Xali Gold Corp.
Management's Discussion and Analysis
For the three months ended June 30, 2022

The following Management's Discussion and Analysis ("MD&A") focuses on significant factors that affected Xali Gold Corp. ("Xali Gold") and its subsidiaries (collectively, the "Company") during the relevant reporting period and to the date of the report. This MD&A contains a review and analysis of financial results for the three months ended June 30, 2022 and identifies business risks that the Company faces and comments on financial resources required for development of the business.

This MD&A supplements but does not form part of the interim condensed consolidated financial statements of the Company and notes thereto for the three months ended June 30, 2022, and consequently should be read in conjunction with the afore-mentioned interim condensed consolidated financial statements which are presented in accordance with International Financial Reporting Standards ("IFRS"). Information in this MD&A is current as of August 25, 2022.

All amounts, unless specifically identified as otherwise, both in the Company's consolidated financial statements and this MD&A are expressed in US dollars.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain "forward-looking information" which may include, but is not limited to, statements with respect to future events or future performance, management's expectations regarding the Company's growth, results ions, estimated future revenues, requirements for additional capital, production costs and revenue, future demand for and prices of gold and precious metals, business prospects and opportunities. In addition, statements relating to mineral estimates or mineralized material of recoverable gold and precious metals are forward-looking information, as they involve implied assessment, based on certain estimates and assumptions, that the gold and precious metals can be profitably produced in the future. Such forward-looking information reflects management's current beliefs and is based on information currently available to management. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "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. A number of known and unknown risks, uncertainties and other factors may cause the actual results or performance to materially differ from any future results or performance expressed or implied by the forward-looking information. Such factors include, among others, general business, economic, competitive, political and social uncertainties; development and/or exploration activities and the accuracy of probability simulations prepared to predict prospective mineral resources; changes in project parameters as plans continue to be Sun River this MD&A. These factors should be considered carefully, and readers of this MD&A should not place undue reliance on forward-looking information.

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. Accordingly, readers should not place undue reliance on forward-looking information. Such forward-looking information is made as of the date of this MD&A and, other than as required by applicable securities laws, the Company assumes no obligation to update or revise such forward-looking information to reflect new events or circumstances.

USE OF NON-GAAP MEASURES

In this document, we refer to terms that do not have any standardized meaning prescribed by International Financial Reporting Standards ("IFRS"). Usage of these terms may vary from the usage adapted by other companies and cannot be reconciled to comparable terms in the issuer's interim condensed consolidated financial statements for the three months ended June 30, 2022.

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

Xali Gold Corp. is a Vancouver, Canada based mineral exploration company engaged in the acquisition, exploration and development of mineral rights interests in Mexico, Peru and Canada. The Company is in the exploration stage as its properties have not yet reached commercial production.

In April 2020, Xali Gold launched a comprehensive growth strategy to acquire gold and silver projects with near surface exploration potential, near-term production potential and previous mining histories in Western Mexico. Xali Gold plans to advance our growing bank of gold and silver assets internally and/or with industry partners.

The initial step in this strategy was the acquisition of the SDA Plant in Mexico, suitable for treating high grade gold and silver mineralization, along with the acquisition of rights to the El Dorado gold and silver historic mines. An LOI was entered into with Magellan Acquisitions in April 2020 and a Definitive Agreement was signed in September of 2020, which was modified in December 2020.

The Company is currently evaluating other properties complementary to the SDA plant and El Dorado.

El Oro, a district scale gold project encompassing a well-known prolific high-grade gold-silver epithermal vein system in Mexico, remains as our flagship asset. The project covers 20 veins with past production and more than 57 veins in total, from which approximately 6.4 million ounces of gold and 74 million ounces of silver were reported to have been produced from just two of these veins *(Ref. Mexico Geological Service Bulletin No. 37, Mining of the El Oro and Tlapujahua Districts. 1920, T. Flores*).* Modern understanding of such systems indicates that several of the El Oro district's veins hold excellent discovery potential.

On December 8, 2020, the Company incorporated a wholly owned subsidiary Minera Xali Oro S.A. de C.V. to hold and operate all of the new assets in Western Mexico.

