



(“Fosterville South” or “the Company”)

**FORM 51-102F1  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE PERIOD ENDED MARCH 31, 2022**

## **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 three month period ended March 31, 2022. The MD&A takes into account information available up to and including May 26, 2022 and should be read together with the condensed consolidated interim financial statements for the period ended March 31, 2022 and with the audited consolidated financial statements for the year ended December 31, 2021.

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 OTCQX Board of 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, Moormbool Project, Providence Project, Walhalla Gold Belt Project and the Beechworth Project.

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

## Performance Summary and Subsequent Events

During the period ended March 31, 2022 the Company:

- On January 18, 2022, the Company reported initial 2022 assays from drilling at the Homeward Bound and Bon Accord projects within the Beechworth Gold Project in Victoria, Australia. The results show that drilling has returned strong gold grades, with additional assays pending from drilling at high-priority gold target at Reedy Creek. Highlights included HBDH002, which intersected two separate zones with strong gold mineralization of 3.15 m of 3.38 g/t gold from 269.5 m and 4.4 m of 2.51 g/t gold from 256.6 m along with another three supporting gold mineralized zones totaling 29.7 m within an overall envelope of 56.6 m down-hole length. Please refer to the news release for complete results.

The Company also announced that drilling will commence at two key gold projects, Golden Mountain and Lauriston Gold, in the first quarter of 2022.

- The Company reported that it has commenced a diamond drilling program at the Lauriston Project, on the Comet target to confirm the structural controls of the wide zones of gold mineralization that were discovered during initial reconnaissance work in 2021. The Company has concurrently accelerated drilling at the Reedy Creek target within the Providence Project. Two of the three rigs at Reedy Creek are diamond rigs while the other is a reverse circulation rig. For more information please refer to the news release dated March 15, 2022.
- Subsequent to the period ended March 31, 2022, the Company reported that the maiden percussion drilling program at Thompson Reef and Price of Wales Reef within the Reedy Creek target of the Providence Project in Victoria, Australia has returned strong gold grades. Additional assays are pending from the drilling at high priority gold targets at Reedy Creek. To the northwest of the high-grade discovery hole at Weineroider Ridge, also at Reedy Creek, the prince of Wales Reef was reverse circulation drilled over a strike length of 300m in 6 holes. Drill hole PWR01 returned 6m at 2.98 g/t Gold from 53m, including 2m at 7.58 g/t Gold; drillhole PWR02 returned 1m at 19.5 g/t Gold from 22.0 prior to intersecting a 9-meter stope. Reverse circulation hole PWR04 returned 3m at 4.81 g/t Au from 12m and 6m at 1.51 g/t from 51m. Drillhole PWR06 was abandoned in mineralization due to drilling difficulties. For more information, please refer to the news release dated April 27, 2022

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

## Outlook

Since incorporation on July 22, 2019 the Company has acquired various projects in Victoria, Australia and has secured financing to advance the various projects.

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 mineralization 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 the evaluation 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 spin out transaction proposed for the Avoca Project and Timor Project which completed in early 2021. 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.

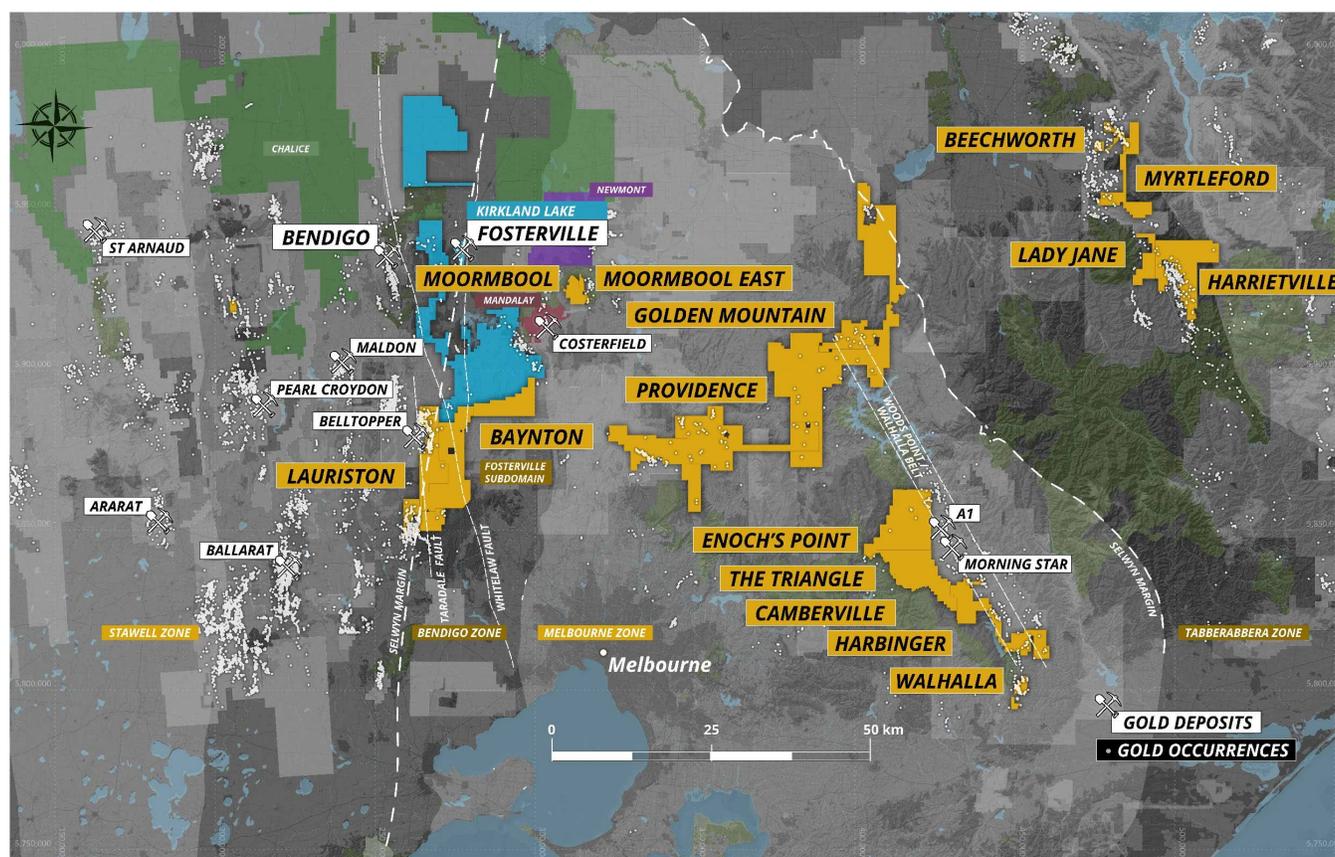
The Company will also continually assess new projects available in Victoria through the exploration tenement application process and also projects owned by other corporate entities. The Company's experience in Victoria and strong cash position puts it in a good position to expand its land holdings if 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 March 31, 2022 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.

