

BLACK DRAGON GOLD CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2020 (Expressed in Canadian dollars unless otherwise noted)

Background

This Management's Discussion and Analysis ("MD&A") of Black Dragon Gold Corp. ("Black Dragon Gold" or the "Company"), provides an analysis of the Company's financial results for the year ended December 31, 2020 and should be read in conjunction with the accompanying audited annual consolidated financial statements for the year ended December 31, 2020 and the related notes thereto. Those audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). All amounts are expressed in Canadian dollars, unless otherwise stated. All documents previously mentioned are available for viewing on SEDAR at www.sedar.com. This MD&A is based on information available, and is dated, as at March 30, 2021.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including that within the Company's financial statements and MD&A, are complete and reliable.

Certain statements made may constitute forward-looking statements. Such statements involve a number of known and unknown risks, uncertainties and other factors. Actual results, performance and achievements may be materially different from those expressed or implied by these forward-looking statements.

Additional information related to the Company, including its Annual Information Form for the most recent fiscal year, is available for view on SEDAR at www.sedar.com.

Company Overview

Black Dragon Gold Corp. was incorporated under the laws of the Province of British Columbia on August 20, 2007. The Company's head office address is Ground Floor, Regent House, 65 Rodney Road, Cheltenham, GL50 1HX. UK. The registered and records office address is 1000 Cathedral Place, 925 West Georgia Street, Vancouver, BC V6C 3L2. On August 29, 2018 the Company listed on the Australian Securities Exchange ("ASX") by way of an Initial Public Offering ("Prospectus Offering") issuing 30,000,000 CHESSE Depository Interests ("CDI's") for AUD\$6,000,000 (\$5,727,541) gross proceeds.

On February 18, 2019 the Company announced that the Company's common shares without par value (the "**Shares**") will be voluntarily delisted from the TSX Venture Exchange (the "**TSX-V**") effective at the close of trading on February 28, 2019.

Overview of the Salave Project

Black Dragon Gold owns 100% of the Salave gold deposit through its wholly owned Spanish subsidiary, Exploraciones Mineras del Cantabrico S.L. ("EMC"). The Black Dragon Gold tenure includes five Mining Concessions and associated extensions covering 662 ha and an Investigation Permit covering another 2,765 ha (Table 2) and (Figure 2).

An Investigation Permit gives the holder the right to carry out, within the indicated perimeter and for a specific term (a maximum of three years), studies and work aimed at demonstrating and defining resources and the right, once defined, to be granted a permit for mining them. The term of an Investigation Permit may be renewed by the Regional Ministry of Economy and Employment for three years and, exceptionally, for successive periods.

A Mining Concession entitles its holder to develop resources located within the concession area, except those already reserved by the State.

Under Spanish regulations, ownership of the land is independent of ownership of the mineral rights.

Table 2: Black Dragon Gold's Concessions - Salave Gold Project, Spain

Concession/Investigation Permit name	Registration no.	Area (ha)	Date granted	Expiration date
Concessions				
Dos Amigos	24.371	41.99	10 Sep 1941	10 Oct 2045
Salave	25.380	67.98	10 Apr 1945	10 Oct 2045
Figueras	29.500	212.02	25 Jan 1977	25 Jan 2037
Demasia		92.55		
Ampliacion de Figueras	29.969	10.99	9 Nov 1988	9 Nov 2048
Demasia		68.85		
Segunda Ampliacion de Figueras	29.820	100.04	16 Sep 1981	16 Sep 2041
Demasia		67.55		
TOTAL		661.97		
Investigation Permit				
IP Sallave	30.812	2,765	18 Feb 2014	14 Nov 2021

Douglas Turnbull, P.Geo., is the Company's Qualified Person as defined by National Instrument 43-101 and has reviewed and approved the technical disclosure in this MD&A. For further information regarding the Salave Project please see the technical report titled "NI 43-101 Technical Report – Salave Gold Project Mineral Resource Update for Black Dragon Gold Corp." with an effective date of October 31, 2018, a copy of which is available under the Company's profile at www.sedar.com.