Since December 23, 2020, the Company has engaged technical experts for both permitting and deposit modelling. Three dimensional models have been built for the El Oro, Cocula and El Dorado mineral deposits to assist in understanding the deposits, identifying higher grade zones and drill targets. Permitting has also been underway for drilling at El Dorado and Cocula. Since January 2021, there have been several news releases giving updates on this progress.

In July 2021, the Company entered into an option agreement to acquire 100% interest in the Victoria Property in the Central Region of Newfoundland and Labrador, where major gold discoveries have recently been made. The Victoria property is just 3km southwest of Marathon's Valentine Gold Project where defined (Measured and Indicated) reserves reach 3.14 million ounces gold and Inferred resources of 1.00 million ounce and mine construction is expected to commence in early 2022. (*There are no assurances that similar results would be obtained on Xali Gold's Victoria Property.)

PROJECT SUMMARIES

Mexico

El Oro – Hardrock

The Company's principal asset is the El Oro gold-silver property located in the states of Mexico and Michoacán, Mexico ("El Oro Property"). The Company holds a 100% interest in the El Oro Property, having purchased the remaining 30% from a wholly owned subsidiary of Goldcorp Inc. in January 2017. Management has been reviewing all previous exploration results on the project and re-focusing targets for future exploration. One key area is the border zone of the historical Esperanza and Mexico Mines where several high-grade gold-silver intersections in several veins and structures were intersected by previous drilling by the Company. Since this area was drilled, a structural study identified north-easterly controls to high grades, which fits the nature of this mineralized zone. A three dimensional model was developed in 2022 which will assist in targeting future drilling on this border area as well as 31 other recently identified exploration targets.

El Oro Mine Tailings

In addition to the El Oro (Hard Rock-Lode) Property, the Company has the right (since 2014) to process tailings left from pre-1930s milling of ores from the Mexico mine on the San Rafael vein in the El Oro District ("Mexico Mine Tailings").

The Mexico Mine Tailings have had extensive historic and recent assessments including drill testing and metallurgical test work. In addition to the Mexico Mine Tailings, the Company has a right of first refusal to also process three other tailings deposits. All four tailings deposits lie within the town of El Oro and are adjacent to existing road access, power and water services. Studies by the Company have determined that the Mexico Mine Tailings contain an Inferred Resource* of 1,267,400 tonnes grading 2.94 grams per tonne ("g/t") gold, 75.12 g/t silver containing 119,900 ounces of gold and 3,061,200 ounces of silver. *Note: Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. All figures have been rounded to reflect the accuracy of the estimate. For more information, see "National Instrument 43-101 Technical Report on the Inferred Mineral Resource Estimate of the Mexico Mine Tailings" prepared by Nadia Caira, P.Geo. and Allan Reeves, P.Geo., dated August 25, 2014 with an effective date of July 8, 2014, available at www.sedar.com.

In September 2017, the Company entered into a revised agreement with the Municipality of El Oro ("Municipality") for the access and processing rights to the tailings deposits. The agreement now provides the Company with the right to recover all available gold and silver from the tailings deposit and pay to the Municipality an 8% net profits interest with the condition that the Company is also entitled to retain the first $1,500,000 of the 8% net profits interest payable to the Municipality.

On March 8, 2016, the Company entered into an agreement with Sun River Gold Corp. ("SRG" or "Sun River") to grant SRG the right and option to earn a 51% interest in the Company's tailings project in El Oro Mexico. On November 9, 2018, the 2016 Agreement was superseded by a new Option Agreement by which SRG could acquire 100% interest in the Tailings by earning ownership of Xali Gold´s Mexican subsidiary, CCM EL Oro Jales, S.A. de C.V. ("CCM El Oro Jales"), subject to the NPI payments to the agreement CCM EL Oro Jales executed with the Municipality.

In order to exercise the option, Sun River was required to make staged payments totaling $300,000 (paid); bring the mine tailings properties into commercial production by October 30, 2021 (extended to August 31, 2022); and grant to the Company a 10% net profits interest life of mine royalty on production from the properties. SRG reduced the net profits interest payable to the Company to 5% by paying an additional $200,000. If commercial production has been achieved on time, Sun River will indirectly acquire a 100% interest in CCM El Oro Jales.

