

TRANSCONTINENTAL GOLD CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2024

Background

This discussion and analysis of financial position and results of operations ("MD&A") is prepared as at August 29, 2024 and should be read in conjunction with unaudited condensed interim financial statements for the six months ended June 30, 2024, and the audited financial statements as at December 31, 2023 and 2022 of Transcontinental Gold Corp. (the "Company" or "Transcontinental") with the related notes thereto. Those condensed interim 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 financial information in this MD&A has been prepared in accordance with IFRS and all dollar amounts are quoted in Canadian dollars, the reporting and functional currency of the Company, unless specifically noted.

This discussion contains forward-looking statements that involve risks and uncertainties. Such information, although considered to be reasonable by the Company's management at the time of preparation, may prove to be inaccurate and actual results may differ materially from those anticipated in the statements made.

Forward-Looking Statements

This MD&A contains forward-looking statements concerning anticipated developments on the Company's continuing operations, the adequacy of the Company's financial resources, financial projections, and estimates of capital and operating costs. Forward-looking statements are frequently, but not always, identified by words such as "expects," "anticipates," "believes," "intends," "estimates," "potential," "possible," "budget" and similar expressions, or statements that events, conditions or results "will," "may," "could" or "should" occur or be achieved. Information concerning the interpretation of drill results and mineral resource and reserve estimates also may be deemed to be forward-looking statements, as such information constitutes a prediction of what mineralization might be found to be present if and when a project is actually developed. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company or other future events or conditions may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors, including, without limitation, those described in this MD&A.

Forward-looking statements are subject to all of the risks and uncertainties normally incident in a public shell company looking for completing a transaction, which may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The major risk is that the Company currently has no business operations and intends to seek new ventures or other opportunities which could include acquiring a business or assets, which could require additional debt or equity financing.

With respect to the forward-looking statements contained in this MD&A, assumptions have been made regarding, among other things: the proposed qualifying transaction; the Company's ability to close the transaction and receive regulatory approval as proposed; the Company's ongoing operating results; and the Company's ability to obtain future financing on acceptable terms.

Although the Company believes that the material factors, expectations and assumptions expressed in such forward-looking statements are reasonable based on information available to it on the date such statements were made, no assurances can be given as to future results, levels of activity and achievements and such statements are not guarantees of future performance. The Company's actual results may differ materially from those expressed or implied in forward-looking statements and readers should not place undue importance or reliance on the forward-looking statements. Statements including forward-looking statements are made as of the date they are given and, except as required by applicable securities laws, the Company disclaims any intention or obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement.

Company Overview

Transcontinental Gold Corp. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on July 25, 2016. The Company is classified as a Capital Pool Company ("CPC") as defined in the TSX Venture Exchange ("TSX-V") Policy 2.4. The Company proposes initially to identify and evaluate businesses and assets that have profit potential and, once identified, to pursue discussions with a view to completing a Qualifying Transaction. The Company has not commenced commercial operations and has no significant assets other than cash. Until such time as the Company completes a Qualifying Transaction as required by the TSX-V, corporate expenditures will be restricted to costs of raising equity financing, administrative costs to maintain the Company in good standing and costs to identify and evaluate potential business opportunities.

On September 26, 2017, the Company completed its initial Public Offering ("IPO") and issued 3,000,000 common shares at a price of \$0.10 per share for total proceeds of \$300,000. Pursuant to an Agency Agreement between the Company and Haywood Securities Inc. (the "Agent"), the Agent received a cash commission of \$30,000, a corporate finance fee of \$10,500 and \$1,500 for expense reimbursement. Effective September 28, 2017, the date that the Company's common shares are listed for trading on the TSX-V, the Company issued Agents' warrants to acquire 300,000 common shares at \$0.10 per share, which expired on September 28, 2019.

Upon completion of the IPO, the Company granted 608,000 stock options to officers and directors of the Company with an exercise price of \$0.10 per share expiring September 28, 2027.

Loan Received

In 2021, the Company entered into two \$50,000 unsecured loan agreements to secure debt financing of \$100,000 in total. One of the loans was with an arms' length lender and the other loan was received from an entity controlled by a director of the Company. The loans bear interest at 10% per year and due on demand.

In 2022, the Company received an additional \$30,000 unsecured loan from the same entity controlled by a director of the Company. The loan bears interest at 10% per year and due on demand. In 2022, the Company also entered an amendment to the loan agreement (the "Amendment") with the arms-length lender which was originally entered on January 21, 2021. The Amendment is to extend the maturity date of the original loan agreement from January 20, 2022 to January 20, 2025.

On January 1, 2023, the Company entered a new revolving credit facility of up to \$300,000 with the same entity controlled by a director of the Company. The credit facility bears interest at 10% per year and is due by demand. During the year ended December 31, 2023, the Company has drawn a total of \$72,708 on the credit facility.

