



Management Discussion & Analysis
For the year ended December 31, 2020

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SAILFISH ROYALTY CORP

Management Discussion & Analysis For the year ended December 31, 2020

The following Management Discussion and Analysis (“MD&A”) of Sailfish Royalty Corp. (“Sailfish”, or the “Company”) has been prepared as of April 15, 2021. All dollar amounts are expressed in United States dollars unless otherwise stated. This MD&A should be read in conjunction with Sailfish’s audited consolidated financial statements and the notes thereto for the years ended December 31, 2020 and 2019. The audited consolidated financial statements have been prepared based on International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”). Additional information relating to the Company is available under the Company’s profile on the SEDAR website at www.sedar.com.

In March 2020, the World Health Organization declared a global pandemic related to the novel coronavirus (COVID-19). The expected impacts on global commerce have been and are anticipated to continue to be far reaching. The mineral exploration and mining sector has been impacted significantly as many local and regional governments have issued public health orders in response to COVID-19, including restricting the movement of people, which could impact the ability of the Company’s royalty interests to access their properties and complete their exploration and or mining programs in the coming year. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the future impacts of COVID-19 on the Company are not determinable. These circumstances may have an adverse impact on the Company’s financial position, results of operations and cash flows in 2021. In particular, there may be heightened risk of impairment of mineral, royalty and other interests.

DESCRIPTION OF BUSINESS

Sailfish is a public company listed on the TSX Venture Exchange (“TSXV”) under the symbol “FISH” following its listing on December 21, 2017. The Company also trades on the OTCQX Best Market under the symbol “SROYF”. Sailfish was incorporated on February 27, 2014 under the BVI Business Companies Act, 2004 and is domiciled in the British Virgin Islands. The address of its registered and head office is Sea Meadow House, P.O. Box 116, Road Town, Tortola, British Virgin Islands, VG1110. Sailfish is primarily engaged in the acquisition of royalty and streaming agreements.

COMPANY HIGHLIGHTS

For the year ended December 31, 2020 (including activity up to the date of this MD&A):

- On March 19, 2021, the Company repaid its Loan Facility in full.
- On March 17, 2021, the Company closed a transaction whereby a post-buy-down interest of 0.75% of the Company’s up to 3.5% net smelter return royalty held on its TZ Royalty has been transferred to Metalla Royalty & Streaming Ltd. for total consideration of US\$9 million in cash (the “Purchase Consideration”). The Company has received US\$6 million of the Purchase Consideration with the remaining US\$3 million to be paid within 60 days.
- During the year ended December 31, 2020 Sailfish purchased 1,861,000 common shares on-market, which have been cancelled. The shares were acquired at an average price of \$1.0240 (CAD\$1.3627) per share, with prices ranging from \$0.8002 (CAD\$1.0391) to \$1.1092 (CAD\$1.4626). The total cost of \$1,905,663, plus \$7,412 of after-tax transaction costs, was deducted from shareholders’ equity.
- On October 28, 2020, the board appointed Akiba Leisman as a director and Executive Chairman, Cesar Gonzalez as Chief Executive Officer and Bryan McKenzie as Chief Financial Officer.
- On September 3, 2020, Sailfish closed an oversubscribed rights offering raising total aggregate gross proceeds of CAD\$18,000,000. Sailfish issued rights to existing eligible shareholders at the close of business on August 5, 2020. Shareholders received 0.309406057 of a right for each common share of the Company held. One whole right entitled the holder to subscribe for one share upon payment of the subscription price of C\$1.00 per share. USD\$10,000,000 of the proceeds were used to pay down the Loan Facility.
- On August 4, 2020, in light of recent silver price appreciation, the Company began evaluating all options for the Gavilanes silver property to maximize value for shareholders.

- On March 2, 2020, the Company sold the Almaden (Nutmeg Mountain) Property to GoldMining Inc. (“GMI”) for total consideration of CAD\$1,150,000 (\$861,036) including cash of CAD\$575,000 and 337,619 shares in GMI valued at CAD\$575,000.

ROYALTY AND STREAM INTERESTS

The Company owns the following royalties and other interests:

- (i) San Albino (3%)

The Company holds a stream equivalent to a 3% Net Smelter Return (“NSR”) on the original area of interest of the San Albino project operated by Mako Mining Corp (“Mako”).
- (ii) El Compas (1.5%)

The Company holds a 1.5% NSR on El Compass, located in Zacatecas, Mexico, which is operated by Endeavour Silver Corp (“Endeavour”). Commissioning of El Compas commenced in 2018 and commercial production was achieved in March 2019. During the year ended December 31, 2020, \$94,657 (2019 - \$124,231) of royalty revenue was received from this NSR and depletion of \$63,551 (2019 - \$151,066) was expensed.

