



(“Fosterville South” or “the Company”)

**FORM 51-102F1
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Introduction

This Management’s Discussion and Analysis (“MD&A”) of Fosterville South Exploration Ltd. including its subsidiaries, Currawong Resources Pty Ltd. (Australia), and Bendigo Gold Corp. (Canada) is the responsibility of management and covers the year ended December 31, 2020. The MD&A takes into account information available up to and including April 15, 2021 and should be read together with the audited consolidated financial statements for the year ended December 31, 2020.

The Company was incorporated under the *Business Corporations Act* (British Columbia) on July 22, 2019. The Company's registered and records office is located at Suite 704 – 595 Howe Street, Vancouver, BC, V6C 2T5. The Company's head office is located at Suite 488-1190 West Georgia Street, Vancouver, BC V6E 3V7.

The Company’s shares commenced trading on the TSX Venture Exchange (“TSX-V”) on April 14, 2020, under the symbol FSX. The Company’s shares are also quoted on the U.S. OTC Markets Platform under the symbol “FSXLF”.

Throughout this document the terms *we*, *us*, *our*, *the Company* and *Fosterville South* refer to Fosterville South Exploration Ltd. All financial information in this document is prepared in accordance with International Financial Reporting Standards (“IFRS”) and is presented in Canadian dollars unless otherwise indicated.

This document contains forward-looking statements. Please refer to “Note Regarding Forward-Looking Statements.”

Description of Business

The Company is in the business of acquiring and exploring mineral resource properties in the State of Victoria, Australia. The Company's principal properties are the 100% owned Lauriston Gold Project, Golden Mountain Project, Moornbool Project and Providence Project.

In addition, during and subsequent to period end, the Company continued to acquire and/or stake additional tenements in Victoria, including the Walhalla Gold Belt Project, the Timor, Avoca, and Moornbool Projects and the Beechworth Project, as described in the performance summary below. Subsequent to period end the Company spun-out the Timor and Avoca projects, as described in the Leviathan Spin-Out summary below.

Please refer to the "Exploration Projects" section below for the acquisition and project details on all the projects.

Leviathan Spin-Out

During the year ended December 31, 2020, the Company announced its board of directors had approved a spinout transaction, which completed subsequent to year end.

On October 1, 2020, the Company entered into an Arrangement Agreement (the "Arrangement Agreement") with its formerly wholly-owned subsidiary Leviathan Gold Ltd ("Leviathan") and an unrelated company incorporated under the laws of British Columbia, Leviathan Finance Ltd ("FinCo"). Under the terms of the Arrangement Agreement, the Company spun-out Leviathan and Leviathan's wholly owned subsidiary, Leviathan Gold (Australia) PTY Ltd ("Leviathan Australia"), (the "Transaction") on November 23, 2020 by way of a distribution of 67,907,831 shares of Leviathan to the Company's shareholders. The result of this distribution was that each Fosterville shareholder received shares in Leviathan proportionate to their share ownership in the Company. At the time of the spin-out of Leviathan shares, Leviathan did not hold any assets or liabilities and the Transaction was accounted for as a distribution to shareholders of nominal value that did not have an impact on the consolidated accounts of the Company.

Following the completion of the Transaction, FinCo completed a brokered financing of subscription receipts at \$0.50 per subscription receipt for total gross proceeds of \$12,914,000.

As part of the Arrangement Agreement, Currawong entered into an agreement to dispose of the Avoca and Timor Projects and certain other tenements (the "Avoca and Timor Projects") to Leviathan Australia for cash, at their fair value of \$745,443 (AUD\$764,081 – received subsequent to year end). Under the terms of the agreement, Leviathan Australia also assumed the underlying obligations of the Company and Currawong under the original purchase agreements.

Subsequent to the completion of the Transaction and prior to the completion of the acquisition of the Avoca and Timor Projects from Currawong, Leviathan caused 1274996 B.C Ltd., a newly-incorporated wholly owned subsidiary of Leviathan, to amalgamate with FinCo (the "Amalgamation"). Following the Amalgamation, Leviathan applied and received approval to list on the TSXV and commenced trading on February 10, 2021.

Performance Summary and Subsequent Events

During the year ended December 31, 2020 the Company:

- Continued field work and desktop review of the Lauriston Gold Project, the Golden Mountain Project and potential acquisition targets in the State of Victoria.
- Completed and SEDAR filed the final long form prospectus and the NI 43-101 for the Lauriston Gold Project and for the Golden Mountain Project on March 19, 2020.
- The issuance of the final prospectus, dated March 18, 2020, was the final requirement for the conversion of 8,202,750 Special Warrant Shares and 6,800,000 Subscription Receipt Shares into common shares. On March 25, 2020 the Company issued 15,002,750 common shares.
- Completed the listing process and the Company's shares commenced trading on the TSX-V on April 14, 2020 under the symbol FSX.

- Closed a private placement financing and issued a total of 13,636,363 units at a price of \$1.10 per unit for gross proceeds of \$14,999,996. Each Unit consisted of one common share and one-half of one Common Share purchase warrant. Each whole warrant entitles the holder to purchase a Common Share at an exercise price of \$2.00 for a period of 24 months ending May 14, 2022.

The Company paid a syndicate of agents a cash commission of \$998,729 and issued a total of 907,937 common share purchase warrants (the "Broker Warrants"), with each Broker Warrant exercisable at \$1.10 per Common Share for a period of 24 months ending May 14, 2022.

- Announced it has commenced drilling at its Golden Mountain project located in the state of Victoria, Australia, with two drill rigs on site. The initial drill program consisted of 18 holes, totaling 2,215 metres. The initial program was conducted in two parts consisting of shallow percussion drilling targeting the northern mapped east-west mineralized zone and core (diamond) drilling targeting the deeper zones of the central mineralized section.
- Entered into a purchase agreement with Mercator Gold Australia Pty. Ltd. ("Mercator"), a subsidiary of Alternative Investment Market-listed ECR Minerals PLC, whereby it will acquire a 100% interest in three high-grade gold projects called the Timor project, the Avoca project and the Moornbool project. Under the terms of the purchase agreement, Fosterville South agreed to pay AUD\$500,000 to Mercator in consideration of a 100-per-cent interest in the gold projects. The Company will also pay Mercator AUD\$1 for every ounce of gold or gold equivalent of measured resource, indicated resource or inferred resource within one or more of the tenements comprising the gold projects, which payment shall not exceed a total of AUD\$1,000,000. In the event the Company carries out commercial production on the gold projects, the Company will pay Mercator AUD\$1 for every ounce of gold or gold equivalent ounces produced from the tenements comprising the gold projects, which payment shall not exceed a total of AUD\$1,000,000.
 - Moornbool project: The Moornbool project area occurs east of Fosterville South within the Melbourne zone and is underlain by Siluro-Devonian rocks. It covers an area between the Redcastle and Graytown goldfields, within which occurs a southeast-striking large regional fault. Due to pervasive shallow alluvial cover, the project area is largely unexplored. In close proximity to this regional structure and included within the project area is a magnetic anomaly interpreted to be a small intrusive plug or cupola that is potentially mineralized.
 - The Avoca project occurs in the central west part of Victoria and within the Stawell zone of the Lachlan Fold Belt. The project is composed of mesothermal quartz-vein-hosted gold and related placer-style gold mineralization. There is a considerable local history of mining both kinds of deposit. The Avoca goldfield produced approximately 750,000 ounces of gold largely from alluvial gold deposits. A number of high-grade orogenic vein type deposits occur, which have not been drilled.
 - The Timor project occurs immediately east of the Avoca project and occurs within the Bendigo zone of the Lachlan Fold Belt. The Timor project area contains numerous hard-rock and alluvial gold deposits evidenced by significant historical workings. Historical alluvial production within the Timor project area is believed to have been in the region of 640,000 ounces of gold. Two major regional north striking faults contain the main hard-rock gold targets and despite their substantial historic gold production have not had any significant drilling.
- Entered into an agreement with FliteGold Pty. Ltd., an entity controlled by Mr. Neil Motton, which held a royalty over the Avoca project. Under separate negotiations, the Company agreed to issue 225,000 shares to FliteGold and, in consideration of which, FliteGold will terminate its royalty on the Avoca project.
- Expanded its portfolio of high-quality gold projects with the consolidation and acquisition of six highly prospective tenements through tenement applications that comprise the Walhalla Gold Belt Project, a 537-square-kilometre project in Victoria, Australia. Highlights include:
 - Total recorded historic hard rock gold production from the project of 1,510,309 ounces of gold at a recovered grade of 33.59 g/t gold.
 - Dozens of high priority exploration targets including former mines, most with no modern drilling.
- Provided assays from multiple wide intercepts of high-grade gold near surface from initial shallow scout drilling at the recently commenced Golden Mountain drilling program. Highlights from this initial near surface percussion drilling include:

- 2 metres at 10.78 g/t Au within a total intercept of 16 metres at 2.58 g/t Au in hole GMP 11 (from 32 metres) at 0.5g/t Au cutoff
 - 18 metres at 5.34 g/t Au within a total intercept of 21 metres at 4.64 g/t Au in hole GMP 13 (from 45 metres).
 - 3 metres at 3.13 g/t Au within a total intercept of 10 metres at 1.31 g/t Au in hole GMP 6 (from 72 metres).
 - 7 metres at 3.57 g/t Au within a total intercept of 31 metres at 1.38 g/t Au in hole GMP 14 (from 45 metres).
 - Drill holes GMP01 & GMP13 all ended in significant gold mineralisation.
- Announced its board of directors has unanimously approved a spinout transaction, whereby the Company will distribute the shares of a new company named Leviathan Gold Ltd. to the shareholders of Fosterville South, following which Leviathan will undertake an equity financing to finance the exploration, advancement and development of the Avoca and Timor Projects.
 - Announced its common shares are now eligible for electronic clearing and settlement through the Depository Trust Company (DTC) in the United States. DTC is a subsidiary of the Depository Trust & Clearing Corporation, a U.S. company that manages the electronic clearing and settlement of publicly traded companies. Securities that are eligible to be electronically cleared and settled through DTC are considered to be "DTC eligible". DTC eligibility is expected to simplify the process of trading and enhance liquidity of the Company's common shares in the United States.
 - Closed a private placement financing and issued a total of 1,962,500 units at a price of \$4.00 per unit for gross proceeds of \$7,850,000. Each Unit consisted of one common share and one-half of one Common Share purchase warrant. Each whole warrant entitles the holder to purchase a Common Share at an exercise price of \$4.95 for a period of 24 months ending July 21, 2022.

