



Management's Discussion & Analysis

For the three month period ended March 31, 2021

Dated May 11, 2021

Management's Discussion and Analysis

For the three month period ended March 31, 2021

(in Canadian dollars unless otherwise noted)



Forward-Looking Statements

This Management's Discussion and Analysis ("MD&A") contains certain statements that may be deemed "forward-looking statements," within the meaning of certain securities laws. Forward-looking statements relate to management's expectations or beliefs about future performance, events, or circumstances that include, but are not limited to, reserve or resource potential, exploration and operational activities, and events or developments that the Company expects or targets. Forward-looking statements can usually be identified by words such as: "future", "plans", "scheduled", "expects", "intends", "estimates", "forecasts", "will", "may", "could", "would", and variations thereof. Although the Company believes that these statements are based on reasonable assumptions, all forward-looking statements involve known and unknown risks and uncertainties that may cause the actual performance, events, or circumstances of the Company to be materially different than anticipated. The forward-looking information in this MD&A describes the Company's expectations as of the date of this MD&A.

The results or events anticipated or predicted in such forward-looking information may differ materially from actual results or events. The Company and its operations are also subject to a large number of risks, including: the Company's liquidity and financing capability, fluctuations in gold prices, market conditions, the impact of the COVID-19 pandemic, results of current exploration activities, the possibility of a labour stoppage or shortage, delays in obtaining government permits and approvals and such other risks as discussed herein and in other publicly filed disclosure documents. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in such forward-looking statements, there may be other factors that cause performance, events, or circumstances to differ materially from those described in forward-looking statements. There can be no assurance that forward-looking statements will prove to be accurate. Accordingly, readers should not try to place undue reliance on forward-looking statements contained in this MD&A.

The Company cautions that the foregoing list of material factors is not exhaustive. When relying on the Company's forward-looking information to make decisions, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. The Company has assumed a certain progression, which may not be realized. It has also assumed that the material factors referred to in the previous paragraph will not cause such forward-looking information to differ materially from actual results or events. However, the list of these factors is not exhaustive and is subject to change and there can be no assurance that such assumptions will reflect the actual outcome of such items or factors.

Forward-looking statements are based on management's current plans, estimates, projections, beliefs, and opinions and Talisker does not undertake any obligation to update forward-looking statements should the assumptions related to these plans, estimates, projections, beliefs and opinions change, except as required by law.

Qualified Person

The technical information contained in this MD&A has been approved by Leonardo de Souza (BSc, AusIMM (CP) Membership 224827), Talisker's Vice President, Exploration and Resource Development, who is a "qualified person" within the meaning of National Instrument 43-101, Standards of Disclosure for Mineral Projects.

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Recent Developments, Exploration Properties, Outlook and Strategy

RECENT DEVELOPMENTS

Talisker Resources Ltd. ("Talisker" or the "Company") is a publicly listed company incorporated in British Columbia and continued in the Province of Ontario. The Company is engaged in exploration and evaluation of mineral properties in British Columbia.

On February 4, 2020, the Company closed a bought deal private placement for gross proceeds of \$13,059,988 and issued 15,333,320 common shares at a price of \$0.33 per common share and 16,161,600 charity flow-through common shares (the "Charity FT Shares") at a price of \$0.495 per Charity FT Share. In connection with the private placement, the Company paid \$667,387 in cash commissions and issued an aggregate of 620,817 compensation warrants, with each compensation warrant entitling the holder to acquire one common share of the Company at a price of \$0.33 for a period of 24 months from the closing date.

On February 12, 2020, the Company announced that it was undertaking a drill program at the Bralorne Gold Project. In press releases dated April 1st, May 5th, May 26th, June 9th, July 6th, July 16th, September 8th, October 19th, November 26th, 2020 and January 14th, January 19th, February 2nd, February 23rd, March 16th, April 7th, April 19th, April 20th, and April 26th, 2021, the Company provided updates on the drill program including assay results. Further details of the exploration drill program and results are included under "*Exploration Properties*".