Revenue from El Compas was impacted during the year ended December 31, 2020 due to the national health emergency declared by the Mexican government caused by the COVID-19 pandemic. As a result, Endeavour suspended mining at its Mexican operations, including El Compas, from April 1, 2020 to May 18, 2020.
- (iii) Gavilanes option

The Company held an option to assign a 100% ownership interest from Mako for a de minimis amount on the Gavilanes project located in Durango, Mexico. The option was exercised on August 1, 2019.
- (iv) La Cigarra (1%)

The Company holds a 1% NSR on La Cigarra, located in Chihuahua, Mexico. Kootenay Silver Inc. is the current operator and the project is at the exploration stage.
- (v) TZ Royalty (2.75%)

The Tocantinzinho Royalty (“TZ Royalty”) was acquired as part of the spin-out of Sailfish from Marlin Gold Mining Ltd (“Marlin”) in 2017. It is a 2.75% NSR (post transaction as outlined in the section titled “events after the reporting period”) on revenues on the Tocantinzinho Project (“TZ Project”) payable following the commencement of commercial production, which Eldorado Gold Corp (“Eldorado”) has the right to reduce to a 0.75% NSR on revenues by payment of US\$5.5 million within 30 days of a construction decision to proceed with development of the TZ Project. In the event that Eldorado elects to make such a payment and such amount is paid to Sailfish, Sailfish will be obligated, pursuant to the Tocantinzinho Royalty Purchase Agreement to pay such amount to the TZ Royalty vendors. If Eldorado does not exercise its right to reduce the TZ Royalty, then, within 35 days of the announcement by Eldorado of a construction decision to proceed with development of the TZ Project, Sailfish shall, at its option, either (i) pay US\$5.5 million to the TZ Royalty vendors or (ii) assign 2% of the TZ Royalty back to the TZ Royalty vendors. No liability has been recognized for this in the consolidated statement of financial position.
- (vi) Spring Valley Royalty (0.5% - 3.0%)

The Spring Valley gold project (“Spring Valley Project”) is located in Pershing County, Nevada and is 100% owned and controlled by Waterton Global Resource Management. The Company acquired a portfolio of royalties on the Spring Valley Project as part of the Arrangement Agreement and acquisition of Terraco Gold Corp. (“TGC”) (see Note 4 in the December 31, 2020 audited consolidated financial statements). The royalties in the portfolio acquired range from a 0.5% NSR on a portion of the Spring Valley Project up to a 3.0% NSR sliding scale royalty on the main portion of the Spring Valley Project.

The parameters surrounding of the 3% NSR sliding scale royalty are as follows:

Gold Price (US\$ per oz)	Royalty %
<\$300	0.84%
\$300-\$399	1.26%
\$400-\$499	1.74%
\$500-\$599	2.16%
\$600-\$699	2.58%
\$700+	3.00%

(vii) San Albino (2%)

The Company holds a 2% NSR on the district-scale land package (~134.5 square kilometers) surrounding the original area of interest of the San Albino project, which hosts multiple high-grade targets including Las Conchitas and El Golfo.

(viii) Moonlight Property Royalty (2%)

Sailfish holds a 2% NSR on the Moonlight exploration property, located to the north of the Spring Valley Project ("Moonlight Property").

The Moonlight Property is comprised of 95 parcels of private fee lands as well as 3 mineral leases of private fee lands and 3 leases of patented mining claims, plus 230 unpatented lode mining claims.

Production and Sales from Royalties and Streams:

	YE December	YE December
Ounces produced and sold during the period:	31, 2020	31, 2019
<i>Gold:</i>		
Endeavour Silver Corp. El Compas Royalty	46	109
Total gold ounces produced and sold	46	109
<i>Silver:</i>		
Endeavour Silver Corp. El Compas Royalty	557	1,285
Total silver ounces produced and sold	557	1,285

EXPLORATION AND EVALUATION ASSETS

Gavilanes Property

On August 1, 2019, the Company exercised its option to acquire a 100% ownership interest on the Gavilanes Property located in Durango, Mexico and be assigned Oro Gold Resources Ltd.'s right to purchase the Guadalupe Property. The Gavilanes Property is located in the San Dimas mining district of Durango, Mexico and covers a total of 13,594 hectares.