The Company paid a syndicate of agents a cash commission of \$485,870 and issued a total of 121,468 common share purchase warrants (the "Broker Warrants"), with each Broker Warrant exercisable at \$4.00 per Common Share for a period of 24 months ending July 21, 2022.

- Announced it has accelerated drilling by adding a second diamond core drill rig at its Golden Mountain project. This second diamond drill rig has been added to the program based on the excellent results (see news release dated June 23, 2020) to date and a desire to increase the pace of drilling.
- Announced it has intersected wide intervals of high-grade gold in multiple drill holes during the initial phase of core drilling at its Golden Mountain project in Victoria, Australia.

Based on the high-grade drilling results during this initial core drilling program, the previous high-grade drill results reported by Fosterville South from near-surface percussion drilling and regional groundwork, Fosterville South is also pleased to announce that it has staked (exploration tenement applications) an additional 404 square kilometres contiguous with and immediately to the east of the company's Golden Mountain project tenements, as to cover off all of what the company believes is the geologically prospective ground in the immediate area.

Highlights from drilling include:

- Drill hole GMDH28 records 39.5 metres at 7.25 grams per tonne gold from 118.6 m including 10.6 m at 17.1 g/t Au from 137.85 m.
 - Drill hole GMDH26 records 5.8 metres at 18.4 g/t Au from 91.8 m including 4.6 m at 22.68 g/t Au from 93m.
 - In drill hole GMDH28, three occurrences of visible gold have been observed over a drill length of 12 metres located on fractures and within quartz veins.
- Expanded its portfolio of high-quality gold projects with the acquisition of the 36-square-kilometre Beechworth gold project in Victoria, Australia, held within EL4697 and RLA006013 by Northern Mine Ventures P/L ("Northern Mine").

Pursuant to the terms of a purchase agreement between the Company and Northern Mine the Company paid AUD \$50,000 to Northern Mine and agreed to pay an additional AUD \$250,000 on the date that the granted Exploration License is converted to a Retention License. The Company also agreed to incur AUD \$130,000 in exploration expenditures on the project within 90 days. Northern Mine retained a 2.5% NSR, which may be repurchased with a one-time payment of AUD \$2,000,000.

Highlights of the project include:

- Numerous drill ready gold prospects with orogenic style mineralization throughout the Project
- Contains significant goldfields of Hillsborough, Hurdle Flat and Happy Valley with over 100,000 ounces of historical gold production, including 43,477 ounces of hard-rock production at 15.7 g/t Au within the tenement.
- Past exploration drilling includes W03: 8m @ 8.88 g/t Au from 18m and W06: 10m @ 9.58 g/t Au from 34m of downhole intervals.

Channel sampling of outcrops include 10 m at 23.7 g/t, 5 m at 25.9 g/t gold and 10 m at 7.16 g/t gold.

- Reported multiple long intervals of gold mineralization from Golden Mountain drilling. Highlights included:
 - Drill hole GMDH0030 records 27.6 metres at 6.7 grams per tonne gold, including 8.0 metres at 11.9 grams per tonne gold;
 - Drill hole GMDH0031 records 29.0 metres at 2.2 grams per tonne gold, including 6.0 metres at 5.3 grams per tonne gold;
 - Drill hole GMDH0032 records 60.8 metres at 2.5 grams per tonne gold, including 5.0 metres at 4.5 grams per tonne, including 3.7 metres at 4.9 grams per tonne gold and including 3.8 metres at 4.3 grams per tonne gold;

These results confirm and expand the known mineralized footprint at Golden Mountain, which remains open at depth and open along strike, particularly as the Company's interpretation of the previous drilling is proving to be very reliable. Every core drill hole completed by Fosterville South to date has intersected gold mineralization, and drilling is continuing. Two core drill rigs are in operation at Golden Mountain currently, and additional assays from recently drilled infill and expansion holes are expected imminently.

- Announced the appointment of Victoria-based Liza Gazis to the board of directors. Ms. Gazis is a mining industry consultant with over 30 years of experience with specific expertise in GIS (geographic information system) and tenement management. Among other significant corporate assignments with organizations such as Pasminco, Gold Mines of Australia, Geological Survey of Victoria, BHP Petroleum and Victorian Mines Department, Ms. Gazis has had a long-standing involvement with the Fosterville Mine since its start-up in 1989 to 2020.
- Reported the intersection of multiple intervals of high-grade gold in drill holes during the initial phase of core drilling at its Golden Mountain project in Victoria, Australia. In addition, the Company reported it has submitted an application for a 5,120-metre drill permit at the Lauriston project. Highlights from the drilling included:
 - Drill hole GMDH36 recorded 8.3 metres at 6.91 grams per tonne gold from 58.5 m, including 1.7 m at 30.72 grams per tonne gold.
 - Drill hole GMDH35 recorded 47 metres at 2.67 grams per tonne gold from 68 m, including 4 m at 11.8 grams per tonne gold.
- Released new high-grade and extensive gold assay results from the remaining portion of drill hole GMDH 36 at its Golden Mountain project in Victoria, Australia. The new results include multiple intercepts of high-grade gold, as well as intersecting more extensive gold mineralization to the southwest. Importantly, a zone of visible gold was noted in the drill core and this high-grade gold zone is located further south than the previous high-grade drill intersections and south of the key east-west fault.

The new results from GMDH 36 include 28 metres at 10.2 grams per tonne (g/t) gold (Au) (nine metres (m) true width), including 13 metres at 17.5 g/t Au (4.2 m true width) and 11 m at 4.8 g/t Au (3.5 m true width). Mineralization is open at depth, open along strike and deeper drilling is currently continuing.

- Obtained the necessary government approvals to drill from an additional 15 drill pad locations at its Golden Mountain gold project located in Victoria, Australia. Multiple holes can be drilled from each of the newly approved drill pad locations within exploration license EL006430. This newly issued permit will allow the company to extensively drill test for:

- Mineralization south of the key east-west fault, within the main north-south zone, where multiple high-grade gold intercepts were recently reported by Fosterville South in the southernmost hole drilled to date;
 - Western extensions of the mineralized east-west fault;
 - Central part and western extensions to the northern east-west granite contact zone;
 - The depth extensions of the main north-south zone.
- The exploration license applications for Enoch's Point and Reedy Creek are now granted. Enoch's Point forms part of the former high-grade gold-producing Walhalla gold belt, and Reedy Creek forms part of the Providence gold project. Neither project has been the subject of any large-scale modern and systematic exploration, despite significant high-grade gold production reported in the late 1800s up to the early 1900s. Both projects are within the Melbourne zone and have the key two types of mineralization: gold (Au) and antimony (Sb) mineralized epizonal orogenic gold deposits as well as similarly mineralized intrusive-related breccia pipes.

Reedy Creek highlights include:

- Numerous former gold mines with high-grade gold production including Langridge's mine (20,620 ounces at 56 grams per tonne) and Doyle's mine (13,341 oz at 51 g/t);*
- Contains a 16.5-kilometre northwest-striking gold mineralized corridor containing over 50 gold prospects within the corridor apart from several satellite prospects located throughout the license;
- Only two drill holes from the 1890s carried out in the entire Reedy Creek gold field but no assays were carried out;
- Fosterville South has recently completed a LIDAR survey on the property to locate all the former mine workings.

Enochs Point highlights include:

- Contained within prolific Walhalla-Woods Point belt;
- Incomplete historical gold production reported on the license of 21,769 oz at 13.75 g/t Au, including the Luck's All mine that produced 17,301 oz at 20.32 g/t Au, not drilled;**
- Only four drill holes completed on three intrusive-related targets by BHP and CRAE during historic exploration within the entire license;
- Gold contained in quartz carbonate veins with key gold-arsenic-antimony signature of the Melbourne zone;
- Minor historical exploration ridge and spur sampling shows numerous gold anomalies

* Historical records were verified by reviewing State of Victoria Mining Surveyors and Registrar's quarterly reports from 1860 to 1891 and annual reports issued thereafter.

** The production information noted above was obtained from GeoVic, a government of Victoria (Australia) mining database (2020)

- Announced it has acquired the Baynton exploration license application (EL007504). The Baynton EL application covers an area of 119 square kilometres and adjoins the southeastern border of the Kirkland Lake, Fosterville gold mine tenements. The new tenement is contiguous with the Kirkland Lake boundary for 28 kilometres and expands Fosterville South's property to 43 kilometres of continuous boundary with Kirkland Lake at Fosterville.
- Provided high-grade assays of up to 152 grams per tonne gold in rock chip samples at the Star of the Glen target on the Golden Mountain project, which is a target approximately four kilometres southeast of where drilling is continuing at the main target area on the project. Highlights from the news release include:
 - High-grade rock chip samples of up to 152 grams per tonne Au at Star of the Glen;
 - Drill application for at least 900 metres at Star of the Glen prepared and being submitted;
 - Access is secured at Star of the Glen with a private landholder agreement in place;
 - Drilling continuing at main target area at Golden Mountain.
- Announced results from the Company's annual general and special meeting. All matters voted on at Fosterville South Exploration Ltd.'s annual general and special meeting of shareholders, held on Nov. 13, 2020, were approved,

including the special resolution with respect to an arrangement pursuant to which the company will spin out its Avoca and Timor properties to Leviathan Gold Ltd.

- Completed the subscription receipt financing of \$12,914,000 and the spin-out of Leviathan Gold Ltd, as discussed in the Leviathan Spin-Out section above. Subsequent to period end Leviathan's common shares commenced trading on the TSXV under the symbol LVX on February 10, 2021.
- Announced new gold assay results from the continuing drill program at its Golden Mountain project in Victoria, Australia. Multiple holes intersected long intervals of strong gold mineralization, including GMDH 45, which returned 55.1 metres at 3.06 grams per tonne gold, including 15.9 metres at 6.93 g/t Au in the deepest hole drilled to date in the N-S zone.
- Received \$9,973,579 from the exercise of 5,091,772 share purchase warrants and \$808,000 from the exercise of 2,020,000 stock options.