## 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](http://www.sedar.com).

#### *Property description and summary*

The Lauriston Gold Project is comprised of one tenement, an exploration license of 287 km<sup>2</sup>, which was reduced to 215 km<sup>2</sup> on June 23, 2021, covering the same stratigraphic and structural setting trend as the Fosterville Gold Mine (owned by Agnico Eagle Mines 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 Agnico Eagle's Fosterville Gold Project which as of December 31, 2021, has reported proven and probable reserves of 5.6 million tonnes for 1.8 million ounces

at 10.3 g/t Au. Mineralization at Angico Eagle's Fosterville Gold Project is not necessarily indicative of mineralization at the Lauriston Gold Project.

#### *Exploration plans:*

The focus of the Company's exploration program is to explore 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.

To date, there have been 11 prospects drilled, mostly in the northern portion of the licence, with 75 RC drill holes completed for 5803 m, as well as 4 diamond holes for 550 m. The more successful exploration results have been from the Energetic, Comet and Keath's Reward prospects.

At the Energetic prospect, 21 RC holes were drilled for 1805 m and 3 diamond holes for 418 m. The best intersection is hole EN013 with 4 m at 4.05 g/t Au from 51 m. A widespread supergene zone of gold mineralisation occurs which is open to the north, south and east. Follow up RC percussion drilling is planned in May 2022 at the Energetic South prospect.

At the Comet prospect 4 RC drill holes were completed for 435 m, with better results of CRC01 with 3 m at 5.96 g/t Au from 70 m and CRC04 with 13 m at 1.25 g/t Au from 105 m. A new drill permit has been approved for the Comet and New Trojan prospects in the southwestern part of the tenement where extensive anomalous Au-As-Sb mineralisation has been established from grid-based soil sampling for 3.5 km strike length. A program of RC percussion and diamond drilling is planned from May 2022.

Widespread roadside, private property and forest soil geochemical traverses have been completed throughout most of the tenement highlighting various potentially mineralized zones. Various drill permit applications have been made.

The exploration budget has been designed with a large contingent of this expenditure aimed at drilling as many of the most prospective targets, especially for areas proven to contain Au-As-Sb signatures such as the Comet-Trojan prospect area.

#### **Tallangalook (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. An additional licence adjoining EL006430 has been granted and is known as the Merton licence (EL007308) and covers 498 km<sup>2</sup>. A new licence application EL007623 has been accepted by Earth Resources on November 12, 2021, for an area west of Gobur covering 72 km<sup>2</sup>. 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](http://www.sedar.com).

#### *Property description and summary*

The Golden Mountain Property is comprised of one tenement, an exploration license of 136 km<sup>2</sup> which was reduced to 102 km<sup>2</sup> on May 8, 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 227 surface and underground drill holes to a maximum intercept depth of 344m. 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 200 m 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 mineralized. 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.

*Exploration plans:*

The focus of the Company is to explore within the property for gold deposits as intrusion 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.

Further exploration drilling is aimed at searching for extensions to the already established deposit of Golden Mountain. A key drill permit application has been approved by Earth Resources and other government agencies for drilling the deeper sections of Golden Mountain prospect. Deeper drilling is planned for 2022.

The Company has completed a regional multielement stream sediment exploration program, following the completion of a geochemistry review of the previous completed sampling. Further follow up is required on various stream sediment anomalous areas, with more detailed stream sediment sampling as well as soils sampling following landowner access. In addition to the geochemistry survey, a LIDAR survey has been completed over much of the Golden Mountain area which has defined the location of all historic mining. A further LIDAR survey has been completed for the Merton tenement. A review of the data has been completed to locate and detail the various old gold workings found throughout the properties. Landowner access agreements are being sought for key areas. The Gobur licence forms part of the Merton regional assessment and is known to contain a continuation of the old gold workings present at Gobur, held within the Merton tenement.

Drilling at Golden Mountain has amounted to 60 drill holes for 9992 m with 81% being diamond drilling. Various intercepts have been reported since drilling began in June 2020. Selected highlights are tabulated below.

| Hole ID | From (m) | To (m) | Length (m) | Au g/t |
|---------|----------|--------|------------|--------|
| GMDH30  | 59.0     | 86.6   | 27.6       | 6.66   |
| GMDH32  | 54.0     | 115.0  | 60.8       | 2.50   |
| GMDH35  | 68.0     | 115.0  | 47.0       | 2.67   |
| GMDH36  | 138.0    | 166.0  | 28.0       | 10.17  |
| GMDH37  | 153.7    | 195.0  | 41.3       | 2.36   |
| GMDH45  | 210.0    | 266.8  | 55.1       | 3.06   |
| GMDH50  | 212.0    | 241.0  | 29.0       | 2.46   |

Other prospects that have been drilled have been the Star of the Glen (15 holes for 881 m), Vinegar Hill (4 holes for 335 m) and Heyfield Reef (16 holes for 1345m) with only minor results.