On January 26, 2021, the Company announced the results of the systematic rock and soil sampling program conducted at its Golden Hornet property during the 2020 field season and announced a 6,700 metre drill program to test all four mineralized zones. Further details of the exploration drill program and results are included under "*Exploration Properties*".

On March 25, 2021, the Company announced a planned strategic investment by New Gold Inc. ("New Gold") and a non-brokered private placement to raise total gross proceeds of up to \$19.1 million through the issuance of 37,366,932 flow-through common shares of the Company at a price of \$0.51 per flow-through common share. The non-brokered private placement closed on April 15, 2021. Following the closing of the non-brokered private placement, New Gold acquired 37,366,932 common shares, providing New Gold with a 14.9% interest in the Company. Talisker and New Gold entered into an investor rights agreement (the "Investor Rights Agreement") which provides that until such time as New Gold's ownership is less than 10% of the issued and outstanding common shares of Talisker, New Gold will have the right, among other things, to:

- Have a nominee appointed to the board of directors of Talisker (the "**Board**") and have such nominee nominated for election at the Company's meetings of shareholders. If the size of the Board is increased to eight or more members, New Gold shall be entitled to designate an additional nominee.
- Participate on a pro rata basis in equity financings by Talisker in order to maintain its 14.9% interest in Talisker. In addition, New Gold has certain top-up rights that will allow it to maintain its interest in the event of other dilutive events undertaken by Talisker.
- Certain information and access rights to the Company's properties.

In return for these rights, New Gold has agreed to, among other things:

- For a period of 24 months, ensure it is present at shareholder meetings of the Company and, subject to certain exceptions, not vote against matters that have been unanimously approved by the Board.
- Certain restrictions on disposing its interest in Talisker.
- A 24-month standstill which will prohibit New Gold from taking certain actions, including acquiring more than 14.9% of the issued and outstanding common shares of Talisker, subject to certain exceptions.

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COVID-19

The outbreak of COVID-19 has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. On April 1, 2020, the Company temporarily suspended its operations in British Columbia for good practices in relation to public health measures and out of concern for the Company's employees and out of respect for the Company's Indigenous partners and other local community members who were concerned about the introduction of the virus to the area from outsiders travelling to the Bralorne Gold Project. On May 26, 2020, the Company announced that it had re-commenced drilling operations with new protocols and practices in place to abide by the public health regulations and guidelines. The duration and impact of the COVID-19 pandemic is unclear at this time and as a result it is not possible for management to estimate the severity of the impact it may have on the financial results and operations of the Company in future periods. It is management's assumption that the Company will continue to operate as a going concern. Based on current legislation, as of March 31, 2021, the Company is required to spend approximately \$4,700,000 by December 31, 2021 in connection with its flow-through offering in 2020 (December 31, 2020 - \$11,000,000). The Notice of Ways and Means Motion to implement certain proposals contained in the April 19, 2021 federal budget includes amendments to the *Income Tax Act (Canada)* which would extend the flow-through funds spend period and the look-back rule for the 2020 financing by one year, including extending the filing requirement for the Part XII.6 tax for the same period. Assuming the proposals to extend the relevant time periods are enacted as proposed, the Corporation will be required to spend \$4,700,000 of flow-through funds by December 31, 2022, instead of December 31, 2021. If the Company does not incur the required qualifying expenditures within the required time period, it will be required to indemnify the flow-through share subscribers for any tax which may result. See also "Risk Factors – COVID-19".