Subsequent to December 31, 2020 the Company:

- Announced it had commenced drilling at its Lauriston gold project, located immediately south of and contiguous with Kirkland Lake Gold's Fosterville mine tenements, located in Victoria, Australia. Lauriston is an epizonal gold-antimony-arsenic mineralized project, which has the best potential to be the southern extension of the Fosterfield goldfield belt, outside of Kirkland Lake Gold's tenements. The Redesdale, Whitelaw and Taradale faults intersect Lauriston, although some areas are masked by a thin younger basalt cover, leaving these particular areas on the property never explored. The assembly of Lauriston was a multiyear process, commencing in early 2017, long before the current land rush now taking place in Victoria. Fosterville South's planned 5,120-metre reconnaissance drill program at the Lauriston project will focus on the high-grade epizonal and mesozonal prospects that have recorded historical high-grade gold production.
- Announced new gold assay results from the continuing drill program at its Energetic Reefs prospect located within the Lauriston project in Victoria, Australia, and final assays from 2020 drilling at Golden Mountain.

At Lauriston, multiple shallow holes intersected lengthy zones of gold mineralization, such as EN007, which returned 13 metres at 1.02 g/t Au, including one metre at 9.50 g/t Au from 44 to 57 metres. The drilling has provided key information into the complexity of the mineralization of the breached saddle reef structure and its associated strong halo of mineralization that forms the Energetic Reefs prospect

- Announced new gold assay results from rock-chip samples collected as part of the continuing exploration program at Enoch's Point (which forms part of the Walhalla gold belt project), being conducted in preparation for drilling.

Highlight sample assays include CR12969, which graded 179 grams per tonne gold; CR13069, which graded 155 g/t gold; and CR13017 (obtained from a dike outcrop), which graded 16.8 g/t gold (see attached table for details on these sampling results).

- Announced it has commenced drilling at its Moormbool project. The initial drill program plans to focus on the Staffordshire Flat fault zone, which is a regional structure masked by 10 metres to 20 m of alluvial cover and with anomalous gold-arsenic-in-soil cover. It is a high-priority magnetic and geochemical target. Farther northwest along the same valley/structure were extensive alluvial workings overlying gold mineralized diorite dikes striking along the valley.

For the complete news releases and for additional information please refer to the Company's website or to SEDAR (www.sedar.com).

Outlook

Since incorporation on July 22, 2019 the Company has acquired various projects in Victoria, Australia and has secured financing to fund initial exploration programs and has listed on the TSX-V exchange under the symbol FSX. The Company

has commenced and is fully funded to meet the Phase I and Phase II exploration programs on its 100% owned Lauriston Gold Project and the Golden Mountain Projects as described in the Company's NI 43-101's, which are filed on SEDAR.

Based on the initial positive results received to date, the Company intends to continue the drilling program at Golden Mountain. The goal of drilling is to better understand the scope and size of the mineralisation and to ultimately define potential resources and reserves.

The Company has completed initial fieldwork at the Lauriston Gold Project, designed to further define drilling targets and has commenced drilling. Over the coming year, the Company intends to continue core and percussion drilling at Lauriston on these initial drill targets as well as continuing to identify and assess additional targets.

In addition to drilling at the Golden Mountain Project and Lauriston Project and Moormbool Project, which are current priority projects for fieldwork, the Company continues to assess other projects within its portfolio and will work to advance other projects within the portfolio to a drill ready state. This process includes but is not limited to fieldwork, advancing permits and securing access agreements.

While the Company is active on the ground via the drill campaigns at the Golden Mountain Project, Moormbool Project and at the Lauriston Project, the Company will also continually assess how to best maximize shareholder value from other projects within its portfolio via corporate activities such as the announced spin out transaction proposed for the Avoca Project and Timor Project (see Fosterville South News Release dated June 23, 2020 for details). The Company believes that the large strategic land position of compelling projects it has acquired in Victoria will present multiple opportunities to identify and assess transactions that can potentially benefit shareholders going forward.

The Company will also continually assess new projects available in Victoria through the exploration tenement application process and also projects owned by other corporate entities. The Company's experience in Victoria and strong cash position puts it in a good position to expand its land holdings if the opportunity arises and therefore ongoing project identification and assessment work is occurring.

As the Company has no source of revenue at this time, it will continue to deplete capital to operate its drilling programs, fieldwork, office and administrative expenses and continual investigations of new projects and opportunities.

COVID 19

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic and since March 2020, measures have been implanted in the countries in which the Company operates in response to the impact of the coronavirus. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The Company's business travel has been restricted and various business operations, including permitting processes and exploration mobilization have seen delays. As at December 31, 2020 the pandemic has not had a material impact on the Company as the Company's management focuses on taking measures to mitigate the effects. It is not possible for the Company to fully predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

Acquisition of Currawong Resources Pty Ltd:

On August 8, 2019, the Company acquired all the issued and outstanding shares of Currawong pursuant to the terms of the Currawong Agreement. At the time of the acquisition Currawong directly held a one hundred percent (100%) interest in the Lauriston Gold Project, the Golden Mountain Project and various applications to acquire other ELs in Australia.

In consideration of the shares of Currawong, the Company issued 3,000,000 common shares of the Company to FliteGold, being the former sole shareholder of Currawong. Further, the Company has agreed to pay FliteGold a deferred cash payment totalling AUD \$300,000 as follows:

- AUD\$75,000 on closing (paid CAD\$68,241);
- AUD\$75,000 by August 8, 2020 (paid CAD\$71,702);
- AUD\$75,000 by August 8, 2021; and
- AUD\$75,000 by August 8, 2022.

The following table summarizes the fair value of the total consideration paid and the aggregate fair value of the identified assets acquired and liabilities assumed:

Purchase price	\$
Cash	68,241
3,000,000 common shares of the Company at \$0.15 per share	450,000
Fair value of deferred payments	142,037
Fair value of consideration	660,278

Net assets acquired	\$
Cash	2,881
Exploration and evaluation assets	686,389
Liabilities	(28,992)
	660,278

Please refer to the Exploration Projects section below for a description of the projects.

EXPLORATION PROJECTS

Lauriston Gold Project, Victoria, Australia

The Lauriston property (EL006656), known as the Lauriston Gold Project, is held 100% through its wholly owned subsidiary, Currawong Resources P/L. Below is a summary of the project, for additional information please refer to the the Lauriston Gold Project Technical Report, which is available under the Company's profile on the SEDAR website at www.sedar.com.

Property description and summary

The Lauriston Gold Project is comprised of one tenement, an exploration license of 287km² covering the same stratigraphic and structural setting trend as the Fosterville Gold Mine (owned by Kirkland Lake Gold Ltd). The tenement occurs along the western margin of the Selwyn Block and has an extensive history of hard rock and alluvial gold production.

Bendigo style saddle and trough reefs occur within the property as well as subvertical shear zone style gold and quartz vein mineralisation which occasionally have epizonal characteristics. The Lauriston Gold Project has metallogenic indications of Fosterville Gold Mine style epizonal gold deposits, but has not been explored for these types of deposits, particularly as they were not recognised as to their significance until recently.

Gold mineralisation is hosted by Ordovician slates and sandstones, as well as in association with igneous dykes, either with quartz veins or as sulphide disseminations of arsenopyrite – pyrite ± stibnite.

Property Location:

The Lauriston Gold Project is located in the central part of the State of Victoria, Australia, situated approximately 100 km northwest from the capital of Melbourne. The Lauriston Gold Project is south of and adjoining Kirkland Lake's Fosterville Gold Project which has reported reserves of 1.79 million ounces (proven 1,050,000 tonnes at 24.4 g/t gold for 822,000 ounces of gold and 2,570,000 tonnes probable reserves at 11.1 g/t for 973,000 ounces of gold), with an additional 1.28 million inferred ounces (6,144,000 tonnes at 6.5 g/t gold). Mineralization at Kirkland Lake's Fosterville Gold Project is not necessarily indicative of mineralization at the Lauriston Gold Project.

Minimum expenditures:

In order to retain the license, the Company will be required to incur certain exploration expenditures on Lauriston Gold Project on a going forward basis. Under Victorian mining laws, a person is required to incur AUD\$15,000 plus AUD \$150 per km² in Year 1, AUD \$200 per km² for each of Year 2, 3, and 4 and AUD \$300 per km² for each year thereafter. Based on the Lauriston project being 287km² and the age of the license, the Company will be required to incur exploration expenditures of AUD \$58,050 in 2020 and although the expenditure commitment per km² increases over time this is offset by forced tenement area reductions in the 2nd and 4th years of 25% and 40% respectively, which results in the expenditure commitment remaining much the same annually.

Exploration plans:

The Company has compiled a two-phase budget of AUD\$2,355,177 (Year 1 - AUD\$938,435; Year 2 - AUD\$1,416,742) aimed at exploring a number of prospects held within the property.

The focus of the Company is to search within the property for gold deposits analogous in style and type to the Fosterville gold mine further north of Lauriston. These epizonal deposits are associated with the Tabberabberan orogeny of the Mid-Devonian and have a characteristic metallogenic signature of Au-As-Sb mineralisation. The epizonal deposits of Central Victoria are distinctly different to the Early Devonian Bindian orogenic mesozonal gold mineralisation of the Ballarat and Bendigo goldfields found further west and northwest. The Bendigo goldfield is also on strike to the Lauriston goldfield and the mineralisation present at Lauriston has characteristics in common with both the Bendigo and Fosterville goldfield due to overprinting of the mineralisation styles.

At Lauriston, an exploration budget has been designed with a large contingent of this expenditure aimed at drilling as many of the most prospective targets within the tenement as possible.

Golden Mountain Property, Victoria, Australia

The Tallangalook property (EL006430), also known as the Golden Mountain Property, is held 100% through its wholly owned subsidiary, Currawong Resources P/L. Below is a summary of the project, for additional information please refer to the Golden Mountain Technical Report, which is available under the Company's profile on the SEDAR website at www.sedar.com.