FY 2020 Highlights

The Company continues to focus on developing the 100% owned the Salave project, one of the largest undeveloped gold projects in Europe. The Salave Gold Project is situated in the Asturias province of Northern Spain. As previously disclosed, during 2018, Black Dragon Gold reported an updated Measured Mineral Resource of 1.03 million tonnes grading 5.59 g/t Au, containing 0.19 million ounces of gold; an Indicated Mineral Resource of 7.18 million tonnes grading 4.43 g/t Au, containing 1.02 million ounces of gold, plus Inferred Resources totalling 3.12 million tonnes grading 3.47 g/t Au, containing 348,000 ounces of gold (See Table 1, page 4 in accompanying Audited Annual Consolidated Financial Statements for the year ended December 31, 2020). During the financial period, the Company's 100% owned Spanish subsidiary EMC officially received the Terms of Reference ("ToR") from several administrative bodies involved in the EIA process.

In 2020, the Company has been frustrated with delays to its permitting programme which was not helped by the COVID-19 global pandemic. We are working towards final submission and approval of an Environmental Impact Assessment as we continue to progress negotiations with the local authority and Spanish Government to finalise the remaining approvals to allow the Company to develop the Salave Gold project.

During FY20 the Company's board and management reduced its corporate and administrative overheads in line with the reduced activity caused by the COVID-19 pandemic. The reduction in the Company's activities are a direct result of delays in the Salave permitting process in Spain. COVID 19 restrictions in Spain and more specifically Asturias, have prevented the execution and completion of certain field studies and site visits required for the completion of the Company's Environmental and Social Impact Assessment. Furthermore, completion of a Definitive Feasibility Study and Environmental and Social Impact Assessment requires ongoing interaction with and feedback from various administrative regulatory bodies in Asturias, Spain. For a three month period during 2020, there was an official halt of all administrative work in the regional government and it took a further four month period to fully implement working from home protocols for the various administrative departments. Due to the impact of COVID 19 restrictions, the operational functionality of these regulatory bodies has been impacted and many of the normal course meetings between the government and the Company's management have been postponed. At present, there are still restrictions preventing movement between towns and regions, and face to face meetings are prohibited.

In the years prior to FY20, the Company has worked to increasing and creating shareholder value through the following initiatives:

- Ensuring the Salave Gold permits were acquired free of any encumbrances with previous management having resolved the Rand Merchant Bank debt
- In 2018, the Company expanded the Mineral Resource Estimate via a 2,200m drilling programme at the Salave Gold Deposit in Asturias, Spain. As a result, the Company reported a new Mineral Resource Estimate as disclosed in Table 1, Page 4 of the accompanying Audited Annual Consolidated Financial Statements for the year ended December 31, 2020)
- During 2018⁹, the Company initiated engineering studies and an economic analyses of announced the positive results of the Preliminary Economic Assessment ("PEA") completed on its 100% owned Salave Gold based on the recently completed Mineral Resource Estimate completed by CSA Global.
- During 2019, the Company identified additional exploration targets within its permitted area. This was done via completion of a 760-line kilometre, high-resolution, airborne magnetic and radiometric, survey over the entire, 3,427 ha Salave Project. The survey succeeded in enhancing our understanding of the geology, and identifying additional exploration targets within the Company's investigative permit area.

2020 Private Placement

During FY20 the Company Undertook a placement raising AUD\$1,500,000 by a placement at AUD\$0.07 per share, with Proceeds to be used to towards progression of Salave Gold Project in North-West Spain, costs incurred in connection with due diligence for complementary projects, general working capital and costs of the capital raising.

Annual Results

The following table sets forth selected financial information for the year ended December 31, 2020.

	Year ended December 31, 2020	Year ended December 31, 2019	Year ended December 31, 2018
Total assets	\$ 2,146,627	\$ 1,863,690	\$ 3,808,149
Working capital	1,809,390	1,497,930	3,269,858
Shareholders' equity	1,810,630	1,499,170	3,271,098
Net (loss) and comprehensive (loss)	(1,184,893)	(1,972,126)	(3,638,540)
(Loss) per share - basic	(0.01)	(0.02)	(0.04)
(Loss) per share - diluted	(0.01)	(0.02)	(0.04)

Quarterly Results

The following table summarizes information, on a quarterly basis, for the last eight quarters:

	Three month period ended December 31, 2020	Three month period ended September 30, 2020	Three month period ended June 30, 2020	Three month period ended March 31, 2020
Total assets	\$ 2,146,627	\$ 2,383,291	\$ 1,242,368	\$ 1,517,475
Working capital (deficiency)	1,809,390	2,100,093	868,772	1,065,665
Shareholders' equity (deficiency)	1,810,630	2,101,333	870,012	1,066,905
Net (loss) income and comprehensive (loss) income	(261,655)	(244,607)	(222,355)	(456,276)
(Loss) income per share - basic	(0.00)	(0.00)	(0.00)	(0.00)
(Loss) income per share - diluted	(0.00)	(0.00)	(0.00)	(0.00)

	Three month period ended December 31, 2019	Three month period ended September 30, 2019	Three month period ended June 30, 2019	Three month period ended March 31, 2019
Total assets	\$ 1,863,690	\$ 2,155,346	\$ 2,557,813	\$ 3,276,903
Working capital (deficiency)	1,497,930	1,743,812	2,151,466	2,707,174
Shareholders' equity/(deficiency)	1,499,170	1,745,052	2,152,706	2,708,414
Net (loss) income and comprehensive (loss) income	(340,302)	(441,993)	(591,625)	(598,206)
(Loss) income per share - basic	(0.02)	(0.00)	(0.01)	(0.01)
(Loss) income per share - diluted	(0.02)	(0.00)	(0.01)	(0.01)

Results of Operations

Year Ended December 31, 2020

During the year ended December 31, 2020 (the “current year”), the Company recorded a net loss of \$1,184,893 compared to a net loss of \$1,972,126 during the year ended December 31, 2019 (the “comparative year”). The significant variances resulted from the following:

Foreign exchange gain (loss)

During the current year, the Company incurred a \$52,793 foreign exchange gain compared to a \$89,504 foreign exchange loss incurred during the comparative year. This variance related mainly to the change in the US\$: CAD\$ foreign exchange rate as it affected US\$-denominated liabilities and EUR: CAD\$ foreign exchange rates.

Consultants and Management fees

During the current year, the Company incurred \$298,674 of consultants and management fees, compared to \$405,716 during the comparative year. This variance related mainly to overall reduced corporate costs as the Company continues focuses on its permitting programme.

Exploration and evaluation costs

During the current year, the Company incurred general exploration expenses of \$137,700 (2019 - \$461,500) related to the Company’s Salave Gold property. This reduced exploration and development spend is in line with the Company’s focus on Government relations and permitting.

Exploration and Evaluation	December 31, 2020	December 31, 2019
Drilling costs	-	-
Assays and Sampling	-	60,527
Consultants - PEA	-	22,857
Consultants - Mineral Resource Estimate	-	69,741
Consultants - Geological and mapping database	137,700	293,827
Mining software	-	14,548
Total	\$137,700	\$461,500

Professional fees

During the current year, the Company incurred professional fees expense of \$133,313 (2019 - \$99,468) with increase due to reduced in-house work due to reduced activity resulting in more work being outsourced.

Share-based compensation

During the current year, the Company incurred ~~no~~ share-based ~~payments~~ compensation expense of \$nil compared to \$151,437 in 2019.

General and administrative expenses

During FY20 General & Administration costs were \$406,685 in the year ended December 31, 2020, compared to \$509,394 in 2019. The variance was as a result of reduced activity whilst the Company awaits regulatory & environmental licence approval for the Salave Gold project.

Profit & Loss for the Three Months Ended December 31, 2020

The Company incurred a comprehensive loss of \$261,655 (three months ended December 31, 2019 - \$340,302) The loss is lower than the comparative period due mainly to overall reduced exploration and development and corporate costs as the Company continues to focus on Government relations and permitting for preparation of the drilling program and strengthening of the local Management Team in Spain.

Consulting expenses were \$64,380 in the three months ended December 31, 2020, compared to \$10,208 in the same period of 2019. The variance was as a result of timing for the receipt of consulting services provided to the Company.

General and administrative expenses were \$95,702 in the three months ended December 31, 2020, compared to \$127,432 in the same period of 2019. The variance was as a result of reduced activity for the year. General and administrative expenses in the 2020 period were comprised primarily of employee expenses and advertising/public relations.

Exploration and evaluation costs were \$29,168 in the three months ended December 31, 2020, compared to \$49,270 in the same period of 2019. The variance was as a result of timing for the receipt of consulting services provided to the Company. This reduced exploration and development spend is in line with the Company's focus on Government relations and permitting.

Professional fees were \$12,821 in the three months ended December 31, 2020, compared to \$40,957 in the same period of 2019. Reduction in costs due to reduced exploration and corporate activity for the Company.