Private property access negotiations are underway for rock and soil sampling as well as historic gold prospect assessment following the review of the LIDAR data covering the Merton licence which has defined the location of all the gold prospects held within the licence.

**Moormbool Project**

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 Moormbool project, the Timor project, the Avoca project.

During the year ended December 31, 2020 the Company completed a spin-out of its wholly owned subsidiary Leviathan Gold Ltd ("Leviathan"). During the year ended December 31, 2021 the Timor and Avoca projects were sold to Leviathan for AUD\$764,081 (CAD\$730,079), and consequently the Company only holds 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.

The Moornbool project area consists of three granted licenses (EL006280, EL006913, & EL007193) and 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 granitic intrusion plug or cupola that may have intrusion related gold mineralization.

Soil geochemistry exploration indicates that both the southeast-striking postulated fault zone and the circular magnetic anomaly are arsenic and gold mineralized. The magnetic anomaly could be an intrusion related gold system similar to Mount Piper, near Broadford with a similar magnetic signature and geological setting. Farther northwest, within the Redcastle goldfield extensive alluvial and hardrock gold mineralization was mined historically along this Staffordshire Flat fault zone.

Initial drilling has targeted the extension of the southeast striking fault zone and associated linear magnetic anomalies. In total 29 RC percussion drill holes have been completed for 1434 m in three north-south traverses. Drill assays have shown that widespread shallow (<10 m depth) alluvial gold mineralization occurs at the base of the lateritised Quaternary sedimentary cover sequence. Further drilling is proposed in this area to explore for the source of the widespread alluvial gold mineralization as well as to assess the potential of the circular magnetic anomaly considered to be underlain by a potentially mineralized granitic intrusion. Low order gold in soil anomalism is associated with the circular magnetic anomaly and the outcropping rocks show evidence of contact metamorphism.

### **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 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 km<sup>2</sup>. The property contains numerous old gold workings or prospects which were mined in the mid to late 19th and early 20th centuries.

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

Drilling of various prospects at Hillsborough (HB) and within the Stanley State Forest (SSF), within the Beechworth project, has resulted in 86 holes drilled for 8757.7 m including 3 diamond holes at Bon Accord (1) and Homeward Bound (2) prospects for 792 m. A summary of the various significant drill intercepts is tabulated below.

| HoleID  | East      | North      | Azimuth (deg.) | Dip (deg.) | From (m) | To (m) | Downhole Interval (m) | Au g/t | Cut-off Au g/t | Type     | Prospect         |
|---------|-----------|------------|----------------|------------|----------|--------|-----------------------|--------|----------------|----------|------------------|
| BA09    | 484841.03 | 5971122    | 300            | -65        | 65       | 70     | 5.0                   | 3.01   | 0.4            | RC split | Bon Accord       |
| BA09    | including |            |                |            | 67       | 68     | 1.0                   | 12.30  | 1.0            | RC split | Bon Accord       |
| BADH001 | 484740    | 5971177    | 110            | -70        | 148.9    | 152.6  | 3.7                   | 3.05   | 0.4            | Diamond  | Bon Accord       |
| BE01A   | 476241.2  | 5970216    | 252            | -75        | 85       | 88     | 3.0                   | 3.26   | 0.4            | RC split | Perseverance SSF |
| BE01A   | including |            |                |            | 85       | 86     | 1.0                   | 8.34   | 1.0            | RC split | Perseverance SSF |
| BHVP14  | 484566    | 5971343    | 90             | -60        | 30       | 40     | 10.0                  | 1.68   | 0.4            | RC split | Perseverance HB  |
| BHVP30  | 484804    | 5971253    | 270            | -60        | 59       | 60     | 1.0                   | 20.90  | 0.4            | RC split | Bon Accord North |
| BHVP30  | 484804    | 5971253    | 270            | -60        | 64       | 72     | 8.0                   | 4.84   | 0.4            | RC split | Bon Accord North |
|         | including |            |                |            | 68       | 69     | 1.0                   | 33.40  | 1.0            | RC split | Bon Accord North |
| HBDH001 | 484851    | 5971313    | 125            | -70        | 194.6    | 203.2  | 8.6                   | 5.22   | 0.4            | Diamond  | Homeward Bound   |
| HBDH001 | including |            |                |            | 196.8    | 200.4  | 3.6                   | 10.72  | 1.0            | Diamond  | Homeward Bound   |
| HBDH002 | 484836    | 5971320    | 125            | -72        | 236.0    | 248    | 12.0                  | 0.78   | 0.3            | Diamond  | Homeward Bound   |
| HBDH002 | and       |            |                |            | 256.62   | 261    | 4.4                   | 2.51   | 0.4            | Diamond  | Homeward Bound   |
| HBDH002 | and       |            |                |            | 269.5    | 272.65 | 3.2                   | 3.38   | 0.4            | Diamond  | Homeward Bound   |
| HBRC01  | 484906.07 | 5971301.03 | 85             | -62        | 105      | 106    | 1.0                   | 8.68   | 0.4            | RC split | Homeward Bound   |
| HBRC02  | 484870.89 | 5971309.58 | 89             | -60        | 134      | 136    | 2.0                   | 5.91   | 0.4            | RC split | Homeward Bound   |
| HBRC02  | and       |            |                |            | 149      | 152    | 3.0                   | 3.99   | 0.4            | RC split | Homeward Bound   |
| HBRC02  | including |            |                |            | 150      | 151    | 1.0                   | 10.95  | 1.0            | RC split | Homeward Bound   |
| HBRC09  | 484935.06 | 5971276.92 | 113            | -60        | 46       | 52     | 6.0                   | 2.57   | 0.4            | RC split | Homeward Bound   |
| HBRC09  | including |            |                |            | 50       | 51     | 1.0                   | 7.26   | 1.0            | RC split | Homeward Bound   |
| HBRC21  | 484836.28 | 5971319.84 | 93             | -63        | 202      | 210    | 8.0                   | 3.66   | 0.4            | RC split | Homeward Bound   |
| HBRC21  | including |            |                |            | 207      | 210    | 3.0                   | 8.83   | 1.0            | RC split | Homeward Bound   |