SRG is also responsible for the obligation to pay an additional 8% net profits interest to the Municipality (the "El Oro Royalty"). Xali Gold (through its Mexican subsidiary CCM El Oro Jales) has the right to recover all available gold and silver from the Mexico Mine Tailings deposit and pay to the Municipality an 8% net profits interest royalty, after retaining the first $1,500,000 from the El Oro Royalty. SRG must direct the first $1,500,000 from the El Oro Royalty to the Company. Therefore, upon commercial production, the Company will start receiving a 5% net profit interest royalty as well as the first $1,500,000 of the El Oro Royalty.

Sun River is a private mining company registered in Nevada and owned and operated by experienced gold mining investors, mineral economists, metallurgists, metallurgical engineers and business development entrepreneurs. The Board of SRG currently comprises four owners/directors most of whom have fifteen or more years working in Mexico exploring, permitting and operating mines.

For the year ended March 31, 2017, bi-annual land holding payments were made by Goldcorp. When the Company acquired the remaining 30% of the El Oro property in January 2017, these payments became the responsibility of the Company, and, as at June 30, 2022 $1,744,007 (March 31, 2022 - $1,638,961) has been accrued as a liability to the Mexican government for land holding costs.

On October 14, 2021, the Company announced that SRG had arranged financing of approximately US$6,500,000 to build and put into operation the planned tailings reprocessing operation. On October 19, 2021, SRG advised the Company that they expect to have the Tailings Reprocessing Facility operational in Q2 2022. They also reported that permitting is progressing well and final permits are expected to be received within approximately one month. Sun River has also advised that most of the equipment required for the reprocessing operation has been procured.

On January 4th, 2022, the Company amended the earn-in option agreement with SRG as follows:

1. An initial extension of the option expiry date from October 31, 2021 to April 31, 2022 under the following terms for monthly payments of $2,000 starting November 2021 and a one time payment of $5,400. As at March 31, 2022, $12,000 was received with the remaining received subsequent to year end.

2. If commercial production was not achieved by May 1, 2022, the Company agreed to grant a second extension of the option expiry date to December 31, 2022 for monthly payments of $15,000 starting May 1, 2022. These payments have not commenced and an extension to August 31, 2022 only, has been granted such that payments of $15,000 should start after that unless otherwise agreed to. Once commercial production has been achieved SRG must make monthly payments of $50,000 for the first year, and 5% of NPI thereafter. In addition, SRG must make the first $1,500,000 of the municipality NPI payment during the first three years of operations.

On March 31, 2022, the Company renewed both the Tailings Agreement and the Tourism Agreement with the Municipality. The terms of the Agreements have no substantial changes but do include the obligation to employ persons from El Oro on a preferential basis.

The Tailings Agreement signed in 2019, is to be ratified every three years, when the Municipality elects a new President and Council Members. There was no change to any previous terms in the Tailings Agreement.

The Tailings Agreement is directly related to a Tourism Agreement, which allows the Municipality to operate tourism activities in part of the San Juan tunnel and the Providencia Shaft which are historic workings controlled by CCM El Oro Jales as part of the El Oro mineral property. The State of Mexico has contributed significant financing of this tourism project which is part of their larger initiative to promote tourism and mining together throughout Mexico.

Western Mexico

On April 28, 2020, the Company announced the signing of a Memorandum of Understanding ("MOU") with Magellan Acquisitions which gave Xali Gold the right to earn up to a 100% interest in the SDA Plant and take over a lease agreement on the El Dorado property, both located in Nayarit State, Mexico.

El Dorado Gold-Silver Project

The El Dorado Gold-Silver Project is located in the Pacific Coastal Plain, State of Nayarit. within a district of epithermal vein systems. A number of prospective exploration targets have been defined along the El Dorado Vein structure related to historic mines (reported to have produced high grades), anomalous geochemical sample results and zones of structural complexity.

The principal vein system is the El Dorado epithermal vein trend with a main vein outcropping over 1.5km in length and additional discontinuous outcrops indicate a strike length of 3.5km. This structure hosts multiple mineralized zones including high-grade veins potentially minable underground, and lower-grade bulk tonnage stockwork zones that are observed to extend over tens of metres ('m") in width in both the hanging wall and footwall of the El Dorado vein system. In addition to the vein material there is also high level silicification and argillic alteration in outcrop, potentially indicative of good depth potential to the mineralizing system. (Magellan Gold Corporation, Form 10-K Annual Report US SEC dated Dec 31, 2018, File No. 333-174287)

El Dorado lies 50km south of the SDA Plant, 70km north-northwest of Tepic, the state capital, and 180km southeast of Mazatlan, Sinaloa. The project has excellent road and rail infrastructure. The property comprises a 50-hectare concession and was held under option by Magellan's wholly-owned subsidiary Minerales Vane 2 S.A. de C.V. from a Mexican private company, Ingenieros Mineros S.A. de C.V.