Property description and summary

The Golden Mountain Property is comprised of one tenement, an exploration license of 136km² which was reduced to 102km² on 8/5/2020. This goldfield lies at the northernmost part of the highly productive Woods Point -Walhalla gold belt that was emplaced during the Tabberabberan orogeny. The Tallangalook property has a key prospect known as the Golden Mountain, which has been drilled by 175 surface and underground drill holes to a maximum intercept depth of 250m. The Golden Mountain deposit is located at Tallangalook, 13 km NE of Bonnie Doon. The deposit has been worked from three open cuts and two levels of underground workings prior to 1938. These workings are located only 200m south of the Strathbogie Granite contact. The gold mineralisation occurs as a series of north-south faults, diagonal fracture sets as well as hosted by east west striking fault zones all within a contact metamorphic aureole on the margin of the Strathbogie granite. This granite is shallowly eroded or uncapped and appears to be important in the mineralisation of the Golden Mountain deposit with aplite and coarse-grained granitic dykes present throughout the deposit which are variably mineralised. High grade intersections occur at various parts of the deposit including some of the deepest parts of the drilling as well as within other near surface structures that have not been effectively drill tested. It is the aim of the company to assess the depth potential as well as some of the various prospective zones found in and near the deposit.

Property Location:

The Golden Mountain project is located in the central part of the State of Victoria, Australia, situated about 150 km northeast of Melbourne.

Minimum expenditures:

In order to retain the license, the Company will be required to incur certain exploration expenditures on a going forward basis. Under Victorian mining laws, a person is required to incur AUD\$15,000 plus AUD \$150 per km² in Year 1, AUD \$200 per km² for each of Year 2, 3, and 4 and AUD \$300 per km² for each year thereafter. Based on the Golden Mountain Project being originally 136km² and the age of the license, the Company will be required to incur exploration expenditures of AUD \$42,200. Although the expenditure commitment per km² increases over time this is offset by forced tenement area reductions in the 2nd and 4th years of 25% and 40% respectively, which results in the expenditure commitment remaining much the same annually.

Exploration plans:

The focus of the Company is to search within the property for gold deposits as intrusive related deposits as well as epizonal orogenic vein deposits. These epizonal deposits are associated with the Tabberabberan orogeny of the Mid-Devonian and have

a characteristic metallogenic signature of Au-As-Sb mineralisation. The epizonal deposits of Central Victoria are distinctly different to the Early Devonian Bindian orogenic mesozonal gold mineralisation of the Ballarat and Bendigo goldfields found further west.

The Company has prepared a two-phase budget of AUD\$2,155,335 (Year 1: AUD\$1,218,926; Year 2: AUD\$936,408) aimed at exploring a number of prospects within the Golden Mountain property.

A large contingent of this expenditure is aimed at drilling, particularly at the already established deposit of Golden Mountain as well as various satellite prospects established through previous mining or geochemistry.

The Company also plans to complete a regional exploration program, which will include the completion of a geochemistry review of the previous completed sampling, and an additional multielement stream sediment program, with follow-up on various identified anomalies. The regional stream sediment has been completed and further follow up work is ongoing.

Moormbool Project, Avoca Project, Timor Projects:

On April 19, 2020 the Company entered into a purchase agreement with Mercator Gold Australia Pty. Ltd. ("Mercator"), a subsidiary of Alternative Investment Market-listed ECR Minerals PLC, whereby it acquired a 100% interest in three high-grade gold projects called the Timor project, the Avoca project and the Moormbool project.

Under the terms of the purchase agreement, Fosterville South agreed to pay AUD\$500,000 to Mercator in consideration of a 100% interest in the gold projects. The Company will also pay Mercator AUD\$1 for every ounce of gold or gold equivalent of measured resource, indicated resource or inferred resource within one or more of the tenements comprising the gold projects, which payment shall not exceed a total of AUD\$1,000,000. In the event the Company carries out commercial production on the gold projects, the Company will pay Mercator AUD\$1 for every ounce of gold or gold equivalent ounces produced from the tenements comprising the gold projects, which payment shall not exceed a total of AUD\$1,000,000.

Within Central Victoria, the Lachlan Fold Belt is subdivided into various zones, based on distinct geological and mineralogical characteristics. In the central part of Victoria, from west to east they are the Stawell zone, Bendigo zone and the Melbourne zone with the basement rocks becoming gradually younger through these zones.

Moormbool project

The Moormbool project area occurs east of Fosterville within the Melbourne zone and is underlain by Siluro-Devonian rocks. It covers an area between the Redcastle and Graytown goldfields, within which occurs a southeast-striking large regional fault. Due to pervasive shallow alluvial cover, the project area is largely unexplored. Near this regional structure and included within the project area is a magnetic anomaly interpreted to be a small intrusive plug or cupola.

Initial soil geochemistry exploration indicates that both the southeast-striking fault zone and the intrusive zone are arsenic mineralized, and therefore potentially gold mineralized. The magnetic anomaly could be an intrusive related gold system similar to Mount Piper, near Broadford. Farther northwest, within the Redcastle goldfield extensive alluvial and hardrock gold mineralization was mined historically along this fault zone.

Avoca project

The Avoca project is centered on mesothermal quartz-vein-hosted gold and related placer-style shallow and "deep lead" gold mineralization. There is a considerable local history of mining both kinds of deposit. The term "deep lead" refers to buried auriferous riverbed deposits. The Avoca goldfield produced approximately 750,000 ounces of gold largely from alluvial gold deposits.

The Avoca project is located approximately 183 kilometres west northwest of the Victorian state capital Melbourne, with good road access. The Avoca project occurs within the Stawell zone, west of the Bendigo and Melbourne zones.

Having previously been mined with a significant amount of gold production from both alluvial and hard rock high-grade sources, the Company considers the Avoca project is highly prospective for hard rock structurally controlled gold deposits. Several major fault zones have been recognized that strike for several kilometres. Gold mineralization within the Stawell zone

is generally base metal sulphide related, which Fosterville South Exploration sees as an opportunity for disseminated or fine-grained gold mineralization.

The significant hard rock historic mines within the Avoca license include the high grade:

- Pyrenees reefs -- 16,199 tons mined for 16,602 ounces of gold to 130 metres at an average recovered grade of 32 g/t gold, worked from 1860 to 1912;
- Excelsior reef -- 13,200 tons mined for 9,260 ounces of gold to 100 metres at an average recovered grade of 22 g/t gold, worked from 1909 to 1915;
- Vale's reefs -- 1,444 tons mined for 1,388 ounces of gold to 52 metres at an average recovered grade of 29.4 g/t gold, worked from 1865 to 1883;
- Monte Christo reefs -- 2,795 tons mined for 937 ounces of gold to 30 metres at an average recovered grade of 10.3 g/t gold, worked from 1872 to 1877.

The production noted above was obtained from State of Victoria Mining Surveyors and Registrar's quarterly reports from 1860 to 1891 and annual reports issued thereafter.

Defined mineralization shoots are present at both the Pyrenees reef and Excelsior reef, as shown from the underground mine plans held for both deposits.

In terms of alluvial gold deposit potential, the Avoca sub-basin, located within the Avoca project, is also projected to contain one of the largest unmined deep lead alluvial gold deposits within Victoria.

As discussed in the Leviathan Spin-Out section the Company sold the Timor and Avoca projects as part of the Leviathan Spin-Out transactions.

Timor project

The Timor project occurs immediately east of the Avoca project and occurs within the Bendigo zone of the Lachlan Fold Belt.

The Timor project area contains numerous hard rock and alluvial gold deposits evidenced by significant historical workings. Historical alluvial production within the Timor project area is believed to have been in the region of 640,000 ounces of gold.

Around 20 hard rock workings can be considered to have been significant producers. These include the Leviathan group of mines, with recorded gold production of 56,474 ounces of gold from 189,085 tonnes, equating to a recovered grade of approximately 9.14 g/t gold. The Leviathan structural corridor hosts several parallel quartz veins with most of the production coming from one mine active in the early 1900s. Significant potential occurs within the various other veins and faults within the corridor to the north.

In addition, Shaw's reef produced 16,881 tons mined for 12,623 ounces of gold to 130 metres at an average recovered grade of 22.9 g/t gold, worked from 1883 to 1891. Along strike of this fault zone, arsenopyrite and stibnite mineralization is recorded in association with the gold mineralization indicating possible epizonal Fosterville-style gold mineralization.

Both these former mines lie on separate large regional north-south structures known to occur for tens of kilometres with several hard rock workings over their length. Neither of these two major structures have had significant drilling within the tenement. One traverse of RC drilling was carried out across the Leviathan structure and one diamond drill hole too. No drilling has occurred specifically on the Shaw's Reef fault zone. These two mineralized structures are the primary focus for Fosterville South within the project.

As discussed in the Leviathan Spin-Out section the Company sold the Timor and Avoca projects as part of the Leviathan Spin-Out transactions.

Beechworth Gold Project:

On August 5, 2020 the Company entered into an agreement to acquire 100% of the Beechworth Gold Project from Northern Mine Ventures P/L. Pursuant to the terms of a purchase agreement the Company paid AUD \$50,000 to Northern Mine Ventures and agreed to pay an additional AUD \$250,000 on the date that the granted Exploration License is converted to a Retention License. The Company also agreed to incur AUD \$130,000 in exploration expenditures on the project within 90 days. Northern Mine Ventures retained a 2.5% NSR, which may be repurchased with a one-time payment of AUD \$2,000,000.

The Beechworth Gold Project provides a drill ready high-grade gold project northeast of the Company's Tallangalook Project, in north-eastern Victoria. The Beechworth Project consists of one granted Exploration License and one Retention License application covering almost the same area and totaling 36 km². Most prospects were mined in the mid to late 19th and early 20th centuries.

The historical mines are fault related with a few large scale regional primary fault structures generating these sub-order fault systems. The gold mineralization is potentially enhanced by the intrusion of nearby granites. The Hurdle Flat, Hillsborough, and Stanley goldfields have all developed along the flanks of the various intrusive granitic rocks. Gold mineralized granitic dykes occur within the project, such as at the Taff prospect. Some historic mines include high-grade open cuts ('glory holes') such as at the Taff, Homeward Bound, Wallaby, Kingston, Bon Accord and Bangor Reefs. These larger scale prospects offer significant scope for high grade gold mines as ore shoots on pipe like bodies tens of meters wide. The Wallaby mine has broad zones of mineralization surrounding the existing open pit with channel sampling and minimal drilling by Freeport and Intrepid Resources, respectively.