SUMMARY OF ANNUAL RESULTS

The following table is derived from the audited consolidated financial statements of Sailfish for the year ended December 31, 2020 (the "Current Year"), 2019 and 2018:

	December 31, 2020	December 31, 2019	December 31, 2018
Total assets	\$ 51,020,937	\$ 50,300,943	\$ 20,308,076
Total non-current liabilities	\$ 3,113,240	\$ 11,236,106	\$ -
Total equity	\$ 47,582,388	\$ 38,612,658	\$ 20,222,667
Total royalty revenue	\$ 94,657	\$ 124,231	\$ 29,078
Basic (loss) earnings per share	\$ (0.07)	\$ (0.08)	\$ 0.15
Diluted (loss) earnings per share	\$ (0.07)	\$ (0.08)	\$ 0.15
Net (loss) income before comprehensive (loss) income	\$ (4,592,974)	\$ (3,431,896)	\$ 5,626,285

SUMMARY OF QUARTERLY RESULTS

Sailfish's quarterly financial statements are prepared under IFRS as applicable to interim financial reporting. The following table provides highlights from Sailfish's financial statements of quarterly results for the past eight quarters.

	31-Dec 2020	30-Sep 2020	30-Jun 2020	31-Mar 2020
Total royalty revenue	\$ 24,493	\$ 23,600	\$ 17,018	\$ 29,546
Net (loss) income before comprehensive (loss) income for the quarter	\$ (899,862)	\$ (2,228,617)	\$ (719,719)	\$ (744,776)
Basic earnings (loss) per share	\$ (0.01)	\$ (0.04)	\$ (0.01)	\$ (0.01)
Diluted earnings (loss) per share	\$ (0.01)	\$ (0.04)	\$ (0.01)	\$ (0.01)

	31-Dec 2019	30-Sep 2019	30-Jun 2019	31-Mar 2019
Total royalty revenue	\$ 26,844	\$ 55,299	\$ 36,531	\$ 5,557
Net (loss) income before comprehensive (loss) income for the quarter	\$ (1,005,552)	\$ (1,503,125)	\$ (273,433)	\$ (649,786)
Basic earnings (loss) per share	\$ (0.02)	\$ (0.03)	\$ (0.01)	\$ (0.02)
Diluted earnings (loss) per share	\$ (0.02)	\$ (0.03)	\$ (0.01)	\$ (0.02)

RESULTS OF OPERATIONS

For the three months ended December 31, 2020:

Sailfish recorded a net loss before comprehensive loss of \$899,862 for the three months ended December 31, 2020 (\$0.01 loss per common share) compared to a net loss before comprehensive loss of \$1,005,552 (\$0.02 loss per common share) for the three months ended December 31, 2019, a change of \$105,690, as explained in the following paragraphs:

Share based compensation for the three months ended December 31, 2020 was \$604,663 (comparative three months ended December 31, 2019 - \$255,766). The increase is due from new stock options granted during the three-month period.

Interest expense for the three months ended December 31, 2020 was \$95,158 (comparative three months ended December 31, 2019 - \$308,982). The decrease is due from a principal repayment of \$9,819,532 on the loan facility during the year ended December 31, 2020.

Professional fees for the three months ended December 31, 2020 was \$73,761 (comparative three months ended December 31, 2019 - \$213,180). The decrease is due from less operating activity requiring these types of services during the three-month period.

For the year ended December 31, 2020:

The Company recorded a net loss of (\$4,592,974) for the year ended December 31, 2020 (\$0.07 loss per common share) compared to a net loss of (\$3,431,896) (\$0.08 loss per common share) for the year ended December 31, 2019, a change of (\$1,161,078), as explained in the following paragraphs.

Director fees compensation for the Current Year was \$116,886 (2019 - \$44,534), a change of \$72,332 which is due from a one-time payment of \$60,900 (2019 - \$nil) paid during the year to the directors.

Senior management compensation for the Current Year was \$558,900 (2019 - \$68,500), a change of \$490,400 which is due from a one-time payment of \$490,400 (2019 - \$nil) paid during the year to senior management. The majority of this one-time payment was used by senior management to exercise stock options.

Consulting fees for the Current Year was \$244,760 (2019 - \$490,213), a decrease of (\$245,453) which is due from less operating activity requiring consulting services during the Current Year.

Foreign exchange loss (gain) for the Current Year was \$150,291 (2019 - (\$43,822)), a change of \$194,113 which is largely due from converting the rights offering proceeds received during the year from Canadian dollars to US dollars.

(Loss) gain on disposal of assets for the Current Year was (\$10,516) (2019 - \$101,346), a change of (\$111,862) which is due from the sale of the Almaden (Nutmeg Mountain) Property resulting in a loss on disposal of \$10,516. During the year ended December 30, 2019, the Company incurred a gain on the receivable of \$101,346 from Mako.

Gain on financial assets at fair value through profit or loss for the Current Year was \$146,448 (2019 - \$Nil). The increase is due from the sale of the shares of GMI.

Loan adjustment loss for the Current Year was \$750,056 (2019 - \$Nil). The loss is due from the difference arising between the carrying amount of the portion of the loan facility extinguished, and the consideration paid.