As of June 30, 2024, the loans payable totaled \$348,887 (December 31, 2023 – \$240,677), which included a principal amount of \$299,247 (December 31, 2023 – \$202,708) and accrued interest expense of \$49,640 (December 31, 2023 – \$37,969). For the six months ended June 30, 2024, the interest expense of \$11,672 (June 30, 2023 - \$7,732) was recorded.

Debt Settlement

The Company has entered into settlement and release agreements (the “Settlement Agreements”) with one of its creditors (the “Creditor”) to settle accounts payable balance of \$182,524 including accrued interest (the “Debt”). Based on the Settlement Agreements, the Company will make a cash payment to the Creditor on or before April 5, 2024 in the amount of \$70,000 against the principal amount. The Company and the creditor agree to settle the balance of the Debt of \$112,524 by way of issuance to the Creditor of a one-year promissory note with an interest of 12% per annum (the “Note”). If the Company pays the amount of \$67,242 to the Creditor on or before April 2, 2025, the Creditor will waive the payment and release the Company from payment of all other amount owing under the Note, including accrued interest. During the three months ended June 30, 2024, the Company paid the \$70,000 to the Creditor.

Quarterly Information

Results for the most recent quarters ending with the last quarter for the three months ending on June 30, 2024 are:

	2nd Quarter June 30, 2024	1st Quarter March 31, 2024	4th Quarter December 31, 2023	3rd Quarter September 30, 2023
Net Loss	\$22,577	\$14,775	\$43,175	\$7,676
Basic and diluted loss per share	\$(0.00)	\$(0.00)	\$(0.01)	\$(0.00)
Total assets	\$10,596	\$2,716	\$2,986	\$6,196
Working capital (deficiency)	\$(455,734)	\$(434,407)	\$(420,882)	\$(442,540)

	2nd Quarter June 30, 2023	1st Quarter March 31, 2023	4th Quarter December 31, 2022	3rd Quarter September 30, 2022
Loss	\$11,758	\$12,949	\$28,968	\$24,345
Basic and diluted loss per share	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.01)
Total assets	\$1,742	\$99	\$2,617	\$5,875
Working capital (deficiency)	\$(434,864)	\$(423,106)	\$(410,157)	\$(381,189)

Results of Operations

The Company reported losses of \$37,352 for the six months ended June 30, 2024. The major factors contributing to the losses are the \$6,429 of accounting and auditing expenses, \$18,734 of interest on loan payable, \$8,610 of filing fees paid to TSX-V, \$550 of bank charges and interest expenses, and \$3,029 of transfer agent costs.

The Company reported losses of \$24,707 for the six months ended June 30, 2023. The major factors contributing to the losses are the \$6,511 of accounting and auditing expenses, \$7,732 of interest on loan payable, \$7,566 of filing fees paid to TSX-V, \$516 of bank charges and interest expenses, and \$2,382 of transfer agent costs.

The Company reported losses of \$22,577 for the three months ended June 30, 2024. The major factors contributing to the losses are the \$4,229 of accounting and auditing expenses, \$13,666 of interest on loan

payable, \$2,815 of filing fees paid to TSX-V, \$280 of bank charges and interest expenses, and \$1,587 of transfer agent costs.

The Company reported losses of \$11,758 for the three months ended June 30, 2023. The major factors contributing to the losses are the \$3,936 of accounting and auditing expenses, \$3,250 of interest on loan payable, \$1,779 of filing fees paid to TSX-V, \$1,490 of bank charges and interest expenses, and \$1,303 of transfer agent costs.

Financial Condition including Cash Flows, Liquidity and Capital Resources

At June 30, 2024, negative working capital was \$455,734 (December 31, 2023 - \$420,882). Cash at the end of period ended June 30, 2024 was \$10,596, compared with \$2,986 as at December 31, 2023.

Cash used in operating activities was \$88,927 during the six months ended June 30, 2024 compared with \$68,584 during the same time period of last year.

Cash provided by financing activities from unsecured loans was \$96,537 during the six months ended June 30, 2024 compared with \$67,709 during the same time period of last year.

As at June 30, 2024, the Company had a cash balance of \$10,596, which is not sufficient to settle current liabilities of \$466,330.

Transactions with Related Party

Details of the transactions between the Company and other related parties are disclosed below.

Trading transactions

The Company's related parties consist of companies controlled by executive officers or related through common directors.

On January 1, 2023, the Company entered a new revolving credit facility of up to \$300,000 with an entity controlled by a director of the Company. The credit facility bears interest at 10% per year and is due by demand. During the six months ended June 30, 2024, the Company received an additional \$96,537 (June 30, 2023-\$67,709) unsecured loan from the same entity controlled by a director of the Company. The loan bears interest at 10% per year and is due on demand.