Only a few of the prospects have had reconnaissance drilling, such as at the Kingston (W03: 8m @ 8.88 g/t Au from 18m) and Hope prospects (W06: 10m @ 9.58 g/t Au from 34m). In all, 21 RC percussion holes were drilled at the Kingston, Hope, Rechabite and Wallaby prospects for a total of 1316m for an average depth of 63m. Drill holes were placed at various orientations and estimated true widths are not possible. Follow up geochemistry and drilling are planned.

The Beechworth project lies within the Tabberabbera Zone of the Lachlan Fold Belt in Victoria and is immediately west of the regional scale Kancoona Fault Zone, which divides it from the Omeo Zone. The Tabberabbera Zone is immediately east of the Melbourne Zone and is in north-eastern Victoria. The mesozonal mineralisation is typical of Ordovician hosted orogenic gold deposits. They are characteristically associated with deformed (compressed, folded and faulted) and metamorphosed mid-crustal blocks, particularly in proximity to major crustal structures such as major faults or basement shear zones.

The Walhalla Belt Project:

The Walhalla Belt Project has now been consolidated by the Company via staking into a major land holding, with 6 tenement applications composed of 537km² and containing 91 hard-rock prospects with 31 of them having production figures from the late 19th and early 20th centuries.

The total recorded gold production from these 31 prospects (located within 5 tenement applications) amounts to 1,510,309 ounces at a recovered grade of 33.59 g/t Au (GeoVic,2020).

Cohen's Reef deposit

The Cohen's Reef deposit, which is located on the Walhalla license application, produced 1,479,851 ounces from 1,429,298 tonnes at an average grade of 32.2 grams per tonne gold (GeoVic, 2020). Fosterville South anticipates there is significant opportunity for the discovery of new mineralized shoots at Cohen's Reef and the surrounding area. In 2011, the previous operator identified a number of targets including:

- New targets near surface and at depth have been identified that may add extensions to previously mined high-grade mineralization.
- An untested corridor along the Long Tunnel's inclined shaft and the Long Tunnel Extended's main shaft between the No. 3 and No. 6 levels.
- The Cohen's trend is interpreted to continue from the southern part of the Walhalla tenement application in a northly direction through the tenements.

The Company and consultants will review the partially developed 3-D interpretation as well as relog and resample core from previous drilling to further develop its modelling and generate its exploration diamond drilling targets.

Longfellow prospect

The Longfellow prospect is situated on the West 2 line of mineralization. This has been interpreted to be a parallel structure to the west of Cohen's Reef. Further, historical analysis interpreted that a major crosscutting structure is immediately to the south of Longfellow.

The Company intends to target the reefs under the main Longfellow's workings where a number of contact reefs exist on the margins of a large dyke. Previous underground grab samples taken along strike of the reef returned 200 metres at 4.95 Au g/t and 75 metres at 4.1 g/t along strike.

Regional analysis

The regional structural reinterpretation of the Cohen's trend indicates a strip of stratigraphy for over 35 km north of Walhalla through the Company's tenement applications. Mineralization along the Cohen's trend appears to be intersected by crosscutting structures. There are a number of key targets with historical production along this trend: Luck's All, Harbinger and Pinnacles.

Providence Project

Fosterville South holds one license and has applied for an additional exploration license, which combined cover 650km², that it calls the Providence Project. Primary epizonal gold deposits are found throughout the Providence project.

Gold mineralization is hosted by Siluro-Devonian sediments as well as in association with dioritic and felsic dykes, either with quartz veins or with disseminated arsenopyrite – pyrite ± stibnite.

These primary gold deposits are structurally related to the Selwyn Block, within the Costerfield Domain and are associated with the Mid-Devonian Tabberabberan orogeny. A key feature of these deposits is that they have a characteristic metallogenic signature of Au-As-Sb mineralization, which act as a vector for finding the bonanza grade found at Fosterville.

The Providence property contains several recognized goldfields, including the Reedy Creek, Yea, Ghin Ghin and Alexandra gold fields, within which there are several high-grade historical gold producers:

- Luckie Reefs at Alexandra with 36,000 oz at 39g/t Au to 122m depth
- Langridge's at Reedy Creek with 20,620 oz at 56 g/t Au
- Doyle's mine at Reedy Creek with 13,431 oz at 51 g/t Au
- Providence Reefs at Yea with 8,585oz at 33.6 g/t Au

The production noted above was obtained from State of Victoria Mining Surveyors and Registrar's quarterly reports from 1864 to 1891 and annual reports issued thereafter. All of the production occurred within the Providence Property.

Within the Providence district, the Reedy Creek goldfield produced 63,558t for 48,944 oz Au at a grade of 23.6g/t Au which is 68% of the gold produced from the whole division. Most of this goldfield lies within the Providence project. Other goldfields such as Sunday Creek, Yea and Ghin Ghin also contributed to the division's production. The Luckie Reefs at Alexandra is the largest producing prospect within the eastern part of the project. About 5km of strike of the Luckie Reefs corridor occurs within the project, including the main producing mines.

The Reedy Creek gold field occurs on a northwest striking corridor of which 16.5km occurs within Fosterville South's tenement application. At the northwest end of this corridor BHP drilled an intrusion related gold and antimony mineralized breccia pipe known as Mt Piper. This prospect is excised from the tenement but illustrates the prospective nature of the corridor linking these two styles of mineralization.

The only significant drilling to have taken place within the project is from the Providence prospect at Yea and at various parts of the Ghin Ghin goldfield, which were undertaken by Perseverance Corporation Ltd in the 1990s in the search for shallow open pit oxide deposits.

Initial encouraging drilling results were achieved at both these prospect areas with:

- Ghin Ghin drilling yielding:
 - GGRC03 drill hole 38m @ 1.2 g/t Au
 - GGRC07 drill hole 10m @ 2.9 g/t Au
- Providence drilling yielding:
 - PP06 drill hole 8m @ 7.0 g/t Au from 34m
 - PP13 drill hole 20m @ 0.85 g/t Au from 4m
 - PP16 drill hole 2m @ 40.8 g/t Au from 48m

The drilling results noted above was obtained from reports filed by Perseverance Corporation Ltd. with the State of Victoria under exploration licenses that they held.

Other Exploration Projects

The Company has submitted additional applications to acquire additional exploration licenses in Victoria, Australia.

Acquisition Costs

Below is a summary of the changes in the exploration and evaluation assets for the period from incorporation on July 22, 2019 to December 31, 2019 and the year ended December 31, 2020:

	December 31, 2020	December 31, 2019
	\$	\$
Balance, beginning of period	685,851	-
Asset acquisition	-	686,389
Moormbool, Avoca, Timor acquisition	781,495	-
Reclassified as Held for Distribution	(711,108)	-
Beechworth acquisition	49,175	-
Foreign exchange	42,297	(538)
Balance, end of period	847,710	685,851

Exploration Expenditures:

During the year ended December 31, 2020, the Company incurred exploration costs as follows:

<i>Exploration Expenditures</i>	Golden Mountain Project	Lauriston Project	Other Projects	Total
Assay	\$ 61,130	\$ 31,647	\$ 14,277	\$ 107,054
Data compilation	40,398	14,808	25,445	80,651
Drilling	1,502,559	92,594	1,124	1,596,277
Field expenditures	79,883	13,743	72,867	166,493
Geological consulting	193,946	100,867	378,425	673,238
Geophysics	31,241	-	44,484	75,725
Mapping and surveying	11,315	2,635	5,110	19,060
Project administration	25,543	26,166	35,670	87,379
Rehabilitation	6,684	2,118	-	8,802
Room and board	367	-	18,147	18,514
Salaries and wages	114,342	8,822	82,008	205,172
Sampling	27,129	99,422	117,913	244,464
Tenement administration & fees	17,478	19,170	172,898	209,546
Travel	17,100	4,203	16,673	37,976
	\$ 2,129,115	\$ 416,195	\$ 985,041	\$3,530,351

The minimum exploration expenditures due by license and by year to December 31, 2025 are summarized in the table below (AUD\$):

	2021 AUD\$	2022 AUD\$	2023 AUD\$	2024 AUD\$	2025 AUD\$	Total AUD\$
Tallangalook:						
Golden Mountain	35,400	35,400	33,360	33,360	33,360	170,880
Merton	89,700	114,600	89,700	89,700	82,230	465,930
Swanpool*	75,600	95,800	75,600	75,600	69,540	392,140
Lauriston:						
Lauriston	72,400	58,050	58,050	53,745	53,745	295,990
Kyneton*	57,000	71,000	57,000	57,000	52,800	294,800
Blackwood*	15,750	16,000	15,750	15,750	15,675	78,925
Trentham*	20,400	22,200	20,400	20,400	19,860	103,260
Baynton*	75,600	95,800	75,600	75,600	69,540	392,140
Reedy Creek / Providence:						
Yea – Alexandra*	73,350	92,800	73,350	73,350	67,515	380,365
Reedy Creek	53,550	66,400	53,550	53,550	49,695	276,745
Walhalla:						
Walhalla*	17,850	18,800	17,850	17,850	17,565	89,915
Walhalla North*	28,800	33,400	28,800	28,800	27,420	147,220
Harbinger*	18,750	20,000	18,750	18,750	18,375	94,625
Enoch's Point	58,500	73,000	58,500	58,500	54,150	302,650
Coopers Creek*	16,200	16,600	16,200	16,200	16,080	81,280
Pinnacles*	30,450	35,600	30,450	30,450	28,905	155,855
Moormbool:						
Moormbool	21,600	20,940	20,940	20,940	20,940	105,360
Moormbool East	18,000	19,000	18,000	18,000	17,700	90,700
Moormbool North	19,000	18,000	18,000	17,700	17,700	90,400
Maryborough:						
Timor***	33,150	31,335	31,335	31,335	31,335	158,490
Racecourse Reef ***	16,200	16,600	16,200	16,200	16,080	81,280
Avoca:						
Avoca***	46,800	46,800	46,800	46,800	46,800	234,000
Natte Yallock**	21,600	23,800	21,600	21,600	20,940	109,540
Beechworth						
Beechworth**	25,800	25,800	25,800	25,800	25,800	129,000
Other						
Lexton**	32,250	38,000	32,250	32,250	30,525	165,275
Myrtleford*	32,700	38,600	32,700	32,700	30,930	167,630
Harriettville*	52,050	64,400	52,050	52,050	48,345	268,895
Total	\$ 1,058,450	\$ 1,208,725	\$ 1,038,585	\$ 1,033,980	\$ 983,550	\$ 5,323,290

* The Company has submitted tenement applications, which are in process. If granted, the Company expects the licenses to be issued during the next 12 months.