Follow up drilling is planned at Homeward Bound and other prospects during 2022 and when the permits are received.

### The Walhalla Gold Belt Project:

The Walhalla Gold Belt Project has now been consolidated by the Company via staking into a major land holding, with 1 granted tenement covering the Enoch's Point goldfield and 7 tenement applications composed of 755 km<sup>2</sup> 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 7 tenement applications) amounts to 1,510,309 ounces at a recovered grade of 33.59 g/t Au (GeoVic,2020).

*Cohen's Reef deposit, Walhalla*

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 available core from previous drilling to further develop its modelling and generate its exploration diamond drilling targets.

*Londonderry prospect, Enoch's Point*

The Londonderry prospect at Enoch's Point has been demonstrated to have historical workings for a length of 1.6 km from LIDAR mapping. Soil and rock chip sampling has confirmed the gold mineralisation with rock chip samples up to 179 g/t Au. The mineralisation is hosted by a strike faulted quartz veined dyke within the Devonian Norton Gully Sandstone unit. Historic production is recorded as 19972 tons for 3910 ounces Au at 6.0 g/t Au. The prospect has not been previously drilled and a drill permit application has been made.

*Luck's All prospect, Enoch's Point*

The Luck's All prospect occurs within the granted Enoch's Point licence EL007219. It is a dyke bulge hosted series of quartz veins, similar to A1 and Morning Star gold deposits near Wood's Point, east of Enoch's Point. These two gold deposits are still in production. The former Luck's All mine was worked from two adit levels and produced 26482 tons of mineralized material for 17301 ounces at a recovered grade of 20.32 g/t Au. Underground rock chips have recorded assays ranging up to 18.6 g/t Au.

The prospect has not been previously drilled. Two drill permit applications have been approved by the various government authorities and the company aims to drill this prospect in the second quarter of 2022.

*Harbinger Licence.*

The Harbinger licence has several former gold mines that operated in the late 19<sup>th</sup> and early 20<sup>th</sup> centuries, of which the two largest producers are the Victor's Quartz prospect and the Harbinger prospect. The Victor's Quartz mine has a recorded production of 32663 gold ounces from 66334 ore tons and the Harbinger mine has a recorded production of 17356 gold ounces from 17320 ore tons (GeoVic, 2022). Both prospects have mine plans and only one drill hole has been completed at Victor's Quartz. The tenement is in application.

*Longfellow prospect, Walhalla*

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 several 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 m 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 several key targets with historical production along this trend: Luck's All, Harbinger and Pinnacles, among others, that constitute drill targets when the permits are granted.

### Providence Project

Fosterville South holds one license and has applied for an additional exploration license, which combined cover 650 km<sup>2</sup>, that it calls the Providence Project. The one license (EL007052) that has been granted covers the Reedy Creek goldfield and the Big Ben prospect area. 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.