Interest expense for the Current Year was \$988,260 (2019 - \$465,701), a change of \$522,559, which is primarily due from the accretion associated with the loan facility which was outstanding for a full year when compared to the prior year.

INDUSTRY TRENDS

Price of gold and silver (past 1 year chart)





Price of gold and silver (past 10 year chart)



LIQUIDITY, CAPITAL RESOURCES AND GOING CONCERN

The Company considers items included in shareholders' equity as capital. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Company has experienced operating losses and negative operating cash flows during the year and anticipates that operating expenses will continue to exceed funds received from revenues in the next year. As at December 31, 2020, the Company's working capital totalled \$1,522,003 (December 31, 2019: deficit of \$36,849 (excluding the Asset held for sale)). For the year ended December 31, 2020, the Company used cash for operations of \$1,828,375 (2019: \$1,646,802).

A summary and discussion of Sailfish's cash inflows and outflows for the year ended December 31, 2020 is as follows:

Operating Activities

Cash used for operating activities during the year ended December 31, 2020 was \$1,828,375 (2019 –\$1,646,802). The addbacks to the net loss during the year ended December 31, 2020 included realized loss (gain) on disposal of assets of \$10,516 (2019 - \$(101,346)), loan adjustment loss of \$750,056 (2019 – \$nil), interest expense of \$981,202 (2019 - \$460,524), depreciation of \$30,711 (2019 - \$26,144), depletion of \$63,551 (2019 - \$151,066), unrealized foreign exchange loss of \$43,419 (2019 - gain \$35,288), and share-based compensation of \$1,267,672 (2019 – \$1,179,117).

The deductions to the net income during the year ended December 31, 2020 included gain on lease disposal of \$2,275 (2019 - \$nil) and a gain on financial assets at fair value through profit of loss of \$146,448 (2019 - \$nil).

Investing Activities

Sailfish received payments during the year ended December 31, 2020 of \$nil (2019 - \$1,674,785) from Mako. Sailfish received interest of \$nil (2019 - \$186), proceeds from the sale of assets of \$417,126 (2019 - \$nil) and acquired cash on the Acquisition of \$nil (2019 - \$3,112,937). Sailfish incurred transaction cost on the Acquisition of \$nil (2019 - \$397,168). Sailfish received proceeds from the sale of investments of \$576,966 (2019 - \$nil) and made payments on exploration and evaluation assets of \$287,253 (2019 - \$nil).

Financing Activities

Sailfish made principal payments on lease liabilities during the year ended December 31, 2020 of \$28,957 (2019 - \$21,119), purchase of treasury shares of \$1,905,663 (2019 - \$2,572,393), transaction cost on shares bought back of \$7,412 (2019 - \$15,268) and received proceeds from stock options exercised of \$542,831 (2019 - \$50,290). Sailfish received proceeds from shares issued on the rights offering of \$13,775,116 (2019 - \$nil), incurred transactions cost of the shares issued in the rights offering of \$146,451 (2019 - \$nil) and made payments on the loan facility of \$9,819,535 (2019 – received proceeds of \$12,031,005) and made repayments on the convertible debenture of \$nil (2019- \$12,031,055).

OFF-BALANCE SHEET ARRANGEMENTS

Sailfish has no off-balance sheet arrangements.

KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGEMENT

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Information about estimates, assumptions and other sources of estimation uncertainty as at December 31, 2020 that have a risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next year are provided below. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each period end. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Outlined below are some of the areas that require management to make judgements and significant estimates and assumptions in determining carrying values.

i. Income taxes

Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.

ii. Assessment of indicators of Impairment of assets

Assessment of impairment of royalty and stream interests and exploration and evaluation assets requires the use of judgments when assessing whether there are any indicators of impairment at the end of each reporting period, including assessing whether there are any observable indicators that the asset's value has declined during the period. With respect to royalty and stream interests, management uses judgment when assessing whether there are indicators of impairment, such as significant changes in future commodity prices, discount rates, operator reserve and resource estimates or other relevant information received from the operators that indicates production from royalty and stream interests will not likely occur or may be significantly reduced in the future. For exploration and evaluation assets, management is required to make judgments on the status of each project and the future plans towards finding commercial reserves.

If such an indication exists, the recoverable amount of the interest is estimated in order to determine the extent of the impairment (if any). The recoverable amount is the higher of the fair value less costs of disposal and value in use. During the year ended December 31, 2020, management of the Company determined that there were no indicators of impairment for its royalty and stream interests, and exploration and evaluation assets.

TRANSACTIONS WITH RELATED PARTIES

Related party transactions have been measured at the exchange amount of consideration agreed between the related parties.