** Application filed for retention license, which upon approval would require annual exploration expenditures of AUD\$19,869.

*** Subsequently sold to Leviathan as part of the Spin-Out transaction, as described in the Leviathan Spin-Out section.

Under Victorian mining laws, the Company is required to incur AUD\$15,000 plus AUD \$150 per km² in first year, AUD \$200 per km² for each of second, third and fourth year and AUD \$300 per km² for each year thereafter. The expenditure commitment per km² increases over time but is offset by forced tenement area reductions on the second and fourth anniversary of 25% and 40% respectively.

Mr. Neil (Rex) Motton, (B.App.Sc (Geol) Hons., MAusIMM(CP), MSEG) a Qualified Person under the meaning of Canadian National Instrument 43-101 and an officer and director of Fosterville South, is responsible for the technical content of this Management's Discussion and Analysis.

Results of Operations

The consolidated financial statements reflect the financial condition of the Company's business for the year ended December 31, 2020. The significant events during the period which impacted the financial results of the Company, some of which are discussed above in the performance summary section, are:

- The financing activity completed by the Company, including the completion of two brokered financings of \$14,999,996 and \$7,850,000;
- The spin-out of the Leviathan projects (Avoca and Timor)
- The ongoing acquisitions and staking by the Company in the State of Victoria, Australia;
- The increase in exploration activity, including drilling, on the Golden Mountain and Lauriston projects;
- The completion of the listing requirements, including the filing of the Final Prospectus and two 43-101s; and
- Exploration and travel restrictions due to COVID-19.

Please note that the Company was incorporated on July 22, 2019 and comparative balances are for the period from incorporation on July 22, 2019 to December 31, 2019.

During the year ended December 31, 2020, the Company incurred a loss of \$9,369,738 (2019 - \$1,582,000). Significant expenditures included:

- Consulting fees of \$249,593 (2019 - \$35,300). Due to the significant activity of the Company since listing on April 14, 2020 the Company engaged various consultants and advisors to assist during this period while the Company ramps up and gets staffing in place.
- Exploration expenditures of \$3,530,351 (2019 - \$148,530). During the period, the Company commenced the recommended work programs as per the NI 43-101s, including the commencement of drilling, for the Lauriston Gold Project and the Golden Mountain Project. Please refer to the Exploration Project section for a breakdown of the exploration expenditures incurred for the year ended December 31, 2020. During the comparative period the Company completed field and office-based exploration activities totaling \$148,530 as the Company focused on completing the financings and listing.
- Investor relations of \$983,467 (2019 - \$Nil). The Company commenced trading during the quarter (April 14, 2020) resulting in increased investor related activities versus the period of time it existed as a private entity. During the year ended December 31, 2020 the Company increased investor relation activities to raise awareness of the projects, the drilling and exploration success to date and to provide updates on the Leviathan spin-out.
- Management fees of \$658,000 (2019 - \$85,000). The Company paid management fees to the CEO and Chairman totaling \$658,000 for the year.
- Professional fees of \$581,794 (2019 - \$56,049). This relates to legal and accounting activity related to the general corporate matters, due diligence on potential project acquisitions, and listing and compliance requirements (such as audits).
- Share-based payments of \$1,041,023 (2019 - \$1,202,109). Share based payments related to stock options granted and vesting during the periods. During the year ended December 31, 2020 the Company granted 345,000 (2019 - 4,150,000) stock options. The stock options granted during the period ended December 31, 2019 vested on listing (April 14, 2020).
- Shareholder communications and marketing of \$874,198 (2019 - \$4,411). The Company commenced marketing in conjunction with its new listing on the TSX-V, which commenced on April 14, 2020, the Leviathan spinout transaction and exploration success. The Company has continued to raise awareness of its projects and completed a brokered financing of \$14,999,996 and a brokered financing of \$7,850,000 in addition to a brokered financing of \$12,914,000 specifically for Leviathan Gold Finance Ltd.

- Travel of \$76,214 (2019 - \$13,511). Travel activity during the first quarter related to corporate activity, including completing the listing on the TSX-V and PDAC, and due to site visits. Second, third and fourth quarter travel decreased significantly (\$9,359, \$nil and \$453 respectively), due to COVID-19 related travel restrictions.
- Held for distribution – transaction costs of \$943,129 (2019 - \$nil). During the year the Company received shareholder approval for the spin-out transaction and the Company reclassified the capitalized expenditures relating to the Avoca and Timor projects as Held for Distribution, as the assets are available for distribution and it is considered highly probable the transaction will complete. Held for Distribution assets are measured at the lower of carrying amount and fair value less costs to distribute. The carrying amount was considered equal to the fair value, resulting in transaction costs of \$943,129 being recognized in the Statement of Loss.

During the year ended December 31, 2020, the Company incurred a comprehensive loss for the period of \$9,243,638 (2019 - \$1,584,763). Included in comprehensive loss was a gain of \$126,100 (2019 – loss of \$2,763) related to exchange differences on translation of the Currawong operation.

Selected Annual Information

The following table provides a brief summary of the Company's financial operations. For more detailed information, refer to the Financial Statements.

	December 31, 2020	December 31, 2019*
Total income	\$ 78,801	\$ 5,290
Exploration Activities	3,530,351	148,530
Net loss before income taxes	9,369,738	1,582,000
Net loss	9,369,738	1,582,000
Basic and diluted loss per share	0.17	0.0
Total assets	31,832,880	7,407,172
Working capital	29,106,745	3,814,790
Total long-term liabilities	91,339	87,407
Cash dividends	-	-

* For the period from incorporation on July 22, 2019 to December 31, 2019.

Summary of Quarterly Results

	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
Working capital	\$ 29,106,745	\$ 26,624,428	\$ 17,635,099	\$ 5,496,733
Exploration expenditures	1,133,900	1,514,246	696,476	185,729
Share-based compensation	-	-	151,278	889,745
Net loss	(2,955,706)	(3,109,210)	(1,643,386)	(1,661,436)
Comprehensive loss	(2,880,172)	(3,114,205)	(1,546,013)	(1,703,248)
Net loss per share - basic	(0.04)	(0.05)	(0.03)	(0.05)
	December 31, 2019	September 30, 2019 ⁽¹⁾		
Working capital	\$ 3,814,880	\$ 1,492,222		
Exploration expenditures	148,530	-		
Share-based compensation	1,202,109	-		
Net loss	(1,521,831)	(60,169)		
Comprehensive loss	(1,508,493)	(76,270)		
Net loss per share - basic	(0.05)	(0.00)		

(1) The Company was incorporated on July 22, 2019.

Discussion of Quarterly Results

The Company listed on July 22, 2019 and during the first two quarters the Company was focused on project investigation, project acquisition, financing the Company, and on the listing process. Significant items impacting the Company's net loss are primarily from the changing levels of financing available, project investigation and exploration activities, share-based compensation, and office and administrative expenses. Changing levels in exploration program and general and administrative costs fluctuate independently according to field activities at our properties or general corporate activities.

During the three-month period ended December 31, 2020:

- Net loss increased by \$1,438,524 to \$2,960,355 (2019 - \$1,521,831). The increase was due to the significant increase in activity over the past 12 months, including the completion of various financings, acquisition of new exploration projects, commencement of drilling in Australia, listing on the TSXV and strengthening of the Company's management and Board.
- Exploration expenditures increased by \$985,370 to \$1,133,900 (2019 - \$148,530). During the fourth quarter of 2020 the Company continued to complete the recommended work programs as per the NI 43-101s, including drilling. In addition, the Company completed field activities on the other exploration projects held by the company, please refer to the Exploration Project section for a breakdown of the projects and the exploration expenditures incurred for the year ended December 31, 2020. During the comparative period the Company completed field and office-based exploration activities totaling \$148,530 as the Company focused on completing the financings and listing.
- Share-based payment expenditure decreased by \$1,202,109 to \$nil (2019 - \$1,202,109). The company did not have any stock options granted or vested during the quarter ended December 31, 2020.
- Shareholder communications was \$138,179 (2019 - \$4,411) and investor relations activities was \$411,621 (2019 - \$nil) as the Company continued to raise awareness of corporate activities, including the Leviathan spin-out, and the ongoing exploration programs and drilling in Australia.

Liquidity

The Company's mineral exploration and development activities do not provide a source of income. Given the nature of our business, the results of operations as reflected in the net losses and losses per share do not provide a complete interpretation of our valuation.

The Company's working capital has strengthened significantly during the year ended December 31, 2020. As at December 31, 2020, the Company had working capital of \$29,106,745, an increase of \$25,291,865 compared to December 31, 2019. This balance includes cash of \$29,412,032 to settle current liabilities of \$791,738. During the year ended December 31, 2020, the Company filed its final prospectus, the subscription receipts converted to common shares of the Company, and the Company's shares commenced trading on the TSX-V. Following listing the Company completed two brokered financings raising gross proceeds of \$14,999,996 and \$7,850,000. During the period ended December 31, 2020 the Company also received proceeds of \$9,973,579 from the exercise of share purchase warrants and \$808,000 from the exercise of stock options. These financings and exercises, combined with the financings completed before listing, have put the Company in a strong working capital position with sufficient funds to finance the next two phases of exploration and to fund general administrative costs during this period.

While the Company currently has sufficient funds to complete the first two phases of the exploration programs on the Lauriston and Golden Mountain projects, the Company does not have a source of income available to maintain liquidity indefinitely into the future. The Company continues to investigate additional project and financing opportunities and would consider raising capital via share issuances, debt facilities, joint venture arrangements, or a combination of these options. The Company has financed its operations to date primarily through the issuance of common shares.

Operating Activities: The Company does not generate cash from operating activities. Net cash used in the Company for operating activities, which includes exploration activities, for the year ended December 31, 2020 was \$7,334,529.

