates that affect the amounts reported in the consolidated financial statements. The accounting estimates considered to be significant include the recognition of deferred income tax assets and share-based compensation.

Deferred income tax assets

The Company does not believe it is likely that current tax losses will be utilized before they expire, therefore related deferred tax assets have not been recognized in the consolidated financial statements. When the situation changes, such that the future tax benefits of unused tax losses and other deductions carried forward are more likely to be realized, the deferred tax assets will be recorded in the accounts of the Company.

Share-based compensation

Calculating share-based compensation requires estimates of expected volatility in the share price, risk-free interest rates, number of options expected to vest, and a determination that standard option pricing models such as Black-Scholes fairly represent the actual compensation associated with options. Share price volatility is calculated using the Company's own trading history. The risk-free interest rate is obtained from the Bank of Canada zero coupon bond yield for the expected life of the options. The Company believes that the Black-Scholes option pricing model is appropriate for determining the compensation cost associated with the grant of options.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

There has been no adoption or recognition of accounting policies other than that are disclosed in the note 3 to the annual audited financial statements for the years ended July 31, 2020 and 2019.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's activities expose it to a variety of financial risks, which include foreign currency risk, credit risk and liquidity risk. The Company's risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Foreign Currency Risk

The Company incurs certain expenses in currencies other than the Canadian dollar. The Company is subject to foreign exchange risk as a result of fluctuations in exchange rates. The Company manages this risk by maintaining bank accounts in US dollars and Mexican pesos to pay foreign currency expenses as they arise. Receipts in foreign currencies are maintained in those currencies. The Company does not undertake currency hedging activities. The Company also does not attempt to hedge the net investment and equity of integrated foreign operations.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS, CONTINUED

Credit Risk

Credit risk is the risk of an unexpected loss if a counterparty or third party to a financial instrument fails to meet its contractual obligations. To reduce credit risk, cash and cash equivalents are on deposit at major financial institutions.

The Company is not aware of any counterparty risk that could have an impact on the fair value of the cash and cash equivalents.

The carrying value of the financial assets represents the maximum credit exposure. The Company minimizes credit risk by reviewing the credit risk of the counterparties to its arrangements prior to entering into such agreements.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis, including exploration plans. The Company attempts to ensure that there are sufficient funds to meet its short-term business requirements, considering its anticipated cash flows from operations and holdings of cash and cash equivalents.

OTHER REQUIREMENTS

Risks Factors and Uncertainties

Sensitivity Analysis

The Company measures the effect on total assets or total receipts of reasonably foreseen changes in interest rates and foreign exchange rates. The analysis is used to determine if these risks are material to the financial position of the Company. On the basis of current market conditions, the Company has determined that a 1% change in interest rates or a 10% change in foreign exchange rates would be immaterial. Actual financial results for the coming year will vary since the balances of financial assets are expected to decline as funds are used for Company expenses.

Overview

The Company is subject to many risks that may affect future operations over which the Company has little control. These risks include, but are not limited to, intense competition in the resource industry, market conditions and the Company's ability to access new sources of capital, mineral property title, results from property exploration and development activities, and currency fluctuations. The Company has a history of recurring losses and there is no expectation that this situation will change in the foreseeable future.

OTHER REQUIREMENTS (CONTINUED)

Risks Factors and Uncertainties (continued)

Competition

Other exploration companies, including those with greater financial resources than the Company, could adopt or may have adopted the same business strategies and thereby compete directly with the Company, or may seek to acquire and develop mineral claims in areas targeted by the Company. While the risk of direct competition may be mitigated by the Company's experience and technical capabilities, there can be no assurance that competition will not increase or that the Company will be able to compete successfully.

Access to Capital

The exploration and subsequent development of mineral properties is capital intensive. Should it not be possible to raise additional equity funds when required, the Company may not be able to continue to fund its operations which would have a material adverse effect on the Company's potential profitability and ability to continue as a going concern. At present, the Company has cash resources to fund planned exploration for the next twelve months. Timing of additional equity funding will depend on market conditions as well as exploration requirements.