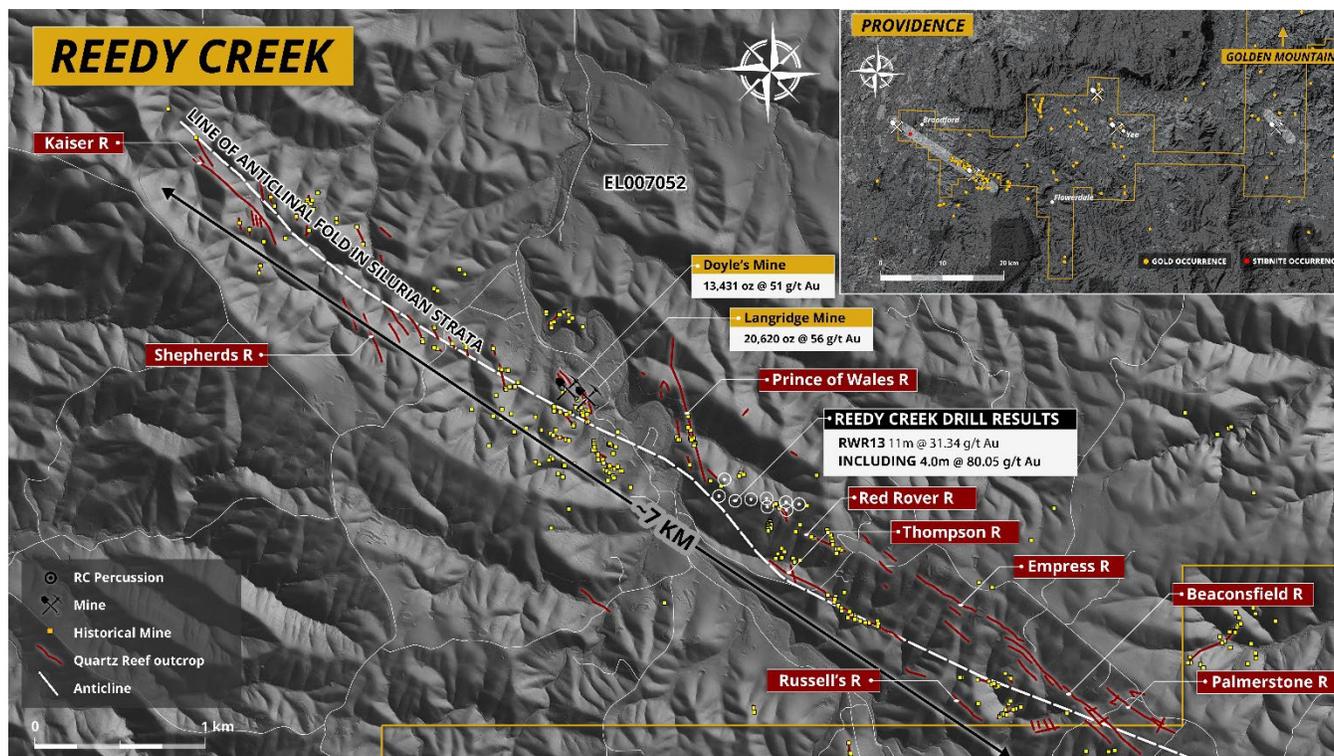
These primary gold deposits are structurally related to the Selwyn Block, within the Costerfield Domain and are associated with the Mid-Devonian Tabberabberan orogeny. A key feature of these deposits is that they have a characteristic metallogenic signature of Au-As-Sb mineralization, which act as a 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 122 m depth
- Langridge's mine 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 8,585 oz 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 63,558 t for 48,944 oz Au at a grade of 23.6 g/t Au which is 68% of the gold produced from the whole Kilmore Mining 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.



Drilling at Reedy Creek has focused on two ridges with associated gold in soil anomalism and various old gold workings. These ridges are known as Weineroider’s and Clothier’s. The Weineroider Ridge area extends east to the Red Rover and United prospects. RC percussion drilling in these areas amounts to 37 drill holes for 3168 m completed in the quarter. At the Weineroider Ridge, scout drilling of hole RWR13 drilled at 220-degree azimuth discovered 11 m at 31.34 g/t gold including 4 m at 80.05 g/t gold from 68 m [News Release August 9, 2021]. This mineralization is composed of a quartz vein-fault zone-quartz vein package. A follow up diamond drill hole RWD01 drilled at a 180-degree azimuth and collared west of RWR13, intersected 0.7 m at 238.1 g/t gold from 68.70m with visible gold in a quartz vein and 0.80 m at 22.5 g/t gold from 40.80 m. The deeper mineralization is of similar character to the upper part of the mineralization found in discovery hole RWR13 albeit with narrower widths. Five diamond holes have been completed in the vicinity of hole RWR13 for a total of 381.2 m, which reveal a complex set of quartz vein and fault orientations. Further structural geology work has been completed including downhole imaging surveys to establish controls on the mineralization and to aid further drill hole planning. Follow up drilling is planned in 2022 when a suitable drill rig, for drilling in steep terrain, becomes available.

Various drill permits have been approved at Reedy Creek and in the Big Ben area. Drilling of the Prince of Wales reef zone and at various prospects at Reedy Creek and in the Big Ben area continued through the quarter. A summary of the Reedy Creek drilling results are presented in the table below. Ongoing assaying for several drill holes remains to be completed.

| Prospect             | Hole ID | East   | North   | Azimuth (deg.) | Dip (deg.) | From (m) | To (m) | Downhole Interval (m) | Au g/t | Cut-off Au g/t | Hole Type     |
|----------------------|---------|--------|---------|----------------|------------|----------|--------|-----------------------|--------|----------------|---------------|
| Big Ben Mine         | BBM05   |        |         |                |            | 54.0     | 57.0   | 3.00                  | 1.75   | 0.3            | RC percussion |
| Prince of Wales Reef | PWR01   | 334812 | 5874137 | 90.0           | -70.0      | 47.0     | 59.0   | 12.00                 | 1.66   | 0.3            | RC percussion |
| including            | PWR01   |        |         |                |            | 53.0     | 59.0   | 6.00                  | 2.98   | 0.5            | RC percussion |
| including            | PWR01   |        |         |                |            | 53.0     | 55.0   | 2.00                  | 7.58   | 1.0            | RC percussion |
| Prince of Wales Reef | PWR02   | 334838 | 5874041 | 90.0           | -70.0      | 22.0     | 23.0   | 1.00                  | 19.50  | 0.5            | RC percussion |
| Prince of Wales Reef | PWR04   | 334838 | 5874041 | 90.0           | -90.0      | 12.0     | 15.0   | 3.00                  | 4.81   | 0.3            | RC percussion |
| and                  | PWR04   |        |         |                |            | 51.0     | 57.0   | 6.00                  | 1.98   | 0.3            | RC percussion |
| Weineroider Ridge    | RWD01   | 335094 | 5873541 | 180.2          | -48.1      | 40.8     | 41.6   | 0.80                  | 21.70  | 0.5            | Diamond       |
| Weineroider Ridge    | RWD01   | 335094 | 5873541 | 180.2          | -48.1      | 68.7     | 69.4   | 0.70                  | 239.64 | 0.5            | Diamond       |
| Weineroider Ridge    | RWD03   | 335123 | 5873516 | 221.5          | -51.4      | 65.8     | 66.2   | 0.35                  | 17.90  | 0.5            | Diamond       |