In May 20, 2021, the Company signed a new Exploration and Production Agreement ("EPA") with Ingenieros Mineros, S.A. de C.V. ("IMSA") on the El Dorado Gold-Silver Project. The EPA gives Xali Gold the right to explore and produce gold, silver, and other metals for life of mine with the following obligations: (all amounts are in US$):

- $30,000 per year, until the commencement of commercial production, maximum of 5 years;
- A minimum of US$60,000 per year after 5 years or upon commencement of production;
- During commercial production, a net smelter royalty ("NSR") of:
    - 3.5% until payments reach an aggregate amount of $350,000; of which $200,000 is payable in cash and $150,000 in XGC shares (using a 30 day VWAP (volume weighted average share price))
    - 3.0% to an aggregate of $600,000
    - 2.5% to an aggregate of $850,000
    - 1.0% through the Life of Mine/Operations

  All annual payments will be credited towards the NSR payments

SDA Plant

The "SDA Plant" is a processing plant located in San Dieguito de Arriba, Nayarit State, Mexico. The plant comprises equipment, tools, supporting infrastructure and other facilities required to process ore and recover precious and base metals in the form of flotation concentrates. The plant also includes a precious metals leach circuit - Merrill Crowe system and associated assets, licences and agreements. The plant lies within the historically productive Sierra Madre Occidental mineralized belt.

The plant was operational from 2007 to April 2017 (by former owner Minerales Vane S.A. de C.V.), processing ore from various operators in the region on a toll basis. Subsequently the plant was operational in February of 2019 for the processing of a bulk sample of approximately 600 tons. Due to challenges in the consistent acceptable recovery rates, that test failed to result in a toll processing contract, and the plant has not operated since.

On September 23, 2020, the Company signed a definitive agreement with Magellan Acquisition Corp. ("Magellan"). The agreement gives the Company the right to earn up to a 100% interest in the SDA Plant by completing the following:

i) A payment of $5,000 upon signing (paid);
ii) 5,000,000 common shares upon the completion of due diligence and the signing of a definitive agreement to earn a 10% interest (issued);
iii) Common shares with a value of $100,000 on or before March 23, 2021 to earn a 20% interest (1,428,571 shares issued on July 5, 2021);
iv) Common shares with a value of $150,000 on or before September 23, 2021 to earn a 30% interest; (2,467,363 shares issued on December 21, 2021);
v) Common shares with a value of $275,000 on or before March 23, 2022 to earn a 50% interest (extended to August 31, 2022);
vi) Common shares with a value of $400,000 on or before September 23, 2022 to earn a 70% interest; and
vii) Common shares with a value of $500,000 on or before March 23, 2023 to earn a 100% interest.

As of June 30, 2022, the Company has recorded $429,695 (March 31, 2022 - $429,695) of acquisition costs and $36,263 (March 31, 2022 - $36,263) of Asset Retirement Obligation ("ARO") related to the SDA Plant in equipment in the consolidated statements of financial position.

Cocula

The Cocula Project is located within the Ameca Mining District of Jalisco State which is home to Agnico Eagle's El Barqueño Project and Endeavor Silver's Terronera Project.

On September 4, 2020, Xali Gold Corp. entered a Definitive Agreement ("DA") for profit sharing on the Cocula Gold Project which gave Xali Gold the right to retain 70% of profits that may be derived from mining and processing on the property.

As at July 19, 2022, the agreement was formally terminated.

Peru

As at June 30, 2022, the Company has recorded no new impairments (March 31, 2022 - Nil) on the Tres Marias and Las Brujas properties. Management has no immediate plans to pursue exploration on the properties, however the Company will continue to maintain the title and seek opportunities. These properties are early-stage gold and gold-silver exploration projects in Peru.