Total interest expenses accrued to the related party during the six months ended June 30, 2024 was \$11,672 (June 30, 2023 - \$7,732).

Related party liabilities

As of June 30, 2024, there was a loan payable balance of \$281,554 (December 31, 2023 - \$175,844) owing to an entity controlled by a director of the Company. The loan payable included a principal amount of \$249,246 (December 31, 2023 - \$152,708) and accrued interest expense of \$32,307 (December 31, 2023 - \$23,136). The loans bear interest at 10% per year and due on demand.

Outstanding Share Data

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

	Number of shares Issued or issuable
Common shares	7,080,000
Stock options	608,000

Escrowed shares

As at the date of this MD&A and June 30, 2024, the Company has 7,080,000 common shares (December 31, 2023 – 7,080,000) outstanding, 3,100,000 shares (December 31, 2023 – 3,100,000) of which are held in escrow. These common shares will be held in escrow and will be released pro-rata to the shareholders as to 25% of the escrowed shares upon issuance of notice of final acceptance of a Qualifying Transaction by the TSX-V, and as to the remainder in three equal tranches of 25% every six months thereafter for a period of 18 months. These escrowed shares may not be transferred, assigned, or otherwise dealt with without the consent of the regulatory authorities.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Financial Instruments and Risk Management

As at June 30, 2024, the Company's financial instruments comprise cash, due to related parties, accounts payable and accrued liabilities and loans payable. The fair value of cash, due to related parties, accounts payable and accrued liabilities and loans payable approximates its carrying value due to its short-term to maturity.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash. The Company limits exposure to credit risk by maintaining its cash with large financial institutions. The Company does not have cash that is invested in asset backed commercial paper.

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 ensures there is sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. The Company believes that these sources are sufficient to cover the likely short-term cash requirements, but that further funding will be required to meet long-term requirements. As at June 30, 2024, the Company had a cash balance of \$10,569, which is not sufficient to settle current liabilities of \$533,663. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and subject to normal trade terms.

Market risk

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

i. Interest rate risk

Interest rate risk arises from changes in market rates of interest that could adversely affect the Company. The Company currently has no interest-bearing financial instruments other than cash, so its exposure to interest rate risk is insignificant.

ii. Foreign currency risk

Foreign currency risk arises from fluctuations in foreign currencies versus the Canadian dollar that could adversely affect reported balances and transactions denominated in those currencies. The Company currently has no assets or liabilities and has no revenue or expenses denominated in a foreign currency, so it is not exposed to foreign currency risk.

iii. Equity price risk

Equity price risk arises from market fluctuations in equity prices that could adversely affect the Company's operations. The Company's current exposure to equity price risk is limited to declines in the values and volumes including those of its own shares, which could impede its ability to raise additional funds when required.

Capital Management

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. As at June 30, 2024, the Company's shareholders' deficit was \$523,067 and it had \$466,330 in current liabilities. The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels.

In order to maintain or adjust the capital structure, the Company may issue new shares, reduce debt or increase its debt. The Company is not subject to any externally imposed capital requirements. The net proceeds raised will only be sufficient to identify and evaluate a limited number of assets and businesses for the purpose of identifying and completing a Qualifying Transaction. Although the company has little cash, it still needs to identify the Company's Qualifying Transaction.

The Company's capital management objectives, policies and processes have not been changed over the period presented. The Company is not subject to any externally imposed capital requirements.

Critical Judgments and Estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates on the resulting effects of the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

All of the Company's significant accounting policies and estimates are included in Note 3 and 4 of its

annual financial statements for the year ended December 31, 2023 and 2022.

Adoption of new accounting policy

The Company has adopted the following accounting policy effective January 1, 2023.

Amendments to IAS 1 Presentation of Financial Statements, clarify how to classify debt and other liabilities as current or non-current. The amendments help to determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments also include clarifying the classification requirements for debt an entity might settle by converting it into equity.

The adoption of this accounting standard does not have a material effect on the financial statements.

Risks and Uncertainties

The Company is actively trying to identify a potential Qualifying Transaction and currently has no source of recurring income. The Company has not commenced commercial operations, and has no significant assets other than cash, has no history of earnings and shall not generate earnings or pay dividends until at least after the completion of a Qualifying Transaction. Until the completion of a Qualifying Transaction, the Company is not permitted to carry on any other business other than the identification and evaluation of potential Qualifying Transactions.

There can be no assurances that the Company will continue to be able to obtain adequate financing in the future or that the terms of such financing will be favorable. The Company's success depends to a certain degree upon key members for the management. It is expected that these individuals will be a significant factor in our growth and success. The loss of the service of members of the management team or certain key employees could have a material adverse effect on the Company.

Corporate Governance

The Company's Board of Directors and its committees substantially follow the recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The current Board is comprised of three individuals, one of whom is an executive officer of the Company.