Related party transactions are listed below:

(a) Key management compensation

Key management includes directors and senior management. For the year ended December 30, 2020 and 2019 the compensation was as follows:

- (i) Director fees of \$116,866 (2019 - \$44,534) were recorded in 2020 and are payable semi-annually in advance. Included in prepaids are director fees of \$nil (2019 - \$15,466). A one-time payment of \$60,900 (2019 - \$nil) was paid during the year to directors.
- (ii) Senior management fees of \$558,900 (2019 - \$68,500) and share-based compensation of \$1,267,672 (2019 - \$1,179,117) were incurred. A one-time payment of \$490,400 (2019 - \$nil) was paid during the year to senior management. The majority of this one-time payment was used by senior management to exercise stock options.

(b) Related party transactions

- (i) Rent of \$18,950 (2019 - \$18,950) was paid during the year to a company related to one of the directors for office space for which there is no long-term commitment. Of this amount, \$nil (2019 - \$1,500) is included in due to related parties at December 31, 2020.
- (ii) During the year ended December 31, 2020, the Company received payments of \$nil (2019 - \$1,674,785), incurred a gain on the receivable of \$nil (2019 - \$101,346), paid exploration fees of \$nil (2019 - \$556,206) and earned a foreign exchange gain of \$nil (2019 - \$18,047) from Mako, a company with a director and officer in common.

- (iii) Consulting fees pertaining to severance of \$nil (2019 - \$225,000) was paid during the year to the incoming director as a result of the TGC acquisition (Note 4) and \$nil (2019 - \$12,500) as an additional consulting fee.
- (iv) During the year ended December 31, 2020, the Company made payments on behalf of Marlin Gold Mining USA Ltd., a company related by common shareholders of \$155,695 (2019 - \$nil), of which \$155,695 (2019 - \$nil) is included in Due from related parties at December 31, 2020.
- (v) At December 31, 2020, Due from related parties of \$155,695 (2019 - \$2,192) was comprised of the following balances:

	2020	2019
Due from Marlin Gold Mining USA Ltd.	155,695	-
Due from a company related by common directors	-	2,192
Total due from related parties	\$ 155,695	\$ 2,192

- (vi) At December 31, 2020, Due to related parties of \$1,912 (2019 - \$188,075) was comprised of the following balances:

	2020	2019
Reimbursement of expenses to officers	1,912	3,962
Loan commitment fee payable to WST and WCT - see financing activities below	-	180,466
Fees payable to a company related to one of the directors	-	2,147
Rent payable to a company related to one of the directors	-	1,500
Total Due to related parties	\$ 1,912	\$ 188,075

(c) Financing activities

Sailfish entered into a Loan Facility in 2019 with a controlling related party.

FINANCIAL INSTRUMENTS

(a) Overview

The Company has exposure to credit risk, liquidity risk and market risk from its use of financial instruments. This note presents information about the Company's exposure to each of these risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

(b) Fair Value of Financial Instruments

IFRS 9 requires financial assets to be classified into three measurement categories on initial recognition: fair value through profit and loss ("FVTPL"), fair value through other comprehensive income ("FVOCI") and amortized cost. Investments in equity instruments are required to be measured by default at FVTPL (but there is an irrevocable option for each equity instrument to present fair value changes in other comprehensive income). Measurement and classification of financial assets is dependent on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	December 31, 2020	December 31, 2019
Cash	Amortized cost	\$ 1,562,833	\$ 274,390
Accounts receivable	Amortized cost	65,420	53,706
Due from related parties	Amortized cost	155,695	2,192
Royalty fees receivable	Amortized cost	24,493	26,844
Accounts payable and accrued liabilities	Amortized cost	(297,757)	(201,861)
Lease liabilities	Amortized cost	(71,721)	(142,913)
Due to related parties	Amortized cost	(1,912)	(188,075)
Loan facility	Amortized cost	(3,067,159)	(11,155,436)

Financial instruments must be classified at one of three levels within a fair value hierarchy according to the relative reliability of the inputs used to estimate their values. The three levels of the hierarchy are as follows:

- Level 1: Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.
- Level 2: Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.
- Level 3: Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The carrying values and the fair market values of the Company's financial instruments are that the fair value of all financial instruments approximates their carrying value due to either their short-term maturity and/or capacity of prompt liquidation.

The Company does not have any financial instruments that are measured using Level 1, 2 or level 3 inputs. During the year ended December 31, 2020 and 2019 there were no transfers between Level 1, Level 2 and Level 3 classified assets and liabilities.

(c) Credit Risk

Credit risk is the risk of potential loss to the Company 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 cash held in bank accounts and accounts receivable. The carrying amount of financial assets recorded in the consolidated financial statements represents the Company's maximum exposure to credit risk.

The Company limits its exposure to credit risk on liquid financial assets through investing its cash and cash equivalents with high-credit quality financial institutions and by closely monitoring its accounts receivable.