Canada - Victoria Property

On July 12, 2021, the Company entered into an option agreement (the "Agreement") to acquire 100% interest in the Victoria property located in Newfoundland and Labrador. The Property comprises 79 claims.

To acquire 100% interest in the Victoria property, the Company must complete the following:

- Issuing a total of 3.5 million shares over 3 years
- Making payments of a total of CDN $100,000 over 3 years
- Funding exploration activities of CDN $650,000 over 3 years

In addition, the Company will issue 175,000 shares (5% finders fees) over 3 years.

During the year ended March 31, 2022, the Company paid CDN$25,000 and issued 500,000 common shares on closing of the Victoria Agreement to the optionors. In addition, 25,000 finders' shares were issued. Further payments of $25,000 cash and 750,000 common shares were due before the first anniversary of the Closing Date. These have not been paid and the Company has agreed to issue 150,000 shares for an extension until August 6 to renegotiate the terms of the agreement.

The Victoria Agreement is subject to a 2.0% NSR for which the Company has the right to buy back 1% of the NSR for CDN $1,000,000 at any time.

The Victoria Property is located in Central Newfoundland and Labrador, named as one of the top 10 mining jurisdictions in the world (Fraser Institute 2021).

The property demonstrates excellent exploration potential for gold mineralization, due to its location within the structurally controlled gold belt as well as distinctive magnetic-geophysical anomalies identified, and high-grade gold discovered in glacial till samples and bedrock samples of quartz veins on the property. The high-grade gold intervals from glacial till reaching 178 g/t, 66.7 g/t and 10.1 g/t were discovered by Rubicon Minerals Corporation in 2003. The gold-bearing quartz veins occur within 50m of two of these till samples and contain 10.45 g/t and 66.7 g/t gold. Further exploration was likely hampered by the lack of ground access which required helicopter support however, several quad trails have now opened up access on the property.

An initial exploration program was successfully completed in late September. The program included prospecting areas near locations where gold-bearing quartz veins hosted by altered granitoid-type (felsic) rocks were previously documented and four heavy mineral concentrate ("HMC") samples contained high grades of gold.

Prospecting resulted in more outcrops being found than expected and a total of 20 rock samples were collected from four areas on the property. Several outcrops of altered felsic volcanic rocks, one with quartz veining, were discovered and sampled in the central portion of the project. Strong shearing was also evident in places. A sulphide bearing quartz breccia vein was found in a second area, further to the southeast and prospecting in a third part of the property revealed mineralized quartz veins hosted by a felsic intrusive rock.

On November 18, 2021, the Company announced, it has engaged Windfall Geotek Inc. for them to use their digital exploration technology tools to assist Xali Gold in delineating potential drill targets on the Victoria Property in Newfoundland.

Windfall Geotek's Artificial Intelligence ("AI") targeting technology analyzes all geological data to generate the highest probability targets and has been successful in assisting in many gold discoveries in Canada and elsewhere internationally. Windfall Geotek's AI targeting technology has contributed to gold discoveries on numerous projects, in several areas including: Lebel Gold Project, Metanor-Bachelor Lake Mine Area, Azimuth Elemer Gold Property, SGH S.A.'s Faille B property in Haiti and several others.
Windfall Geotek will initially review all available data on and around the Victoria Property and based on their findings, the two companies would then move forward under the terms of the Contract which provides for remuneration to Windfall Geotek of staged payments in shares and cash totalling a value of up to $150,000. Xali Gold also plans to engage Windfall Geotek to review Xali Gold's El Oro and other properties.

CONSOLIDATED OPERATING HIGHLIGHTS FOR THE THREE MONTHS ENDED JUNE 30, 2022 AND 2021

Operating Highlights	**June 30, 2022**	June 30, 2021	**Change**
Mexico			
Project administration	**8,731**	**16,385**	**$ (7,654)**
Mining fees - El Oro	**65,564**	**56,466**	**9,098**
Option payments received	**(2,000)**	**-**	**(2,000)**
Total	**$ 74,651**	**$ 72,851**	**$ 1,800**

Three Months Ended June 30, 2022 Compared to the Three Months Ended June 30, 2021

The following is a comparison of the exploration costs incurred above for the three months ended June 30, 2022, with those incurred in the three months ended June 30, 2021.

Mining fees El Oro - The increase in the provision for mining fees is primarily related to increase by the Government on the rate applied to concessions.