Cash Flows

Net cash used in operating activities during the year ended December 31, 2020 was \$1,011,511 (2019 - \$1,845,308). The cash used in operating activities for the current year consists primarily of the operating loss and a change in non-cash working capital.

During the year ended December 31, 2020, financing activities provided cash of \$1,347,273 (2019 - \$24,705). The financing activities in 2020 related to a placement raising AUD\$1,500,000 by a placement at AUD\$0.07 per share, with Proceeds to be used to towards progression of Salave Gold Project in North-West Spain, costs incurred in connection with due diligence for complementary projects, general working capital and costs of the capital raising.

Contractual Obligations

There are no debt, finance lease, operating lease, purchase obligations or other obligations currently contracted by the Company.

Financial Condition / Capital Resources

	December 31, 2020	December 31, 2019	December 31, 2018
Working capital	\$ 1,809,390	\$ 1,497,930	\$ 3,269,858
Cash	2,097,420	1,761,658	3,582,261
Total Assets	2,146,627	1,863,690	3,808,149
Total Liabilities	335,997	364,520	537,051

The Company has financed its operations to date through the issuance of common shares and debt financing. The Company continues to seek capital through various means including the issuance of equity and/or debt.

The Company's audited annual consolidated financial statements for the year ended December 31, 2020 have been prepared on a going concern basis which assumes that the Company will be able realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. If adequate financing is not available when required, the Company may be unable to continue operating. The Company may seek such additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

The Company's audited annual consolidated financial statements for the year ended December 31, 2020 do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

The Company presently does not have any capital expenditure commitments.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements as at December 31, 2020 and as of the date of this report.

Contingencies

The Company has no contingencies as at the date of this MD&A.

Related Party Transactions

The Company considers personnel with the authority and responsibility for planning, directing and controlling the activities of the Company to be key management personnel.

The following amounts were incurred with respect to Chief Executive Officer, Directors, and the Chief Financial Officer of the Company:

	2020	2019
Management and consulting fees – Chief Executive Officer	\$ 147,687	\$ 252,321
Directors’ fees	241,474	185,654
Management and consulting fees – former Chief Financial Officer	74,683	118,196
Management and consulting fees – current Chief Financial Officer	71,405	-
Wages and salary	107,334	93,786
Share-based compensation	-	133,529
	\$ 642,583	\$ 783,486

As at December 31, 2020, included in accounts payable and accrued liabilities is \$128,390 (2019 - \$116,706) that is due to directors, officers and companies controlled by directors or officers.

As at December 31, 2020, included in accounts receivable is \$9,400 (2019 - \$6,315) that is due from a former officer of the Company and a company controlled by an officer of the Company.

During the year ended December 31, 2020, the Company issued 371,522 shares valued at \$0.07 per share to settle outstanding director fees. The shares had a fair value of \$26,373, which resulted with a loss on debt settlement of \$2,718.

During the year ended December 31, 2020, the Company issued 995,704 shares valued at \$0.13 per share to settle outstanding director and officer fees. The shares had a fair value of \$124,699, which resulted with a loss on debt settlement of \$58,163.

During the year ended December 31, 2019, the Company issued 696,589 shares valued at \$0.07 per share to settle outstanding director fees. The shares had a fair value of \$48,761, which resulted with a gain on settlement of debt of \$21,952.

Critical Accounting Estimates

Use of estimates

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position 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:

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

The Company also makes estimates as to when performance conditions for stock options will be met. The determination of whether or not the achievement of performance milestones for stock options likely requires management to consider factors such as the likelihood of an employee or consultant remaining with the Company until requisite performance is achieved as well as external factors such as government regulations, financial market developments and industry trends which influence the milestones. Additionally, factors internal to the Company, such as the financial and strategic support for the achievement of the milestone must be considered. This determination is subject to significant judgment and changes to any of these factors or management's interpretation thereof, may result in expenses being recognized or previously recognized expense being reversed.

Income taxes

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected.

Changes in Accounting Policies – there were no changes to Accounting Policies during FY20.

Subsequent Events

There were no subsequent events to report post December 31, 2020.