EXPLORATION PROPERTIES

The exploration and evaluation expenses for the Company are summarized as follows:

	Three months ended March 31, 2021	Three months ended March 31, 2020
Bralorne Gold Project	\$ 5,800,336	\$ 1,181,912
Spences Bridge Gold Project	628,910	223,956
Exploration and evaluation expenditures	\$ 6,429,246	\$ 1,405,868

The exploration and evaluation expenses for the Company by expenditure classification is summarized as follows:

	Three months ended March 31, 2021	Three months ended March 31, 2020
Consulting	\$ 389,112	\$ 335,076
Salaries and wages	745,420	157,819
Drilling	3,371,854	490,195
Assays	538,392	54,579
Field supplies & administrative	1,257,651	307,482
Travel and other	16,405	35,980
Equipment rentals	88,033	24,737
Share based payments	6,216	-
Equipment repairs & maintenance	16,163	-
Exploration and evaluation expenditures	\$ 6,429,246	\$ 1,405,868

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The mine care and maintenance costs for the Company by expenditure classification is summarized as follows:

	Three months ended March 31, 2021	Three months ended March 31, 2020
Consulting	\$ 174,838	\$ 5,050
Salaries and wages	106,288	164,167
Field supplies and administrative	26,395	26,387
Assays	1,860	5,301
Share based payments	2,983	-
Equipment repairs & maintenance	15,755	38,396
Mine care and maintenance costs	\$ 328,119	\$ 239,301

Talisker's exploration projects include the Bralorne Gold Complex, an advanced stage project with significant exploration potential from a historical high-grade producing gold mine as well as its Spences Bridge Gold Project where the Company holds ~85% of the emerging Spences Bridge Gold Belt and several other early stage Greenfields projects listed below. The Company's properties comprise 282,403 hectares over 258 claims, six leases and 198 crown grant claims.

Southern British Columbia Properties

Located in southern British Columbia, the Bralorne Gold Project comprises the tenure owned by Bralorne Gold Mines Ltd., a wholly-owned subsidiary of Talisker, that comprises several historic mine workings (Pioneer, Bralorne, King and Taylor-Bridge mines) as well as additional tenure acquired by Talisker in 2020, the Royale property, the NaiKun Wind Crown Grant claims, the Congress property and the Bralorne Crown Grant Extensions (further described below). With these acquisitions, the Bralorne Gold Project comprises over 15,446 ha over 59 claims, three leases and 198 Crown Grant claims. The Bralorne Gold mine complex produced approximately 4.2 million ounces of gold at a grade of 17.7 g/t Au from 30 veins in three adjacent mines; Bralorne, Pioneer and King, until eventual closure in 1971 due to depressed gold prices.

The Bralorne Gold Project tenure held by Bralorne Gold Mines has a current mineral resource estimate of 49,000 tonnes at 0.394 opt for 19,000 ounces in the Measured category, 211,000 tonnes at 0.341 opt t for 72,000 ounces in Indicated category, giving a total of 260,000 tonnes at 0.351opt for 91,000 ounces of Measured and Indicated mineral resources, and 317,000 tonnes at 0.231 opt for 78,000 ounces in the Inferred category – see table below.

A technical report (the "Technical Report") prepared in accordance with National Instrument 43-101 – Standards for Disclosure for Mineral Projects ("NI 43-101") in respect of the Bralorne Gold Project was filed on September 2, 2020. The Technical Report has an effective date of July 24, 2020 and includes information on the Bralorne Gold Project up to that date. The current resource estimate is limited to the area between the historic Bralorne and King mines where Avino, the prior owner, concentrated its test mining activities and does not include any of the recent exploration drilling conducted by Talisker since acquiring the Bralorne Gold Project. The Technical Report was prepared by Garth Kirkham as an update to a 2016 technical report "Bralorne Gold Mine, British Columbia, Canada, NI 43-101 Technical Report" prepared for Avino that had an effective date of October 20, 2016. Key assumptions, parameters, and methods used to prepare the estimates are disclosed in the Technical Report which is available on the Company's SEDAR profile.