In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered exploration stage companies, have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. These conditions may persist for an indeterminate period of time.

Foreign Operations and Political Risk

The Company's mineral properties are located in Canada and Mexico. In foreign jurisdictions, mineral exploration and mining activities may be affected in varying degrees by political or economic instability, expropriation of property and changes in government regulations such as tax laws, business laws, environmental laws and mining laws. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may materially adversely affect its business, or if significant enough, may make it impossible to continue to operate in certain countries. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, foreign exchange restrictions, export controls, income taxes, expropriation of property, environmental legislation and exploration health and safety. These risks are not unique to foreign jurisdictions and apply equally to the property interest in Canada.

Mineral Property Tenure and Permits

The Company has completed a review of its mineral property titles and believes that all requirements have been met to ensure continued access and tenure for these titles. However, ongoing requirements are complex and constantly changing so there is no assurance that these titles will remain valid. The operations of the Company will require consents, approvals, licenses and/or permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary consents, approvals, licenses and permits that may be required to carry out exploration, development and production operations at its projects.

OTHER REQUIREMENTS (CONTINUED)

Risks Factors and Uncertainties (continued)

Although the Company acquired the rights to some or all of the resources in the ground subject to the tenures that it acquired, in most cases it does not thereby acquire any rights to, or ownership of, the surface to the areas covered by its mineral tenures. In such cases, applicable laws usually provide for rights of access to the surface for the purpose of carrying on exploration activities, however, the enforcement of such rights can be costly and time consuming. It is necessary, as a practical matter, to negotiate surface access.

There can be no guarantee that, despite having the right at law to access the surface and carry-on exploration activities, the Company will be able to negotiate a satisfactory agreement with existing landowners for such access, and therefore it may be unable to carry out exploration activities. In addition, in circumstances where such access is denied, or no agreement can be reached, the Company may need to rely on the assistance of local officials or the courts in such jurisdictions.

Speculative Nature of Mineral Exploration and Development

The exploration for and development of mineral deposits involves significant risk which even a combination of careful evaluation, experience and knowledge may not adequately mitigate. While the discovery of an ore body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. There is no assurance that commercial quantities of ore will be discovered on any of the Company’s properties. Even if commercial quantities of ore are discovered, there is no assurance that the mineral property will be brought into production. Whether a mineral deposit will be commercially viable depends on a number of factors, including the particular attributes of the deposit, such as its size, grade, metallurgy, and proximity to infrastructure; commodity prices, which have fluctuated widely in recent years; and government regulations, including those relating to taxes, royalties, land tenure, land use, aboriginal rights, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, and the Company’s business may be adversely affected by its inability to advance projects to commercial production.

Uninsured or Uninsurable Risks

The Company may become subject to liability for pollution or hazards against which it cannot insure or against which it may elect not to insure where premium costs are disproportionate to the Company’s evaluation of the relevant risks. The payment of such insurance premiums and of such liabilities would reduce the funds available for exploration and operating activities.

Commodity Prices

The prices of gold, silver, copper, lead, zinc, moly, and other minerals have fluctuated widely in recent years and are affected by a number of factors beyond the Company’s control, including international economic and political conditions, expectations of inflation, international currency exchange rates, interest rates, consumption patterns, and speculative activities and increased production due to improved exploration and production methods. Fluctuations in commodity prices will influence the willingness of investors to fund mining and exploration companies and the willingness of companies to participate in joint ventures with the Company and the level of their financial commitment. The supply of commodities is affected by various factors, including political events, economic conditions and production costs in major producing regions. There can be no assurance that the price of any commodities will be such that any of the properties in which the Company has, or has the right to acquire, an interest may be mined at a profit.