(d) 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 manages liquidity risk by forecasting cash flows from operations, anticipated investing and financing activities and through the management of its capital structure. Accounts payable and accrued liabilities, lease liabilities and due to related parties of \$325,309 are due in the first quarter of fiscal 2021.

(e) Market Risk

(i) Foreign Currency Risk

Foreign exchange risk is the risk arising from changes in foreign currency fluctuations. The Company's operations and royalty agreements are conducted primarily in US dollars. As a result, the Company is not significantly exposed to fluctuation in exchange rates and foreign currency risk.

At December 31, 2020 and December 31, 2019, the Company's exposure to foreign currency risk is as follows:

	December 31, 2020	December 31, 2019
Cash (C)	\$ 67,078	\$ 206,637
Cash (MXN)	1,890	12,990
Accounts receivable (MXN)	53,047	-
Accounts payable and accrued liabilities (C)	237,116	247,095
Due from related parties (C)	-	2,847
Lease liabilities (C)	71,721	142,913
Due to related parties (C)	-	2,789

Had the Canadian Dollar and Mexican Peso foreign exchange rates strengthened against the United States dollar by 1%, with all other variables remaining constant, the change in net income would have been insignificant. A weakening of 1% in the Canadian Dollar and Mexican Peso against the United States dollar, with all other variables held constant, would have had an equal but opposite effect.

(i) Interest Rate Risk

The interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at December 31, 2020 the Company has no exposure to interest rate risk.

(ii) Commodity price risk

Commodity price risk is the risk that the fair value of financial assets and financial liabilities or expected future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for minerals are impacted by world economic events that dictate the levels of supply and demand as well as the relationship between the Canadian and United States Dollars, as outlined above. As the Company has not yet developed significant commercial mineral interests, it is not exposed to commodity price risk at this time. However, the Company is exposed to commodity price risk as it impacts the Company's access to capital and funding.

CRITICAL ACCOUNTING POLICIES

Sailfish's significant accounting policies are described in Note 2 of the audited consolidated financial statements for the year ended December 31, 2020.

OUTSTANDING SHARE DATA

As at the date of this MD&A, Sailfish had the following common shares and options issued and outstanding:

- 75,022,851 issued shares
- 6,136,127 options outstanding

Additional information on the stock options is explained in note 11 in the December 31, 2020 consolidated financial statements.

CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION

This MD&A contains forward-looking statements or forward-looking information within the meaning of applicable securities laws concerning Sailfish's beliefs and plans, including but not limited to statements with respect to the availability of financial resources; capital, operating and cash flow estimates; and other matters. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, intentions or future events or performance are not statements of historical fact and may be "forward-looking statements".

Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors which could cause actual events or results to differ from those expressed or implied by the forward-looking statements, including but not limited to those referred to in this MD&A under the heading "Risks and Uncertainties" and elsewhere in this MD&A.

Sailfish's forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made and should not be relied on as representing Sailfish's views on any subsequent date. Sailfish specifically disclaims any intention or any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change, except as required by applicable law. For the reasons set forth above, investors should not place undue reliance on forward-looking statements.

PROPOSED TRANSACTIONS

Other than what is disclosed in the events after the reporting period, there are no other proposed transactions.

RISKS AND UNCERTAINTIES

Negative operating cash flow

Sailfish had negative operating cash flow for the year ended December 31, 2020. To the extent that Sailfish has negative cash flow in future periods, Sailfish may need to enter into additional loan agreements and/or issue additional equity to fund such negative cash flow.

Financial resources

Sailfish has limited financial resources and there is no assurance that sufficient additional funding will be available to fulfill its obligations or for further royalty acquisitions, on acceptable terms or at all. Failure to obtain additional funding on a timely basis could result in delay or indefinite postponement of further royalty acquisitions and could cause Sailfish to forfeit its interests in some or all of its properties or to reduce or terminate its operations.

Operating Hazards and Risks

Mining operations involve many risks which even a combination of experience, knowledge and careful evaluation may not be able to overcome. In the course of exploration, development and production of mineral properties, certain risks, and in particular unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes, may occur. Operations in which the Company has a direct or indirect interest are subject to all the hazards and risks normally incidental to exploration, development and production of mineral deposits, any of which could result in damage to or destruction of mines and other producing facilities, damage to life and property, environmental damage and possible legal liability for any or all damage.

Although the Company maintains liability insurance in an amount which it considers adequate, the nature of these risks is such that liabilities could exceed policy limits, in which event the Company could incur significant costs that could have a materially adverse effect upon its financial conditions.