|                   |       |        |         |       |       |      |      |      |        |     |               |
|-------------------|-------|--------|---------|-------|-------|------|------|------|--------|-----|---------------|
| Weineroider Ridge | RWR10 | 335121 | 5873513 | 195.2 | -43.3 | 45.0 | 46.0 | 1.00 | 5.52   | 0.5 | RC percussion |
| Weineroider Ridge | RWR13 | 335124 | 5873517 | 220.0 | -54.0 | 68.0 | 76.0 | 8.00 | 42.35  | 0.5 | RC percussion |
| Weineroider Ridge | RWR13 | 335124 | 5873517 | 220.0 | -54.0 | 78.0 | 79.0 | 1.00 | 5.72   | 0.5 | RC percussion |
| Weineroider Ridge | RWR20 | 335100 | 5873533 | 143.4 | -52.0 | 13.0 | 17.0 | 4.00 | 1.69   | 0.5 | RC percussion |
| Weineroider Ridge | RWR21 | 335069 | 5873557 | 114.9 | -58.2 | 34.0 | 36.0 | 2.00 | 4.68   | 0.5 | RC percussion |
| Thompson's Reef   | TRC02 | 335642 | 5872883 | 25.0  | -60.0 | 23.0 | 25.0 | 2.00 | 174.42 | 0.5 | RC percussion |
| including         | TRC02 |        |         |       |       | 24.0 | 25.0 | 1.00 | 348.00 | 1.0 | RC percussion |

Note: True widths are not known.

### 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 ended March 31, 2022 and the period ended December 31, 2021:

|                                       | March 31, 2022 | December 31, 2021 |
|---------------------------------------|----------------|-------------------|
|                                       | \$             | \$                |
| <b>Balance, beginning of period</b>   | 833,627        | 847,710           |
| Moornbool, Avoca, Timor acquisition   | -              | -                 |
| Reclassified as Held for Distribution | -              | -                 |
| Beechworth acquisition                | -              | -                 |
| Foreign exchange                      | 3,554          | (14,083)          |
| <b>Balance, end of period</b>         | <b>837,181</b> | <b>833,627</b>    |

## Exploration Expenditures:

During the period ended March 31, 2022, the Company incurred exploration costs as follows:

| <i>Exploration Expenditures</i> | Golden Mountain Project | Lauriston Project | Beachworth Project | Providence Project | Walhalla          | Other Projects and general explorations | Total               |
|---------------------------------|-------------------------|-------------------|--------------------|--------------------|-------------------|---|---------------------|
| Assay                           | \$ 6,534                | \$ 6,449          | \$ 4,533           | \$ 12,685          | \$ 896            | \$ 29                                   | \$ 31,126           |
| Data compilation                | -                       | -                 | -                  | 927                | 847               | 9,887                                   | 11,661              |
| Drilling                        | 74,135                  | 77,261            | 3,684              | 419,119            | 25,823            | -                                       | 600,022             |
| Equipment rental                | -                       | 175               | 45                 | 508                | 13,956            | 923                                     | 15,607              |
| Field expenditures              | 7,977                   | 9,342             | 10,842             | 24,175             | 2,354             | 4,813                                   | 59,503              |
| Geological consulting           | 6,876                   | 49,231            | 936                | 20,766             | 37,952            | -                                       | 115,761             |
| Geophysics                      | -                       | 18,059            | 2,615              | 22,613             | -                 | -                                       | 43,287              |
| Mapping and surveying           | -                       | -                 | -                  | -                  | 3,808             | -                                       | 3,808               |
| Project administration          | 2,188                   | 2,978             | 2,340              | 8,927              | 1,966             | 3,395                                   | 21,794              |
| Project Management              | 326                     | -                 | 725                | -                  | -                 | -                                       | 1,051               |
| Salaries and wages              | 20,780                  | 36,718            | 50,565             | 104,286            | 27,373            | 26,855                                  | 266,577             |
| Sampling                        | -                       | 13,664            | -                  | -                  | 8,824             | -                                       | 22,488              |
| Tenement administration & fees  | 3,981                   | 15,517            | 6,738              | 17,746             | 15,737            | 6,719                                   | 66,438              |
| Travel                          | 6,766                   | 10                | 1,937              | 15,411             | -                 | -                                       | 24,124              |
|                                 | <b>\$ 129,563</b>       | <b>\$ 229,404</b> | <b>\$ 84,960</b>   | <b>\$ 647,163</b>  | <b>\$ 139,536</b> | <b>\$ 52,621</b>                        | <b>\$ 1,283,247</b> |

The minimum exploration expenditures due by license and by year to December 31, 2026, are summarized in the table below (AUD\$):

