

Four Nines Gold Inc.
Management Discussion & Analysis
(Expressed in Canadian Dollars)
For the year ended January 31, 2022

Overview

The following covers the operations of Four Nines Gold Inc. (the “Company” or “Four Nines”) for the year ended January 31, 2022 prepared as of May 27, 2022. This management discussion and analysis (“MD&A”) should be read in conjunction with the Company’s audited financial statements for the years ended January 31, 2022 and 2021 and related notes. These documents are available for viewing on SEDAR at www.sedar.com. All dollar amounts therein and in the following MD&A are in Canadian dollars unless otherwise indicated. These financial statements were prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”).

Forward-Looking Statements

This MD&A contains certain statements that may be deemed “forward-looking statements”. All statements in this MD&A, other than statements of historical fact, that address exploration drilling, exploitation activities and events or developments that the Company expects to occur, are forward-looking statements. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words “expects”, “plans”, “anticipates”, “believes”, “intends”, “estimates”, “projects”, “potential” and similar expressions, or that events or conditions “will”, “would”, “may”, “could” or “should” occur. Information inferred from the interpretation of drilling results and information concerning mineral resource estimates may also be deemed to be forward-looking statements, as it constitutes a prediction of what might be found to be present when and if a project is actually developed. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results may differ materially from those in the forward - looking statements. Factors that could cause the actual results to differ materially from those in the forward-looking statements include market prices, exploitation and exploration successes, and continued availability of capital and financing, and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements. Forward-looking statements are based on the beliefs, estimates and opinions of the Company’s management on the date the statements are made. The Company undertakes no obligation to update these forward-looking statements in the event that management’s beliefs, estimates or opinions, or other factors, should change beyond the procedures required under applicable securities laws.

Description of Business

The Company is a junior resource company engaged in the acquisition and exploration of properties in Canada. The Company was incorporated on March 19, 2015 under the name “Hornby Acquisition Ltd.” pursuant to the *Business Corporations Act* (British Columbia). On April 20, 2016, the Company changed its name to “Eureka Dome Gold Inc.” and on November 30, 2016, the Company changed its name to “Four Nines Gold Inc.”.

On August 24, 2017, the Company completed an initial public offering (“IPO”) and was listed on the Canadian Securities Exchange (“CSE”). The Company commenced trading on the CSE on August 31, 2017 under the symbol “FNAU”.

The head office, principal address and records office of the Company are located at Suite 1000, 409 Granville Street, Vancouver, British Columbia, Canada, V6C 1T2.

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COVID-19

During March 2020, there was a global pandemic outbreak of COVID-19. The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and, specifically, the regional economies in which the Company operates. As at the date of this report, the Company has not been significantly impacted by the spread of COVID-19. However, the duration and impact of the pandemic could continue to have a negative impact on the stock market, including trading prices of the Company's shares and its ability to raise new capital. These factors, amongst others, could have a significant impact on the Company's operations going forward.

The Company's business financial condition and results of operations may be further negatively affected by economic and other consequences from Russia's military action against Ukraine and the sanctions imposed in response to that action in late February 2022. While the Company expects any direct impacts, of the pandemic and the war in the Ukraine, to the business to be limited, the indirect impacts on the economy and on the mining industry and other industries in general could negatively affect the business.

Significant Acquisitions

By a mineral property option agreement dated June 18, 2020 and as amended on July 27, 2020, the Company may acquire up to 100% interest in the Bonneville Property. This property consists of 36 mineral tenures and is located in central Quebec. The project covers an area of approximately 2,018 hectares in the Lac Bachelor gold camp 215 kilometres northeast of Val d'Or, Quebec. The property is located within the Abitibi greenstone belt, five km west of the village of Miquelon. Recent exploration at the Bonneville gold project includes soil sampling, ground geophysics and a single diamond drill hole in 2018, which tested one of the three target zones.