Metal Prices

The mining industry, in general, is intensely competitive and there is no assurance that a profitable market will exist for the sale of metals produced, even if commercial quantities of precious and/or base metals are discovered. Factors beyond the control of the Company may affect the marketability of metals discovered. Pricing is affected by numerous factors beyond the Company's control, such as international economic and political trends, global or regional consumption and demand patterns,

increased production and smelter availability. There is no assurance that the price of metals recovered from any mineral deposit will be such that it can be mined at a profit.

Title Risks

Although the Company has exercised the usual due diligence with respect to determining title to properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned. The Company's mineral property interests may be subject to prior unregistered agreements, transfers or native claims, and title may be affected by undetected defects.

Environmental Regulations Permits and Licenses

The Company's operations are subject to various laws and regulations governing the protection of the environment, exploration, development, production, taxes, labour standards, occupational health, waste disposal, safety and other matters. Environmental legislation in Mexico provide restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailing disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. Environmental legislation is evolving in a direction of stricter standards and enforcement, and higher fines and penalties for non-compliance. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and their directors, officers and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations. The Company intends to fully comply with all environmental regulations.

The current operations of the Company require permits from various Mexican authorities and such operations are governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental, mine safety and other matters.

The Company believes that it is in compliance with all material laws and regulations which currently apply to its activities. However, there can be no assurance that all permits which the Company may require for its operations and exploration activities will be obtainable on reasonable terms, a timely basis or that such laws and regulations would not have an adverse effect on any mining project which the Company might undertake.

Royalties and stream interests in foreign countries

Sailfish's royalties, streams and other interest may be affected in varying degrees by political stability and government regulations relating to the mining industry and foreign investors therein. There is no assurance that the political and investment climate of foreign countries will continue to be favorable. Any changes in regulations or shifts in political conditions are beyond the control of Sailfish and may adversely affect its business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, environmental legislation and mine safety.

Risks related to conducting business in emerging markets

Sailfish's royalty and streaming activities, and the activities undertaken by companies from which Sailfish may acquire a royalty, stream or interest, may be in international locations that display characteristics of emerging markets. Conducting business in these countries may be subject to a variety of risks including, but not limited to: currency fluctuations, devaluations and exchange controls; inflation; uncertain political and economic conditions resulting in unfavorable government actions such as unfavorable legislation or regulation, trade restrictions, unfavorable tax enforcement or adverse tax policies; the denial of contract rights; and social unrest, acts of terrorism or armed conflict. Management is unable to predict the extent or duration of these risks or quantify their potential impact.

Potential profitability depends upon factors beyond the control of Sailfish

The potential profitability of royalty and streaming activities is dependent upon many factors beyond Sailfish's control. For instance, world prices of and markets for gold and silver are unpredictable, volatile, potentially subject to governmental fixing, pegging and/or controls and respond to changes in domestic, international, political, social and economic environments. Another factor is that rates of recovery of mined material may vary from the rate experienced in tests and a reduction in the recovery rate will adversely affect profitability and, possibly, the economic viability of a property. Production will fluctuate in ways Sailfish cannot predict and are beyond Sailfish's control, and such fluctuations will impact on profitability and may eliminate profitability altogether. Additionally, due to worldwide economic uncertainty, the availability and cost of funds for development and other costs have become increasingly difficult, if not impossible, to project. These changes and events may materially affect the financial performance of Sailfish.

Repatriation of earnings

There is no assurance that any countries in which Sailfish operates or may operate in the future will not impose restrictions or taxes on the repatriation of earnings to foreign entities.

Currency fluctuations; foreign exchange

The operations of Sailfish in the countries where it operates are subject to currency fluctuations and such fluctuations may materially affect the financial position and results of Sailfish. Sailfish is subject to the risks associated with the fluctuation of the rate of exchange of the U.S. dollar and foreign currencies, in particular the Canadian dollar and the Mexican peso. Sailfish does not currently take any steps to hedge against currency fluctuations although it may elect to hedge against the risk of currency fluctuations in the future. There can be no assurance that steps taken by Sailfish to address foreign currency fluctuations will eliminate all adverse effects and, accordingly, Sailfish may suffer losses due to adverse foreign currency fluctuations.

Sailfish may be subject from time to time to foreign exchange controls in countries outside of the United States although no such controls are currently known to Sailfish.

Price volatility and lack of active market

In recent years, the securities markets in Canada and elsewhere have experienced a high level of price and volume volatility, and the market prices of securities of many public companies have experienced significant fluctuations in price which have not necessarily been related to their operating performance, underlying asset values or prospects of such companies. Any quoted market for Sailfish's securities will likely be subject to such market trends and the value of Sailfish's securities may be affected accordingly.