OTHER REQUIREMENTS (CONTINUED)

Risks Factors and Uncertainties (continued)

Conflicts of Interest

Certain directors and officers of the Company also serve as directors, officers and advisors of other companies involved in natural resource exploration and development. To the extent that such companies may participate in ventures with the Company, such directors and officers may have conflicts of interest in negotiating and concluding the terms of such ventures. Such other companies may also compete with the Company for the acquisition of mineral property rights. In the event that any such conflict of interest arises, the Company’s policy is that such director or officer will disclose the conflict to the board of directors and, if the conflict involves a director, such director will abstain from voting on the matter. In accordance with the Business Corporations Act (BC), the directors and officers of the Company are required to act honestly and in good faith with a view to the best interests of the Company.

Dependence Upon Others and Key Personnel

The success of the Company’s operations will depend upon numerous factors including its ability to attract and retain additional key personnel in exploration, marketing, joint venture operations and finance. This will require the use of outside suppliers as well as the talents and efforts of the Company and its consultants and employees. There can be no assurance that the Company will be successful in finding and retaining the necessary employees, personnel and/or consultants in order to be able to successfully carry out such activities. This is especially true as the competition for qualified geological, technical personnel and consultants can be particularly intense.

Government Regulation

The Company operates in an industry which is governed by numerous regulations, including but not limited to, environmental regulations as well as occupational health and safety regulations. Most of the Company’s mineral properties are subject to government reporting regulations. The Company believes that it is in full compliance with all regulations and requirements related to mineral property interest claims. However, it is possible that regulations or tenure requirements could be changed by the respective governments resulting in additional costs or barriers to development of the properties. This would adversely affect the value of properties and the Company’s ability to hold onto them without incurring significant additional costs. It is also possible that the Company could be in violation of, or non-compliant with, regulations it is not aware of.

Effects of COVID-19

COVID-19 (the coronavirus) has threatened a slowdown in the global economy as well as caused volatility in the global financial markets. While the full impact of COVID-19 on the global economy is uncertain, the rapid spread of COVID-19 may have an adverse effect on the Company's financial position. The extent to which COVID-19 may impact the Company’s business will depend on future developments such as the geographic spread of the disease, the duration of the outbreak, travel restrictions, physical distancing, business closures or business disruptions and the effectiveness of actions taken in Canada and other countries to contain and treat the disease. Although it is not possible to reliably estimate the length or severity of these developments and their financial impact as of the date of approval of these condensed interim consolidated financial statements, continuation of the prevailing conditions could have a significant adverse impact on the Company's financial position and results of operations for future periods.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

The significant components of general and administrative expenditures are presented in the consolidated financial statements. Significant components of mineral property expenditures are included in Section Results of Operations.

Outstanding Share Data

As of the date of this MD&A, the Company had 64,961,549 issued and outstanding common shares. In addition, the Company has 5,905,000 options outstanding that are expiring through February 08, 2026, and 25,551,060 warrants outstanding that are expiring through August 14, 2022. Details of issued share capital are included in Note 4 of the condensed interim financial statements for the six months ended January 31, 2021.

OTHER INFORMATION

All technical reports on material properties, press releases and material change reports are filed on SEDAR at www.sedar.com.

FORWARD-LOOKING STATEMENTS

This document includes certain forward-looking statements concerning the future performance of the Company's business, its operations, its financial performance and condition, as well as management's objectives, strategies, beliefs and intentions. Forward-looking statements are frequently identified by such words as "may", "will", "plan", "expect", "anticipate", "estimate", "intend" and similar words referring to future events and results. Forward-looking statements are based on the current opinions and expectations of management. All forward-looking information is inherently uncertain and subject to a variety of assumptions, risks and uncertainties. Factors that may cause actual results to vary from forward looking statements include, but are not limited to, the Company's ability to access capital, the speculative nature of mineral exploration and development, fluctuating commodity prices, competitive risks and reliance on key personnel, as described in more detail in this document under "Risk Factors and Uncertainties". Statements relating to estimates of reserves and resources are also forward-looking statements as they involve risks and assumptions (including, but not limited to, assumptions with respect to future commodity prices and production economics) that the reserves and resources described exist in the quantities and grades estimated and are capable of being economically extracted. Actual events or results may differ materially from those projected in the forward-looking statements and we caution against placing undue reliance thereon.