As consideration the Company will pay cash of \$210,000, and incur \$350,000 in exploration expenditures as follows:

- a) Cash payment of \$35,000 upon signing (June 18, 2020) (Paid);
- b) Cash payment of \$75,000 upon regulatory authorities' approval (June 22, 2020) (Paid);
- c) Cash payment of \$75,000 by July 31, 2020 (Paid);
- d) Cash payment of \$25,000 by June 18, 2021 (Paid); and
- e) Incur \$350,000 in exploration expenditures on or before June 18, 2022.

In the event of a shortfall of exploration expenditures, the Company can pay the Optionor in cash or shares of the Company as long as the share issuance does not make the Optionor a holder of more than 19.9% of the shares outstanding at the time of issuance.

Should the Company acquire 100% of the property the Optionor will retain a 1% Net Smelter Returns ("NSR") royalty. The Company shall be entitled to buy back the 1% NSR for \$1,000,000.

Selected Annual Information

The following is a summary of the Company's financial results for the Company's three most recently completed financial years:

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	Year-ended January 31, 2022	Year ended January 31, 2021	Year ended January 31, 2020
	\$	\$	\$
Total revenues	Nil	Nil	Nil
Net and comprehensive loss	(469,125)	(159,952)	(86,564)
Loss per share – basic and diluted	(0.03)	(0.01)	(0.01)
Total assets	1,246,021	580,133	724,222
Long term liabilities	Nil	Nil	Nil
Cash dividends declared per share	Nil	Nil	Nil

During the year ended January 31, 2020, the Company completed the reclamation obligation on the Mariposa property. During the year ended January 31, 2021, the Company acquired a mineral property and granted stock options. During the year ended January 31, 2022, the Company continued to review potential mineral property acquisitions and granted stock options.

Fourth Quarter

During the fourth quarter ended January 31, 2022, the Company reported a net loss of \$233,575 as compared to a net loss of \$66,746 for the corresponding period in 2021. Included in the net loss of \$233,575 for 2022 was the recording of the share-based payment of \$90,424 for the vested portion of the stock options that was granted in the current and prior quarters. Total expenses for the fourth quarter were \$143,151, excluding share-based payment, which is comparable to the \$23,080 for 2021 for maintaining the Company's reporting issuer status.

Results of Operations

During the year ended January 31, 2022, the Company has not generated revenue to date and has recorded a net loss of \$469,125 for the year ended January 31, 2022 that is higher than the net loss of \$159,952 for the comparable year ended January 31, 2021.

Total expenses for the year ended January 31, 2022 amounted to \$469,125 as compared to \$159,952 for the comparable year ended January 31, 2021 an increase of approximately \$309,000.

The main increase can be attributed to an increase in consulting fees, exploration expenses, professional fees and share-based payments. Consulting fees have increased to \$84,396 for 2022 as compared to \$51,323 for 2021, that can be attributed to the engagement of a third party for advisory services totaling \$60,000. Exploration expense have increased to \$100,235 for 2022 as compared to \$Nil for 2021. In 2022, the Company continued to evaluate potential mineral properties for potential acquisition. Professional fees have increased to \$64,344 for 2022 as compared to \$14,487 for 2021. As part of their due diligence the Company consulted legal counsel on any potential mineral property acquisition. Share-based payments have increased to \$176,620 for 2022 as compared to \$66,374 for 2021. Share-based payments represents stock options that vested during the year. During 2022, the Company granted 735,000 stock options to consultants and was valued using the black-sholes option pricing model. Share-based payment is a non-cash transaction.

During the year ended January 31, 2022, the Company made the final \$25,000 cash payment towards the mineral property option agreement to acquire 100% interest in the Bonneville Property. As at January 31, 2022, the Company made the required \$210,000 cash payments and has incurred \$8,054 in exploration expenditures.

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Summary of Quarterly Results

The following is a summary of the Company's financial results for the eight most recently completed quarters.