Key executives

Sailfish is dependent on the services of key executives and a small number of highly skilled and experienced consultants and personnel, whose contributions to the immediate future operations of Sailfish are likely to be of importance. Locating royalty streaming agreements depends on a number of factors, not the least of which is the technical skill of the personnel involved. Due to the relatively small size of Sailfish, the loss of these persons or Sailfish's inability to attract and retain additional highly skilled employees or consultants may adversely affect its business and future operations. Sailfish does not currently carry any key man life insurance on any of its executives. The directors and officers of Sailfish will only devote part of their time to the affairs of Sailfish.

Competition

The mineral royalty and streaming agreement business is competitive in all of its phases. Sailfish competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources, in the search for and the acquisition of royalty and streaming agreements. Sailfish's ability to acquire royalty and streaming agreements in the future will depend not only on its ability to develop its present royalty and streaming agreements, but also on its ability to select and acquire suitable prospects. There is no assurance that Sailfish will be able to compete successfully with others in acquiring such prospects.

Potential conflicts of interest

Certain directors and officers of Sailfish are, and may continue to be, involved in the royalty and streaming agreements industry through their direct and indirect participation in corporations, partnerships or joint ventures which are potential competitors of Sailfish. Situations may arise in connection with potential acquisitions in investments where the other interests of these directors and officers may conflict with the interests of Sailfish and the Sailfish's interests may be adversely affected.

Dilution

Issuances of additional securities under future financings will result in dilution of the equity interests of persons who are currently Shareholders or who become Shareholders of Sailfish.

Dividends

Sailfish has no earnings or dividend record and is unlikely to pay any dividends in the foreseeable future as it intends to employ available funds for acquiring royalty and streaming agreements. Any future determination to pay dividends will be at the discretion of the Board of Directors of Sailfish and will depend on Sailfish's financial condition, results of operations, capital requirements and such other factors as the Board of Directors of Sailfish deem relevant.

Nature of the securities

The purchase of Sailfish's securities involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks. Sailfish's securities should not be purchased by persons who

cannot afford to lose their entire investment.

COVID-19

In March 2020, the World Health Organization declared a global pandemic related to the novel coronavirus (COVID-19). The expected impacts on global commerce have been and are anticipated to continue to be far reaching. The mineral exploration and mining sector has been impacted significantly as many local and regional governments have issued public health orders in response to COVID-19, including restricting the movement of people, which could impact the ability of the Company's royalty interests to access their properties and complete their exploration and or mining programs in the coming year. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the future impacts of COVID-19 on the Company are not determinable. These circumstances may have an adverse impact on the Company's financial position, results of operations and cash flows in 2021. In particular, there may be heightened risk of impairment of mineral, royalty and other interests.

CORPORATE GOVERNANCE

Management of the Company is responsible for the preparation and presentation of the condensed interim and annual consolidated financial statements and notes thereto, MD&A and other information contained in this MD&A. Additionally, it is management's responsibility to ensure the Company complies with the laws and regulations applicable to its activities.

The Company's management is held accountable to the board of directors ("Directors"), each member of which is elected annually by the shareholders of the Company. The Directors are responsible for reviewing and approving the audited consolidated annual financial statements and MD&A. Responsibility for the review and approval of the Company's annual consolidated financial statements and MD&A is delegated by the Directors to the Audit Committee, which is comprised of 3 directors, 2 of whom are independent of management. Additionally, the Audit Committee pre-approves audit and non-audit services provided by the Company's auditors.

The external auditors are appointed annually by the shareholders to conduct an annual audit of the financial statements in accordance with IFRS. The external auditors have complete access to the Audit Committee to discuss the audit, financial reporting and related matters resulting from the annual audit, as well as assist the members of the Audit Committee in discharging its corporate governance responsibilities.

EVENTS AFTER THE REPORTING PERIOD

- I. The Company closed a transaction whereby a post-buy-down interest of 0.75% of the Company's up to 3.5% net smelter return royalty held on its TZ Royalty has been transferred to Metalla Royalty & Streaming Ltd. for total consideration of \$9 million in cash (the "Purchase Consideration"). The Company has received \$6 million of the Purchase Consideration with the remaining \$3 million to be paid within 60 days.
- II. The Company granted of a total of 500,000 incentive stock options to its recently appointed Vice President of Corporate Development pursuant to the Company's stock option plan. Subject to the policies of the TSX-V and the terms and conditions of the stock option plan, the stock options will have an exercise price of C\$1.14, expire five years from the date of grant and vest over three years.
- III. The Company purchased 1,221,900 common shares on-market, which have not yet been cancelled.
- IV. The Company repaid its Loan Facility in full.

OTHER INFORMATION

Additional information relating to the Company is available for viewing on SEDAR at www.sedar.com and at the Company's web site www.sailfishroyalty.com.

Approved by the board of directors on April 14, 2021.