|                                  | 2022              | 2023                | 2024                | 2025                | 2026                | Total               |
|----------------------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|                                  | AUD\$             | AUD\$               | AUD\$               | AUD\$               | AUD\$               | AUD\$               |
| <b>Tallangalook:</b>             |                   |                     |                     |                     |                     |                     |
| Golden Mountain                  | 35,400            | 33,360              | 33,360              | 33,360              | 33,360              | 168,840             |
| Merton                           | 89,700            | 114,600             | 89,700              | 89,700              | 82,230              | 465,930             |
| Swanpool*                        | -                 | 74,400              | 94,200              | 74,400              | 74,400              | 317,400             |
| Gobur*                           | -                 | 25,800              | 29,400              | 25,800              | 25,800              | 106,800             |
| <b>Lauriston:</b>                |                   |                     |                     |                     |                     |                     |
| Lauriston                        | 58,050            | 58,050              | 53,745              | 53,745              | 53,745              | 277,335             |
| Kyneton*                         | -                 | 57,000              | 71,000              | 57,000              | 57,000              | 242,000             |
| Blackwood*                       | -                 | 15,750              | 16,000              | 15,750              | 15,700              | 63,200              |
| Trentham*                        | -                 | 20,400              | 22,200              | 20,400              | 20,400              | 83,400              |
| Baynton                          | 75,600            | 95,800              | 75,600              | 75,600              | 69,540              | 392,140             |
| <b>Reedy Creek / Providence:</b> |                   |                     |                     |                     |                     |                     |
| Yea – Alexandra*                 | -                 | 73,350              | 92,800              | 73,350              | 73,350              | 312,850             |
| Reedy Creek                      | 66,400            | 53,550              | 53,550              | 49,695              | 49,695              | 272,890             |
| Kinglake                         | -                 | 44,700              | 54,600              | 44,700              | 44,700              | 188,700             |
| <b>Walhalla:</b>                 |                   |                     |                     |                     |                     |                     |
| Walhalla*                        | -                 | 17,850              | 18,800              | 17,850              | 17,850              | 72,350              |
| Walhalla North*                  | -                 | 28,800              | 33,400              | 28,800              | 28,800              | 119,800             |
| Harbinger*                       | -                 | 18,750              | 20,000              | 18,750              | 18,750              | 76,250              |
| Enoch's Point                    | 73,000            | 58,500              | 58,500              | 54,150              | 54,150              | 298,300             |
| Coopers Creek*                   | -                 | 16,200              | 16,600              | 16,200              | 16,200              | 65,200              |
| Pinnacles*                       | -                 | 30,450              | 35,600              | 30,450              | 30,450              | 126,950             |
| Cambarville*                     | -                 | 15,300              | 15,400              | 15,300              | 15,300              | 61,300              |
| The Triangles*                   | -                 | 47,400              | 58,200              | 47,400              | 47,400              | 200,400             |
| <b>Moormbool:</b>                |                   |                     |                     |                     |                     |                     |
| Moormbool                        | 20,940            | 20,940              | 20,940              | 20,940              | 20,940              | 104,700             |
| Moormbool East                   | 19,000            | 18,000              | 18,000              | 17,700              | 17,700              | 90,400              |
| Moormbool North                  | 18,000            | 18,000              | 17,700              | 17,700              | 17,700              | 89,100              |
| <b>Beechworth</b>                |                   |                     |                     |                     |                     |                     |
| Beechworth**                     | 25,800            | 25,800              | 25,800              | 25,800              | 25,800              | 129,000             |
| Myrtleford*                      | -                 | 32,700              | 38,600              | 32,700              | 32,700              | 136,700             |
| Harrietville*                    | -                 | 52,050              | 64,400              | 52,050              | 52,050              | 220,550             |
| Lady Jane*                       | -                 | 23,700              | 26,600              | 23,700              | 23,700              | 97,700              |
| <b>Total</b>                     | <b>\$ 481,890</b> | <b>\$ 1,091,200</b> | <b>\$ 1,154,695</b> | <b>\$ 1,032,990</b> | <b>\$ 1,019,410</b> | <b>\$ 4,780,185</b> |

\* The Company has submitted tenement applications, which are in process. The Company expects the licenses to be issued during the next 12 months. The annual minimum expenditures commence from the date of grant, the Company estimates the annual minimum exploration expenditures to fall due during the indicated year, based on the anticipated timing of pending licenses being granted.

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

Under Victorian mining laws, the Company is required to incur AUD\$15,000 plus AUD \$150 per km<sup>2</sup> in first year, AUD \$200 per km<sup>2</sup> for each of second, third and fourth year and AUD \$300 per km<sup>2</sup> for each year thereafter. The expenditure commitment per km<sup>2</sup> 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 condensed consolidated interim financial statements reflect the financial condition of the Company's business for the period ended March 31, 2022. 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 ongoing strategic acquisitions and staking by the Company in the State of Victoria, Australia;
- The ongoing exploration activity, including drilling of \$600,022, totaling \$1,283,247 during the period;
- Exploration and travel restrictions due to COVID-19.

During the period ended March 31, 2022, the Company incurred a loss of \$1,764,593 (2021 - \$1,977,775). Significant expenditures included:

- Exploration expenditures of \$1,283,247 (2021 - \$1,315,883). During the period, the Company continued exploration and drilling as discussed in the performance summary above. Please refer to the Exploration Project section for a breakdown of the exploration expenditures incurred for the period ended March 31, 2022.
- Shareholder communications and marketing of \$144,612 (2021 - \$292,853). The Company has continued to raise awareness of its projects and the exploration completed to date.
- Management fees of \$83,700 (2021 - \$162,000) included fees from the Company's CEO. During the comparative period management fees also included fees from the former Chairman.
- Professional fees of \$114,711 (2021 - \$106,573). This relates to legal and accounting activity related to general corporate matters, due diligence on potential project acquisitions, and compliance requirements (such as audits).
- Share-based payments of \$21,428 (2021 - \$nil). There were no stock option grants during the period ended March 31, 2022. Share based payments related to past stock options granted and the related vesting during the period.
- Travel of \$20,299 (2021 - \$302). Travel remained low, but activity started to increase as travel restrictions related to COVID-19 are being eased.

During the period ended March 31, 2022, the Company incurred a comprehensive loss for the period of \$1,766,931 (2021 - \$2,006,550). Included in comprehensive loss was a loss of \$2,338 (2021 - \$28,775) related to exchange differences on translation of the Currawong operation.