Option payments received for the three months ended June 30, 2022 were $2,000 compared to $Nil received in the prior period. The decrease of option payments is primary related to a decrease of payments paid on behalf of our joint venture partner for project cost of El Oro.

QUARTERLY HIGHLIGHTS

Financial Condition

The Company ended the period with cash of $8,564, a decrease of $33,522 from March 31, 2022**.**

Consolidated Financial Performance for the Three Months Ended June 30, 2022

The net loss for the three months ended June 30, 2022, was $343,818 compared to $400,902 for the quarter ended June 30, 2021. Representing a decrease in loss of $57,084. Decrease mainly due to $19,578 received regarding Letter of Intent and decrease in General and administrative (G&A) expenses of $14,699.

	June 30, 2022		June 30, 2021		Change	
Net loss	$	(343,818)	$	(400,902)	$	57,084
Audit and tax advisory	$	21,382	$	22,142	$	(760)
Legal	$	13,018	$	19,307	$	(6,289)
Management fees, office salaries and benefits	$	25,909	$	30,014	$	(4,105)
Office, rent and miscellaneous	$	12,281	$	6,511	$	5,770
Regulatory and filing fees	$	4,560	$	3,364	$	1,196
Share-based payments	$	13,739	$	40,556	$	(26,817)
Shareholder communications	$	30,330	$	6,647	$	23,683
Interest and other income	$	(19,496)	$	14	$	(19,510)

Other variances are as follows:

- Legal fees were $13,018 for the three months ended June 30, 2022, compared to reduction of $19,307 for the same period in 2021, representing a decrease of $760.
- Management fees, office salaries and benefits were $25,909 for the three months ended June 30, 2022, compared to $30,014 for the same period in 2021, representing a decrease of $4,105. This relates mainly to decrease in management personnel and Director of Operations fees.
- Share-based payments for the quarter ended June 30, 2022 were $13,739 compared to $40,556 in the quarter ended June 30, 2021. Decrease relates to January 18, 2021 vested options $35,544 share-based payment recorded during June 30, 2021, compared to $5,818 recorded in the current period.
- Shareholder communications, were $30,330 for the quarter ended June 30, 2022, compared to $6,647 for the period ended June 30, 2021. The increase is due to participating in conventions during the quarter that were cancelled last period due to COVID.

- Interest and other income, were $19,496 for the quarter ended June 30, 2022, compared to $14 for the period ended June 30, 2021. The increase is related to a Letter of Intent with a third party.

LIQUIDITY AND CAPITAL RESOURCES

There is a working capital deficiency of $3,114,717 at June 30, 2022, including $1,062,528 in amounts due to related parties, which primarily consist of $615,149 payables due to Candente Copper Corp., a company with shared administrative expenses, common directors and management; and $447,511 owing to directors and officers.

The Company anticipates that during the next year, a substantial portion of available capital resources will be used to pay accounts payable and accrued liabilities and commitments related to ongoing exploration activities in Mexico and Peru. The Company will need to raise additional capital to further project development in Mexico and Peru as well as receive continued vendor support.

On June 9, 2022, the Company granted 250,000 incentive stock options to a consultant. The options are exercisable at $0.10 per common share for a period of four years from the date of issue.

On July 19, 2022, the Company issued 400,000 common shares to a contractor with a fair market value of CND$36,000.

The Company does not generate cash flows from operations and accordingly, the Company will need to raise additional funds by entering into a joint venture agreement or through the issuance of securities or resource secured debt. 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

Company has no material or significant commitments or contingencies other than the management and consulting agreements disclosed under related party transactions.

OFF BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

Related parties consist of companies owned by executive officers and directors. The following is a list of the related parties that the Company entered into trading transactions with:

- Ridley Rocks Inc. – Management and exploration fees.
- SW Project Management – Former Vice President, project management and engineering fees.
- Candente Copper Corp. - shared administrative expenses with a company related by directors and management in common; and
- Lotz CPA Inc. – Financial services, fees thereto.

The Company incurred the following fees and expenses in the normal course of operations for key management personnel for the three months ended June 30, 2022 and 2021. Expenses have been measured at the exchange amount that is determined on a cost recovery basis.