For the quarter ended	January 31, 2022	October 31, 2021	July 31, 2021	April 30, 2021
Net and comprehensive loss	(\$233,575)	(\$60,203)	(\$123,908)	(\$51,439)
Loss per share – basic and diluted	(\$0.01)	(\$0.00)	(\$0.01)	(\$0.00)

For the quarter ended	January 31, 2021	October 31, 2020	July 31, 2020	April 30, 2020
Net and comprehensive loss	(\$66,746)	(\$34,986)	(\$46,619)	(\$11,601)
Loss per share – basic and diluted	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)

Factors causing Variance for each Quarter

During the quarter ended April 30, 2020, the Company recorded a net loss of \$11,601 as compared to \$19,889 for the previous quarter. The decrease can be attributed to the reduction in interest charges on the convertible debt.

During the quarter ended July 31, 2020, the Company recorded a net loss of \$46,619 as compared to \$11,601 for the previous quarter. The increase can be attributed to the Company engaging an external consultant to assist in its application to trade on the OTC markets in the U.S. markets.

During the quarter ended October 31, 2020, the Company recorded a net loss of \$34,986 as compared to \$46,619 for the previous quarter. During October 31, 2020, the Company granted stock options and recorded a share-based payment of \$22,708.

During the quarter ended January 31, 2021, the Company recorded a net loss of \$66,746 as compared to \$34,986 for the previous quarter. The increase can be attributed to the recording of the share-based payments on the vested portion.

During the quarter ended April 30, 2021, the Company recorded a net loss of \$51,439 as compared to \$66,746 for the previous quarter a decrease of \$15,307. The prior year was the Company's year and had an accrual for year-end audit fee.

During the quarter ended July 31, 2021, the Company recorded a net loss of \$123,908 as compared to the net loss of \$51,439 an increase of \$72,469. The increase can be attributed to the Company paying \$60,000 to a third party for advisory service.

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During the quarter ended October 31, 2021, the Company recorded a net loss of \$60,203 as compared to \$123,908 for the previous quarter a decrease of \$63,705 which can be attributed to the \$60,000 that was paid to a third party for advisory service in the previous quarter.

During the quarter ended January 31, 2022, the Company recorded a net loss of \$233,575 as compared to \$60,203 an increase of \$173,372 which can be attributed to the recording of share-based payments on stock options granted during the quarter.

Liquidity and Capital Resources

The Company had cash of \$1,014,975, GST receivable of \$2,505 and prepaid expense of \$10,487 at January 31, 2022, compared to \$378,256, \$723 and \$8,100 at January 31, 2021 respectively. As at January 31, 2022, the Company had accounts payable of \$132,062 as compared to accounts payable of \$50,321 at January 31, 2021 and working capital of \$895,905 as compared to a working capital of \$336,758 as at January 31, 2021.

The Company's estimated its budget to be its working capital and believes that the current capital resources are not sufficient to pay overhead expenses for the next twelve months and will need to seek additional funding to fund its overhead expenses and future commitments. The Company will continue to monitor the current economic and financial market conditions and evaluate their impact on the Company's liquidity and future prospects.

Since the Company will not be able to generate cash from its operations in the foreseeable future, the Company will have to rely on the issuance of shares or the exercise of options and warrants to fund ongoing operations and investment. The ability of the Company to raise capital will depend on market conditions and it may not be possible for the Company to issue shares on acceptable terms or at all.

On April 29, 2021, the Company closed a non-brokered private placement of 2,461,863 units at a price of \$0.35 per unit for total proceeds of \$861,652. Each unit consists of one common share and one-half share purchase warrant. Each whole share purchase warrant entitles the holder to purchase one common share of the Company at a price of \$0.70 per share expiring on April 29, 2023.

During the year ended January 31, 2022, the Company issued 200,000 common shares pursuant to the exercise of share purchase warrants for total proceeds of \$20,000 of which \$5,000 was included in share subscriptions received at January 31, 2021.

Off Balance Sheet Arrangements

The Company has no off-balance sheet arrangements to report.

Related Party Transactions

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Related party transactions are comprised of services rendered by directors and/or officers of the Company or by a company with a director in common. Related party transactions are in the ordinary course of business and are measured at the exchange amount.