## Summary of Quarterly Results

|                            | March 31,<br>2022 | December 31,<br>2021 | September 30,<br>2021 | June 30,<br>2021 |
|----------------------------|-------------------|----------------------|-----------------------|------------------|
| Working capital            | \$ 19,708,049     | \$ 21,443,487        | \$ 23,479,043         | \$ 25,602,630    |
| Exploration expenditures   | 1,283,247         | 1,754,981            | 1,526,062             | 1,275,076        |
| Share-based compensation   | 21,428            | 112,654              | 86,609                | 3,685,788        |
| Net loss                   | (1,764,593)       | (2,286,322)          | (2,131,852)           | (5,706,871)      |
| Comprehensive loss         | (1,766,931)       | (2,271,170)          | (2,139,233)           | (5,781,366)      |
| Net loss per share - basic | (0.03)            | (0.03)               | (0.03)                | (0.09)           |
|                            | March 31,<br>2021 | December 31,<br>2020 | September 30,<br>2020 | June 30,<br>2020 |
| Working capital            | \$ 27,686,834     | \$ 29,106,745        | \$ 26,624,428         | 17,635,099       |
| Exploration expenditures   | 1,315,883         | 1,133,900            | 1,514,246             | 696,476          |
| Share-based compensation   | -                 | -                    | -                     | 151,278          |
| Net loss                   | (1,977,775)       | (2,955,706)          | (3,109,210)           | (1,643,386)      |
| Comprehensive loss         | (2,006,550)       | (2,880,172)          | (3,114,205)           | (1,546,013)      |
| Net loss per share - basic | (0.03)            | (0.04)               | (0.05)                | (0.03)           |

## 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. Subsequently the Company has ramped up exploration on the various projects, including drilling. 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.

## 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 as at March 31, 2022, was \$19,708,049. This balance includes cash of \$19,949,310 to settle current liabilities of \$486,839. The Company is 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 period ended March 31, 2022 was \$1,681,571.

**Investing Activities:** During the period ended March 31, 2022 the Company incurred net investing activities of \$7,847, which included the purchase of vehicles and equipment for exploration activities of \$6,809.

**Financing Activities:** During the period ended March 31, 2022, the net company did not complete any material financing activities.

The condensed consolidated interim 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 condensed consolidated interim 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 period ended March 31, 2022, the Company entered into the following transactions with related parties, not disclosed elsewhere in this MD&A:

- a) Management fees of \$81,000 (2021 - \$81,000) to a company controlled by Bryan Slusarchuk, an officer and director of the Company.
- b) Geological consulting fees of \$74,329 (2021 - \$79,231) to a company controlled by Rex Motton, an officer and director of the Company.
- c) Geological consulting fees of \$34,570 (2021 - \$42,257) to a company controlled by Liza Gazis, a director of the Company
- d) Directors' fees of \$9,000 (2021 - \$9,000) and professional fees of \$nil (2021 - \$18,208) to a company which Robert McMorran, a director of the Company, is associated with.
- e) Directors' fees of \$9,000 (2021 - \$18,000) to a company controlled by John Lewins, a director of the Company.
- f) Professional fees of \$5,714 (2021 - \$16,055) to O'Neill Law LLP, a firm which Charles Hethey, a director of the Company is associated with.
- g) Professional fees of \$45,000 (2021 - \$45,000) to Red Fern Consulting Ltd, a company which Jonathan Richards, an officer of the Company, is associated with.
- h) Rent expense of \$13,765 (2021 - \$Nil) to Motton & Gazis Property Investment LP, a Company controlled by Rex Motton and Liza Gazis, directors of the Company, which is included in exploration expenditures.

As at March 31, 2022, \$135,454 (December 31, 2021 - \$181,739) 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 68,239,383 common shares issued and outstanding.

### Escrow:

As at the date of this report the Company had 5,850,000 shares subject to escrow release provisions.

Stock Options and Warrants:

As at the date of this report the balance of stock options and share purchase warrants outstanding was as follows:

| <b>Expiry Date</b>   | <b>Number</b> | <b>Exercise Price</b> |
|----------------------|---------------|-----------------------|
| <b>Stock options</b> |               |                       |
| April 14, 2025       | 2,154,000     | \$ 0.40               |
| April 19, 2026       | 3,600,000     | 1.57                  |
| <b>Warrants</b>      |               |                       |
| July 21, 2022        | 121,468       | 4.00                  |
| July 21, 2022        | 976,250       | 4.95                  |

**Contractual Obligations**

Except as described herein or in the Company's condensed consolidated interim financial statements as at March 31, 2022, the Company had no material contractual obligations.

**Off-Balance Sheet Arrangements**

As at March 31, 2022, 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**

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 March 31, 2022, the Company believes that the carrying values of receivables, accounts payable and accrued liabilities 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 March 31, 2022. The fair value of cash and cash equivalents 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 and cash equivalents 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 and cash equivalents are held with reputable Canadian and Australian banks. The credit risk related to cash and cash equivalents 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 and cash equivalents 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 March 31, 2022 were as follows:

|  | <b>&lt; 1<br/>year</b> | <b>1 – 2<br/>years</b> | <b>3 – 5<br/>years</b> | <b>Total</b>      |
|--|------------------------|------------------------|------------------------|-------------------|
| Accounts payable and accrued liabilities | \$ 486,839             | \$ -                   | \$ -                   | \$ 486,839        |
| Deferred acquisition payments            | 70,230                 | -                      | -                      | 70,230            |
| <b>Total</b>                             | <b>\$ 557,069</b>      | <b>\$ -</b>            | <b>\$ -</b>            | <b>\$ 557,069</b> |

### *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.*

As at March 31, 2022, the Company had working capital of \$19,708,049, which included cash and cash equivalents of \$19,949,310 and accounts payable and accrued liabilities of \$486,839. 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 period ended March 31, 2022. 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.

## **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, 2021. 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 the condensed consolidated interim 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 condensed consolidated interim 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.