	Three months ended June 30,			
		2022		2021
Management fees	**$**	**23,737**	$	76,692
Share-based payments		**4,039**		28,453
	$	**27,776**	$	105,145

Share-based payments are the fair value of options expensed to directors and key management personnel during the three months ended June 30, 2022 and 2021.

The decrease in management fees relates mainly to Director of Operations fees.

Balance owing

Amounts due to related parties are unsecured, non-interest bearing and due on demand. Accounts payable at June 30, 2022 includes $447,511 (March 31, 2022 - $435,404) owing to directors and officers and $615,149 (March 31, 2022 - $622,213) owing to Candente Copper Corp., a shareholder of the Company who also shares common directors and officers.

as of July 27, 2022 the Company received a CDN$25,000 loan from Ridley Rocks Inc. The loan is non-interest bearing and payable on demand

Management and Consulting Agreements

Pursuant to the RRI Agreement made as of April 1, 2018, between the Company and Ridley Rocks Inc. ("RRI", a company in respect of which Ms. Joanne Freeze, the Company's President and CEO, is the principal), the Company has agreed to pay RRI a monthly retainer of $4,000 for 20% of her time and a daily fee for services rendered by RRI to the Company for time that exceeds the amount of time covered by the retainer. The RRI Agreement also contains a provision for the potential payment of an annual bonus (the "Target Bonus") to be determined by the Company's Compensation Committee. The Target Bonus has initially been set at the amount of $75,000. Both the Target Bonus and the daily fee are subject to adjustment on an annual basis. On a "change of control" of the Company, at any time to the date that is sixty (60) days following the date of the change of control, either the Company or RRI may terminate the RRI Agreement, in which case the Company or the Surviving Corporation will pay to Consultant a fee equal to $500,000, together with all applicable taxes including GST on such amounts (collectively, the "Control Fee"). In addition, the RRI Agreement provides for a Termination payment of $200,000 on termination of the consulting services, by the Company, without cause. Any Termination payment would be deducted from the Change in Control payment.

Pursuant to a consulting services agreement (the "Melnyk Geological Services Agreement") made as of April 21, 2020, between the Company and Bullion Exploration Inc ("Bullion"), a company owned by Mr. Melnyk, the Company agreed to retain Mr. Melnyk to provide geological consulting and Technical Officer services at a fee of US$825/day. In the event the Company enters into a definitive agreement providing for a "change of control" (as defined in the Melnyk Agreement) or a change of control of the Company occurs, Melnyk has the right under the Melnyk Agreement at any time to the date that is sixty (60) days following the date of the change of control, to terminate the Melnyk Agreement, whereupon the Company is required to pay to Melnyk a fee of Cdn$200,000. In addition, the Melnyk Agreement provides for Termination payment of Cdn$50,000 on termination of the consulting services, by the Company, without cause. Any Termination payment would be deducted from the Change in Control payment.

Pursuant to a consulting services agreement (the "Lotz CPA Agreement") made as of October 1, 2018, between the Company and Lotz CPA Inc. ("Lotz CPA"), a company owned by Mr. Mark Lotz, the Company agreed to retain Mr. Lotz to provide financial consulting & Chief Financial Officer services at a fee of $28,500 per annum. In the event the Company enters into a definitive agreement providing for a "change of control" (as defined in the Lotz CPA Agreement) or a change of control of the Company occurs, Lotz CPA has the right under the Lotz CPA Agreement at any time to the date that is sixty (60) days following the date of the change of control, to terminate the Lotz CPA Agreement, whereupon the Company is required to pay to Lotz CPA a fee of $28,500. In addition, the Lotz CPA Agreement provides for Severance payment of $28,500 on termination of the consulting services, by the Company, without cause. Any Severance payment would be deducted from the Change in Control payment. Effective January 1, 2021 the annual fee was increased to $29,925 per annum.

OUTSTANDING SHARE DATA

As at the date of this MD&A, the Company had the following number of common shares and issuable shares outstanding.

Securities	
Common shares	134,091,620
Issuable under options	9,975,000
Issuable under warrants	3,524,167

DISCLOSURES

Information Available on SEDAR

As specified by National Instrument 51-102, the Company advises readers of this MD&A that important additional information about the Company is available on the SEDAR website 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 April 1, 2022 to June 30, 2022, that have materially affected, or are reasonably likely to affect, the Company's internal control over financial reporting.