Outstanding Share Data

The following table summarizes the Company's outstanding share data as of the date of this report:

	Number of shares issued or issuable
Common shares	134,353,612
Stock options (exercise prices ranging from \$0.10 to \$0.33, expiring between September 18, 2022 and February 7, 2028)	8,233,332
Warrants (exercise price of \$0.33 per share, expiring June 29, 2021)	2,666,666

Financial Instruments and Risk Management

Fair value

The inputs used in making fair value measurements are classified within a hierarchy that prioritizes their significance. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets and liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The carrying value of receivables and accounts payable and accrued liabilities approximated their fair value because of the short-term nature of these instruments. Cash and cash equivalents are measured at fair value using Level 1 inputs.

Financial instruments measured at fair value on the consolidated statements of financial position are summarized in levels of fair value hierarchy as follows:

Assets	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 2,097,420	-	-	\$ 2,097,420

The Company has exposure to the following risks from its use of financial instruments:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's cash and cash equivalents are held at large financial institutions and it believes it has no significant credit risk. The Company's receivables are due from the Government of Canada and a related party and are therefore considered to have no significant credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company manages its liquidity risk by forecasting cash flows from operations, and anticipating investing and financing activities. As at December 31, 2020, the Company had current assets of \$2,145,387 to settle current liabilities of \$335,997 which either have contractual maturities of less than 30 days and are subject to normal trade terms or are due on demand.

Market risk

Market risk is the risk of loss that may arise from changes in market factors, such as interest rates and foreign exchange rates.

a) Interest rate risk

Interest rate risk is the risk due to variability of interest rates. The Company is exposed to interest rate risk on its bank account. The income earned on the bank account is subject to the movements in interest rates. The Company has cash balances and no-interest bearing debt, therefore, interest rate risk is nominal.

b) Foreign currency risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company funds certain operations, exploration and administrative expenses in Spain by using Euros converted from its Canadian bank accounts. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk. Based on the Company's Euro, AUD, USD, and GBP denominated financial instruments at December 31, 2020, a 10% change in exchange rates between the Canadian dollar, Euro, AUD, USD, and GBP would result in a change of \$192,336 in foreign exchange gain or loss.

Risks and Uncertainties

Natural resources exploration, development, production and processing involve a number of business risks, some of which are beyond the Company's control. These can be categorized as operational, legal, financial and regulatory risks.

- Operational risks include finding and developing reserves economically, marketing production and services, product deliverability uncertainties, changing governmental law and regulation, hiring and retaining skilled employees and contractors and conducting operations in a cost effective and safe manner. The Company continuously monitors and responds to changes in these factors and adheres to all regulations governing its operations. Insurance may be maintained at levels consistent with prudent industry practices to minimize risks, but the Company is not fully insured against all risks, nor are all such risks insurable.
- Financial risks include commodity prices, interest rates and the Canadian dollar, United States dollar, Australian dollar, Great British pound and the Euro exchange rate, all of which are beyond the Company's control.
- Regulatory risks include the possible delays in getting regulatory approval to the transactions that the Board of Directors believe to be in the best interest of the Company, and include increased fees for filings, the introduction of ever more complex reporting requirements the cost of which the Company must meet in order to maintain its exchange listing.

There can be no assurance that future financing will be available or, if available, that it will be on reasonable terms. If financing is obtained by issuing common shares from treasury, control of the Company may change and investors may suffer additional dilution. To the extent financing is not available, lease payments, work commitments, rental payments and option payments, if any, may not be satisfied and could result in a loss of property ownership or earning opportunities for the Company.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this MD&A are forward-looking statements or forward-looking information (collectively "forward-looking statements") within the meaning of applicable securities legislation. We are hereby providing cautionary statements identifying important factors that could cause the actual results to differ materially from those projected in the forward-looking statements. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance are not historical facts and may be forward-looking and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

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", "intends", "anticipates", or "believes" or the negatives thereof or variations of such words and phrases or statements that certain actions, events or results "if", "may", "could", "would", "might" or "will" be taken, occur or be achieved.

Forward-looking statements in this MD&A include, but are not limited to, statements with respect to: (i) the estimation of inferred and indicated mineral resources; (ii) that once the Company obtains a positive Environmental Impact Declaration ("EID") and the authorization of the project, it will be able to commence construction of the Salave gold mine, pending municipal permits; (iii) the market and future price of gold; (iv) the timing, cost and success of future exploration and development activities; (v) currency fluctuations; (vi) requirements for additional capital; and (vii) increases in mineral resource estimates.