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Key management personnel compensation

The Company considers its President, Chief Executive Officer, Chief Financial Officer, and the directors of the Company to be key management.

	Relationship	2022	2021
<u>Consulting fees</u>			
Harmony Corporate Services Ltd.	Company controlled by Geoff Balderson, Director and CFO	\$ 22,500	\$ 18,500
<u>Exploration expenses</u>			
Jim Mustard	Director and Former CEO	-	-
<u>Share-based payments</u>			
Charles Ross	Director and CEO	14,538	13,100
Jim Mustard	Director	7,269	6,550
Geoff Balderson	Director and CFO	2,423	2,183
Joseph Yelder	Director	4,846	4,367
Daniel Schieber	Director	23,000	-
David Flint	Director	12,601	-
		64,677	26,200
		\$ 87,177	\$ 44,700

Included in accounts payable and accrued liabilities at January 31, 2022, is \$22,008 (2021 - \$17,133) owed to a director and a Company controlled by the CFO for reimbursements of expenses or unpaid fees. The amounts are unsecured, non-interest bearing with no specific terms of repayment.

Proposed Transactions

The Company has no proposed transactions to report.

Critical Accounting Estimates and Judgments

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Actual results may differ from these estimates, and as such, estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognized in the period in which the estimates are revised and in any future periods affected. Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position reporting date that could result in a material adjustment to the carrying value of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

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Judgments

Going concern

The assumption that the Company is a going concern and will continue in operation for the foreseeable future and at least one year is a judgment. The factors considered by management are disclosed in Note 1 of the financial statements.

Exploration and Evaluation Asset and Impairment

The application of the Company's accounting policy for exploration and evaluation assets and impairment of the capitalized expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in profit or loss in the year the new information becomes available.

Title to Mineral Property Interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title or interest therein. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Income taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities. In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

Estimates

Share-based payments

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

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Financial Instruments

Determination of Fair Value:

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Fair Value Hierarchy:

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 – Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.
- Level 2 – Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.
- Level 3 – Applies to assets or liabilities for which there are unobservable market data.

The fair value hierarchy level at which a fair value measurement is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

Cash is measured using level 1 fair value inputs. As at January 31, 2022, the Company believes the carrying values of accounts payable and accrued liabilities approximate their fair values because of their nature and relatively short maturity dates or durations.

The Company's financial instruments are exposed to certain financial risks which are in common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. The following note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them.

General Objectives, Policies and Processes

The Board of Directors have overall responsibility for the determination of the Company's risk management objectives and policies and have delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Board of Directors are kept apprised on the process and would monitor the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

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The Company's risk exposures and the impact on the Company's financial statements are summarized below.

Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash and cash equivalents. The Company limits its exposure to credit loss by placing its cash with major financial institutions.

Interest rate risk

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at January 31, 2022, the Company has no interest bearing financial instruments and considers interest rate risk to be insignificant.

Liquidity risk

All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal period. The Company intends to settle these with funds from its positive working capital position.

Foreign currency risk

The Company may be exposed to foreign currency risk on fluctuations related to cash and cash equivalents and accounts payable and accrued liabilities that are denominated in a foreign currency. As at January 31, 2022, the Company did not have any accounts in foreign currencies and considers foreign currency risk insignificant.

SUBSEQUENT EVENTS

Subsequent to the year ended January 31, 2022, the Company issued 570,000 common shares for the exercise of warrants with an exercise price of \$0.10 per warrant for total proceeds of \$57,000.

Disclosure of Outstanding Share Capital

The Company's outstanding share capital as at the date of the MD&A is as follows:

Common shares

Balance, January 31, 2022	14,967,763
Balance, MD&A	15,537,763

Options

Balance, January 31, 2022	1,495,000
Balance, MD&A	1,495,000

Share purchase warrants

Balance, January 31, 2022	10,705,933
Balance, MD&A	10,135,933