Investing Activities: During the period ended December 31, 2020 the Company incurred net investing activities of \$1,515,508, which included the acquisition of exploration and evaluation assets totaling \$569,372, the payment of reclamation bonds of

\$34,301, the purchase of vehicles and equipment for exploration activities of \$412,623, and the payment of transaction costs related to the spin-out of \$499,212.

Financing Activities: During the year ended December 31, 2020, the net cash provided by financing activities was \$31,584,029. During the year the Company received proceeds from brokered private placements totaling \$22,849,996, received \$9,973,579 from the exercise of warrants, and received \$808,000 from the exercise of stock options. The Company paid \$2,007,264 in share issuance costs, repaid loans of \$26,412 and repaid lease liabilities of \$13,870.

The consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company's continuing operations rely on the ability of the Company to continue to raise capital.

Related Party Transactions

The consolidated financial statements include the financial statements of the Company and its 100% owned subsidiaries, Currawong Resources Pty Ltd. (Australia), and Bendigo Gold Corp. (Canada):

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of members of the Board and corporate officers, including the Company's Chief Executive Officer, Chief Operating Officer and Chief Financial Officer.

During the year ended December 31, 2020, the Company entered into the following transactions with related parties, not disclosed elsewhere in this MD&A:

- a) Management fees of \$324,000 (2019 - \$10,000) to a company controlled by Bryan Slusarchuk, an officer and director of the Company.
- b) Management fees of \$334,000 (2019 - \$60,000) to a company controlled by James Hutton, the Chairman of the Company.
- c) Geological consulting fees of \$331,459 (2019 - \$45,000) to a company controlled by Rex Motton, an officer and director of the Company.
- d) Geological consulting fees of \$49,335 to a company controlled by Liza Gazis, a director of the Company.
- e) Directors fees of \$31,000 (2019 - \$nil) and professional fees of \$29,001 (2019 - \$18,208) to a company which Robert McMorran, a director of the Company, is associated with.
- f) Directors fees of \$31,000 (2019 - \$nil) to a company controlled by John Lewins, a director of the Company.
- g) Professional fees of \$251,194 (2019 - \$46,292) to O'Neill Law LLP, a firm which Charles Hethey, a director of the Company, is a partner of, of which \$178,718 (2019 - \$29,442) is included in professional fees and \$72,476 (2019 - \$16,850) is included in share issuance costs.
- h) Professional fees of \$141,500 (2019 - \$Nil) to Red Fern Consulting Ltd, a company which Jonathan Richards, an officer of the Company, is associated with.

As at December 31, 2020, \$114,753 (December 31, 2019 - \$29,792) was included in accounts payable and accrued liabilities owing to directors, officers, and companies controlled or affiliated with directors and officers of the Company in relation to fees and reimbursement of expenses.

Outstanding Share Data

Common Shares:

As at the date of this report the Company had 67,918,383 common shares issued and outstanding.

Escrow:

As at the date of this report the Company had 11,700,001 shares subject to escrow release provisions.

Stock Options:

As at the date of this report the Company has 2,475,000 stock options outstanding. Each stock option is exercisable at a price of \$0.40 per common share, expiring April 14, 2025.

Warrants:

At the date of this report, the Company had:

- 1,981,091 warrants outstanding, exercisable at a price of \$2.00 for a period of two years, expiring May 14, 2022;
- 658,254 agents' warrants outstanding, exercisable at a price of \$1.10 for a period of two years, expiring May 14, 2022.
- 976,250 warrants outstanding, exercisable at a price of \$4.95 for a period of two years, expiring July 21, 2022; and
- 121,468 agents' warrants outstanding, exercisable at a price of \$4.00 for a period of two years, expiring July 21, 2022.

Contractual Obligations

Except as described herein or in the Company's consolidated financial statements at December 31, 2020, the Company had no material contractual obligations.

Off-Balance Sheet Arrangements

At December 31, 2020, the Company had no material off-balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

Proposed Transactions

Please refer to the Leviathan Spin-Out for a discussion of the proposed Spin-Out, including the assets reclassified as held for distribution (the Avoca and Timor projects) which were sold subsequent to year end. Except as elsewhere disclosed in this document, there are no other proposed transactions under consideration.

Capital Resources

Except as elsewhere disclosed in this document, the Company has no commitments for capital expenditures at the date of this report. Refer to the Exploration Projects section for a description of expenditures required to maintain exploration licenses in good standing.

The Company will continue to seek capital. In the past the Company has raised capital through the issuance of common shares pursuant to private placement. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital and is not subject to externally imposed capital requirements.

Financial Instruments and Risk Management

a) Fair value of financial instruments

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or 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.

As at December 31, 2020, the Company believes that the carrying values of accounts payable and accrued liabilities, loans from related parties approximate their fair values because of their nature and relatively short maturity dates or durations. The carrying value of deferred acquisition payments approximates fair value because the factors considered in assessing the fair value of this item have not changed from the issuance date to December 31, 2020. The fair value of cash is based on level 1 inputs of the fair value hierarchy.

b) Management of risks arising from financial instruments

Discussions of key risks associated with financial assets and liabilities are detailed below:

Credit risk

Credit risk arises from cash held with banks and financial institutions. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The Company's cash is held with reputable Canadian and Australian banks. The credit risk related to cash is considered minimal.

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize such a loss is limited because the Company has no interest-bearing financial instruments.

Liquidity risk

The Company manages liquidity risk by maintaining sufficient cash to enable settlement of transactions as they come due. Management monitors the Company's contractual obligations and other expenses to ensure adequate liquidity is maintained. Contractual cash flow requirements as at December 31, 2020 were as follows:

	< 1 year \$	1 – 2 years \$	3 – 5 years \$	Total \$
Accounts payable and accrued liabilities	711,189	-	-	711,189
Lease liabilities	18,352	19,086	21,445	58,884
Deferred acquisition payments	73,762	73,762	-	147,524
Total	803,303	92,848	21,445	917,597

Currency risk

The international nature of the Company's operations results in foreign exchange risk. The Company's operating costs are primarily in Canadian dollars, Australian dollars and US dollars. Any fluctuations of the Canadian dollar in relation to these currencies may affect the profitability of the Company and the value of the Company's assets and liabilities. Management believes the foreign exchange risk derived from currency conversions is not significant and therefore does not hedge its foreign exchange risk.

Risk Factors

Companies in the exploration stage face a variety of risks and, while unable to eliminate all of them, the Company aims at managing and reducing such risks as much as possible. The Company faces a variety of risk factors such as project feasibility and practically, risks related to determining the validity of mineral property title claims, commodities prices, changes in laws and environmental laws and regulations. Management monitors its activities and those factors that could impact them in order to manage risk and make timely decisions. Risks and uncertainties the Company considers material in assessing its financial statements are described below.

Fosterville South will require additional funding.

At December 31, 2020, the Company had working capital of \$29,106,745, which included cash of \$29,412,032 and accounts payable and accrued liabilities of \$711,189. While the Company is well financed to complete the first two phases of the exploration programs on the 100% owned Lauriston Gold Project and the Golden Mountain Projects as recommended in the 43-101's, the Company does not have any source of revenue and will require additional funding. The Company has relied upon equity subscriptions to satisfy its capital requirements and will likely continue to depend upon these sources to finance its activities. There can be no assurances that the Company will be successful in raising the desired level of financing on acceptable terms.

Exploration, Mining and Operational Risks

The business of exploring for and mining minerals involves a high degree of risk. Few properties that are explored are ultimately developed into mines. At present, the Central Victoria Properties do not have any known mineral resources or reserves and the proposed exploration and drilling programs are an exploratory search for such mineral resources or reserves.

The Company's operations are subject to all the hazards and risks normally associated with the exploration, development and mining of minerals, any of which could result in risk to life, to property, or to the environment. The Company's operations may be subject to disruptions caused by unusual or unexpected formations, formation pressures, fires (including forest fires), power failures and labour disputes, flooding, explosions, cave-ins, landslides, the inability to obtain suitable or adequate equipment, machinery, labour or adverse weather conditions. The availability of insurance for such hazards and risks is extremely limited or uneconomical at this time.

In the event the Company is fortunate enough to discover a mineral deposit, the economics of commercial production depend on many factors, including the cost of operations, the size and quality of the mineral deposit, proximity to infrastructure, financing costs and Government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting minerals and environmental protection. The effects of these factors cannot be accurately predicted, but any combination of these factors could adversely affect the economics of commencement or continuation of commercial mineral production.

Fosterville South is subject to government regulation.

The Company's mineral exploration is, and any development activities will be, subject to various laws governing exploration, development, production, taxes, labor standards and occupational health, mine safety, environmental protection, toxic substances, land use, water use and other matters. Failure to comply with applicable laws and regulations may result in civil or criminal fines or penalties or enforcement actions, including orders issued by regulatory authorities curtailing the Company's operations or requiring corrective measures, any of which could result in the Company incurring substantial expenditures. No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail exploration or development.

Exploration, development, and mining activities can be hazardous and involve a high degree of risk.

The Company's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of base or precious metals, including, without limitation, unusual and unexpected geologic formations, seismic activity, rock bursts, pit-wall failures, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and legal liability. Milling operations, if any, are subject to various hazards, including, without limitation, equipment failure and failure of retaining dams around tailings disposal areas, which may result in environmental pollution and legal liability.

Fosterville South may be adversely affected by fluctuations in metal prices.

The value and price of the Company's common shares, the Company's financial results, and exploration, development and mining activities of the Company, if any, may be significantly adversely affected by declines in the price of metals. Mineral prices fluctuate widely and are affected by numerous factors beyond the Company's control such as interest rates, exchange rates, inflation or deflation, global and regional supply and demand, and the political and economic conditions of mineral producing countries throughout the world.

Infrastructure

Exploration, development and ultimately mining and processing activities depend, to one degree or another, on the availability of adequate infrastructure. Reliable air service, roads, bridges, power sources and water supply are significant contributors in the determination of capital and operating costs. Inadequate infrastructure could significantly delay or prevent the Company exploring and developing its projects and could result in higher costs.

Fosterville South does not and likely will not insure against all risks.