Forward-looking statements are based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, but which may prove to be incorrect. The Company believes that the assumptions and expectations reflected in such forward-looking information are reasonable.

Assumptions have been made regarding, among other things, the estimation of mineral resources, the realization of resource estimates, gold and other metal prices, the timing and amount of future exploration and development expenditures, the estimation of initial and sustaining capital requirements, the availability of necessary financing and materials to continue to explore and develop the Salave Gold Property in the short and long-term, the progress of development and exploration activities, and assumptions with respect to currency fluctuations, environmental risks, title disputes or claims, and other similar matters. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used. While the Company considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predicted outcomes may not occur or may be delayed. The risks, uncertainties and other factors, many of which are beyond the control of the Company, that could influence actual results include, but are not limited to: risks inherent in the exploration and development of mineral deposits, including risks relating to changes in project parameters as plans continue to be redefined, risks relating to variations in ore reserves, grade or recovery rates resulting from current exploration and development activities, risks relating to changes in the price of gold, silver and copper and the worldwide demand for and supply of such metals, risks related to current global financial conditions, uncertainties inherent in the estimation of mineral resources, access and supply risks, reliance on key personnel, risks inherent in the conduct of mining activities, including the risk of accidents, labour disputes, increases in capital and the risk of delays or increased costs that might be encountered during the development process, regulatory risks, including risks relating to the acquisition of the necessary licenses and permits, financing, capitalization and liquidity risks, including the risk that the financing necessary to fund the exploration and development activities at the Salave Gold Property may not be available on satisfactory terms, or at all, risks related to disputes concerning property titles and interest, and environmental risks.

Readers are cautioned that the foregoing lists of factors are not exhaustive.

The forward-looking statements in this MD&A are based on the reasonable beliefs, expectations and opinions of management on the date of this MD&A. Although we have attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There is no assurance that such 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.

The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement. Except as required by applicable securities laws, the Company does not undertake any obligation to publicly update or revise any forward-looking statements contained in this MD&A.

Management's Report on Internal Control over Financial Reporting

Disclosure Controls and Procedures and Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Company's Chief Executive Officer (the "CEO") and the Chief Financial Officer (the "CFO"), on a timely basis so that appropriate decisions can be made regarding public disclosure.

As at the end of the period covered by this Management's Discussion and Analysis, management of the Company, with the participation of the CEO and CFO, evaluated the effectiveness of the Company's disclosure controls and procedures as required by Canadian National Instrument 52-109 ("NI 52-109"). The evaluation included documentation review, enquiries and other procedures considered by management to be appropriate in the circumstances. Based on that evaluation, the Company's CEO and CFO have concluded that, as December 31, 2020, the disclosure controls and procedures (as defined in NI 52-109) were effective to provide reasonable assurance that information required to be disclosed in the Company's annual and interim filings

and other reports filed or submitted under applicable securities laws, is recorded, processed, summarized and reported within time periods specified by those laws and that material information is accumulated and communicated to management of the Company, including the CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

Internal Control over Financial Reporting

Management, with the participation of its CEO and CFO, is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Canada under NI 52-109. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of the Company's financial reporting for external purposes in accordance with IFRS as issued by the IASB. The Company's internal control over financial reporting include policies and procedures that:

- maintain records that accurately and fairly reflect, in reasonable detail, the transactions and dispositions of assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary for preparation of financial statements in accordance with IFRS as issued by IASB;
- provide reasonable assurance that the Company's receipts and expenditures are made only in accordance with authorizations of management and the Company's Directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Company's consolidated financial statements.

The Company's internal control over financial reporting may not prevent or detect all misstatements because of inherent limitations. Additionally, projections of any evaluation of effectiveness for future periods are subject to the risk that controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with the Company's policies and procedures.

The Company uses the 2013 Internal Control – Integrated Framework published by The Committee of Sponsoring Organizations of the Treadway Commission as the basis for assessing its ICFR. Management performed an evaluation of the Company's ICFR and concluded that, as at December 31, 2020, ICFR were designed and operating effectively so as to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Changes in Internal Controls

There were no changes in the Company's ICFR that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting during the year ended December 31, 2020.

Limitations on Controls and Procedures

The Company's management, including the CEO and CFO, believes that any disclosure controls and procedures or internal control over financial reporting, no matter how well conceived and operated, may not prevent or detect all misstatements because of inherent limitations. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any control system also is based in part upon certain of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.