The Company's insurance will not cover all the potential risks associated with a mining company's operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Company or to other companies in the mining industry on acceptable terms. The Company might also become subject to environmental liability or other hazards which may not be insured against or which we may elect not to insure against because of premium costs or other reasons. Losses from these events may cause Fosterville South to incur significant costs that could have a material adverse effect upon its financial condition and results of operations.

Fosterville South may be subject to disputes.

The Company may be involved in disputes with other parties in the future, which may result in litigation or arbitration. The results of litigation or arbitration cannot be predicted with certainty. If the Company is unable to resolve these disputes favorably, it may have a material adverse impact on the Company.

All industries, including the mining industry, are subject to legal claims that are with and without merit. Due to the inherent uncertainty of the litigation process and dealings with regulatory bodies, there is no assurance that any legal or regulatory proceeding will be resolved in a manner that will not have a material and adverse effect on the Company.

Fosterville South is dependent on key personnel.

The Company's success depends in part on its ability to recruit and retain qualified personnel. Due to its relatively small size, the loss of the services of one or more of such key management personnel could have a material adverse effect on the Company. In addition, despite its efforts to recruit and retain qualified personnel, even when those efforts are successful, people are fallible and human error could result in a significant uninsured loss to the Company.

Fosterville South's officers and directors may have potential conflicts of interest.

Fosterville South's directors and officers may serve as directors and/or officers of other public and private companies and devote a portion of their time to manage other business interests. This may result in certain conflicts of interest. To the extent that such other companies may participate in ventures in which the Company is also participating, such directors and officers may have a conflict of interest in negotiating and reaching an agreement with respect to the extent of each company's participation. However, applicable law requires the directors and officers to act honestly, in good faith, and in the best interests of the Company and its shareholders and in the case of directors, to refrain from participating in the relevant decision in certain circumstances.

Permits, licenses and approvals

The Company's prospecting activities are dependent upon the grant and renewal of appropriate mineral tenures. Although the Company believes that it will obtain and renew the necessary prospecting licenses and permits, including but not limited to drill permits, there can be no assurance that they will be granted or as to the terms of any such grant. Furthermore, the Company

is required to expend required minimum expenditure amounts on the exploration licenses of the Central Victoria Properties in order to maintain them in good standing. If the Company is unable to expend these amounts, the Company may lose its title thereto.

All mining projects require a wide range of permits, licenses and government approvals and consents. It is not certain that we will be granted these at all, or in a timely manner. If we do not receive them for our mineral projects or are unable to maintain them, it could have a material and adverse effect on the Company.

Land Claims

Native title rights may be claimed on crown land or other types of tenure with respect to which mining rights have been conferred. In Australia, the *Native Title Act 1993* (Australia) (the "NTA") provides that any acts that may affect native title rights, such as the grant of a mineral tenement, after December 23, 1996 must comply with certain requirements to be valid under the NTA. These requirements typically require either: the right to negotiate, an Indigenous land use agreement ("ILUA") or an expedited procedure to negotiate. As all of the Company's granted mineral tenements are within the external boundaries of native title claims, native title determinations and ILUAs, the Company will need to comply with these native title requirements. The failure to comply with these requirements could adversely effect the Company's mineral tenements and its exploration and mining activities thereon.

Title to our mineral properties

We have investigated title to all of our mineral properties and, to the best of our knowledge we have or are entitled to title to all of our properties subject to the items described in the MD&A and in our consolidated financial statements for the year ended December 31, 2020. Challenges may be made to the title to any of our properties and, if successful, they could impair development and/or operations at our mines or projects. There is no assurance that title to any of our properties will not be challenged.

New laws and regulations, or amendments to laws and regulations relating to mineral tenure and land title and usage, including expropriations and deprivations of contractual rights, if proposed and enacted, may affect our rights to our mineral properties. There is no assurance that we will be able to operate our properties as currently permitted or that we will be able to enforce our rights with respect to our properties.

Corruption and bribery

Our operations are governed by, and involve interactions with, many levels of government in foreign countries. We may not be able to complete some business transactions if we are subject to corruption or demands for bribes. Like most companies, we are required to comply with anti-corruption and anti-bribery laws, including the Canadian Corruption of Foreign Public Officials Act, as well as similar laws in the countries in which we conduct our business. In recent years, there has been a general increase in both the severity of penalties and frequency of enforcement under such laws, resulting in greater punishment and scrutiny to companies convicted of violating anti-bribery laws. Furthermore, a company may be found liable for violations by not only its employees, but also any third-party agents. If we find ourselves subject to an enforcement action or are found to be in violation of such laws, this may result in significant penalties, fines and/or sanctions being imposed on us resulting in a material adverse effect on the Company.

Reputational risk

Damage to our reputation can be the result of the actual or perceived occurrence of any number of events, and could include any negative publicity, whether true or not. Although we believe that we operate in a manner that is respectful to all stakeholders and take care in protecting our image and reputation, we do not have control over how we are perceived by others. Any reputation loss could result in decreased investor confidence and increased challenges in developing and maintaining community relations which may have adverse effects on the Company and the price of the Company's securities.

Changes in Accounting Policies including Initial Adoption.

The accounting policies applied in preparation of the consolidated financial statements for the year ended December 31, 2020 are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the period from incorporation on July 22, 2019 to December 31, 2019, except for Exploration and Evaluation Assets, as disclosed below:

Exploration and Evaluation Assets

The Company has changed its accounting policy for exploration and evaluation expenditures from the policy previously adopted for its financial statements for the period from incorporation on July 22, 2019 to December 31, 2019. The Company previously capitalized the acquisition costs of exploration and evaluation assets and deferred exploration expenditures directly related to specific exploration and evaluation assets. Under the new policy, exploration and evaluation expenditures incurred prior to the determination of the feasibility of mining operations and a decision to proceed with development are charged to the statement of loss and comprehensive loss as incurred. Development expenditures incurred subsequent to a development decision, and to increase or to extend the life of existing production, are capitalized and will be amortized on the unit-of-production method based upon estimated proven and probable reserves.

Mineral property acquisition costs will continue to be capitalized and include consideration and transaction costs for mineral property interests. These costs are amortized over the estimated life of the property following commencement of commercial production. If, after management review, it is determined that the carrying amount of a mineral property is impaired, that property is written down to its estimated net realizable value. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

The Company has accounted for this change in accounting policy on a retrospective basis. The opening deficit and the exploration and evaluation asset on the statement of financial position has been restated for the prior period and presented as if the new accounting policy had always been applied. The impact of this change was to decrease exploration and evaluation assets and increase the deficit by the exploration expenditures incurred of \$148,530, or \$0.006 per share, for the period from incorporation on July 22, 2019 to December 31, 2020.

Critical Accounting Policies and Estimates

Fosterville South's accounting policies are described in Notes 2 and 3 of its audited consolidated financial statements for the year ended December 31, 2020. Management considers the following policies to be the most critical in understanding the judgments that are involved in the preparation of our consolidated financial statements and the uncertainties that could impact its results of operations, financial condition and cash flows:

Use of Estimates

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation and judgment uncertainty that management has made at the end of the reporting period, 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.

The most significant estimates relate to the valuation of deferred income tax amounts, impairment testing and calculation of share-based payments. Share-based payments, as measured with respect to the fair value of common shares issued. The value of deferred tax assets is evaluated based on the probability of realization; the Company has assessed that it is improbable that such assets will be realized and has accordingly not recognized a value for deferred tax assets. The most significant judgments relate to the functional currency of the Company and its subsidiaries.

Exploration and evaluation assets

Exploration and evaluation assets include the costs of acquiring licenses (including option payments) and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. All costs related to the acquisition of mineral properties are capitalized by property as an intangible asset. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in the profit and loss statement. The Company expenses costs related to the exploration and development of mineral properties as they are incurred.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable,

exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial mining, or alternatively, sale of the respective areas of interest.

Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to capital stock.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

If and when the stock options are exercised, the applicable amounts of contributed surplus are transferred to share capital. When vested options are forfeited or not exercised at the expiry date the amount previously recognized in share-based payments is revised from share-based payment reserve to deficit. Amounts recorded for forfeited or expired unexercised warrants are transferred to share capital.

Note Regarding Forward-Looking Statements

Except for historical information, this MD&A may contain forward-looking statements. These statements involve known and unknown risks, uncertainties, and other factors that may cause the Company's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievement expressed or implied by these forward-looking statements.

The factors that could cause actual results to differ materially include, but are not limited to, the following: Fosterville South has no assurance that the licenses will be issued nor if issued, that they will be issued in a timely manner, general economic conditions; changes in financial markets; the impact of exchange rates; political conditions and developments in countries in which the Company operates; changes in the supply, demand and pricing of the metal commodities which the Company hopes to find and successfully mine; changes in regulatory requirements impacting the Company's operations; the sufficiency of current working capital and the estimated cost and availability of funding for the continued exploration and development of the Company's exploration properties.

This list is not exhaustive and these and other factors should be considered carefully, and readers should not place undue reliance on the Company's forward-looking statements. As a result of the foregoing and other factors, no assurance can be given as to any such future results, levels of activity or achievements and neither the Company nor any other person assumes responsibility for the accuracy and completeness of these forward-looking statements.

This MD&A contains certain forward-looking statements. Although forward-looking statements and information contained in this MD&A are based on the beliefs of Fosterville South's management, which we consider to be reasonable, as well as assumptions made by and information currently available to Fosterville South's management, there is no assurance that the forward-looking statement or information will prove to be accurate. The forward-looking statements and information contained in this MD&A are subject to current risks, uncertainties and assumptions related to certain factors including, without limitations, obtaining all necessary approvals, feasibility of mine and plant development, exploration and development risks, expenditure and financing requirements, title matters, operating hazards, metal prices, political and economic factors, competitive factors, general economic conditions, relationships with vendors and strategic partners, governmental regulation and supervision, seasonality, technological change, industry practices, and one-time events as well as risks, uncertainties and other factors discussed in our quarterly and annual and interim management's discussion and analysis. Should any one or more of these risks or uncertainties materialize or change, or should any underlying assumptions prove incorrect, actual results and forward-looking statements and information may vary materially from those described herein. Accordingly, readers should not place undue reliance on forward-looking statements and information contained in this MD&A. We undertake no obligation to update forward-looking statements or information except as required by law.