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Mineral Resource for Bralorne Gold Project												
Vein	Measured			Indicated			Measured & Indicated			Inferred		
	Tons	Au opt	Au Ounces	Tons	Au opt	Au Ounces	Tons	Au opt	Au Ounces	Tons	Au opt	Au Ounces
51b FW	8,000	0.265	2,000	29,000	0.210	6,000	38,000	0.222	8,000	136,000	0.203	26,000
51bFW/HW				25,000	0.620	16,000	25,000	0.667	16,000	35,000	0.415	14,000
Alhambra	15,000	0.284	4,000	15,000	0.275	4,000	30,000	0.280	8,000	9,000	0.204	2,000
BK	21,000	0.481	10,000	47,000	0.351	16,000	68,000	0.391	26,000	35,000	0.184	6,000
BK-9870	6,000	0.548	3,000	7,000	0.277	2,000	13,000	0.396	5,000	2,000	0.243	1,000
BKN				35,000	0.380	13,000	35,000	0.380	13,000	44,000	0.314	14,000
Prince									0	12,000	0.173	2,000
Shaft				40,000	0.283	11,000	40,000	0.283	11,000	24,000	0.283	7,000
Taylor				13,000	0.174	2,000	1,000	0.174	3,000	21,000	0.235	5,000
TOTAL	49,000	0.394	19,000	211,000	0.341	72,000	260,000	0.351	91,000	317,000	0.231	78,000

Notes:

1. Numbers are rounded and therefore may not add up exactly.
2. Mineral Resources reported demonstrate reasonable prospect of eventual economic extraction, as required under NI 43-101. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.
3. The Mineral Resources may be materially affected by environmental, permitting, legal, marketing, and other relevant issues.
4. Inferred mineral resources are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves. However, it is reasonably expected that the majority of Inferred Mineral Resources could have been upgraded to Indicated Resources.

Exploration Drill Program

On January 14, 2021, the Company announced it had commenced the first stage of its resource delineation drill program to target conversion to inferred category of veins validated during 2020 drill program. It was noted that stage one of the resource delineation program will comprise 50,000m and will focus on veins located within 700m from surface and will be undertaken from surface with four drill rigs during winter months increasing to eight rigs after the Spring freshet. It was also noted that in addition to the resource delineation drill program, the Company is also evaluating multiple high-grade satellite targets along strike of the prolific 30-kilometre Cadwallader Break, in-line with our aggressive plans to develop Bralorne as a mineral district.

On February 2, 2021, the Company announced confirmation of near-surface bulk tonnage gold mineralization at the Charlotte Zone, located directly above the high-grade veins that are the primary focus of the 2021 resource drill program. Extensive near-surface gold mineralization comprising a series of shallow-dipping, stacked quartz veins was first intersected during the Company's validation drill program in 2020. The Company outlined that the near surface bulk tonnage gold mineralization at the Charlotte Zone has been confirmed by 25 intersects from 14 drill holes defining a broad zone with multiple gold-bearing structures over a strike length of 600m, a width of 270m and extending at least 300m down plunge from surface. The Company has initiated a 15,000m core relog and re-sample program to identify other areas with near-surface bulk-tonnage potential.

On April 19, 2021, the Company announced that it plans to increase its current resource drill program from 50,000m to 100,000m at the Bralorne Gold Project noting that a fifth drill rig has already been added as part of a staged increase to eight drill rigs. It was also noted that the increased meterage will convert recently discovered near to surface bulk-tonnage mineralisation discovered along strike from the Charlotte Zone to inferred category and will complete conversion of high-grade vein targets located from potential to inferred category located surface to 750m depth, focused on the Bralorne West block. When complete, total meterage drilled at the Bralorne Gold Project by the Company since commencement of drilling in February 2020 will be in excess of 120,000 metres.

On April 20, 2021, the Company announced results from ongoing metallurgical work on bulk tonnage mineralisation from the Charlotte Zone highlighting that average recovery of six flotation tests was 95.9% ranging from 94.66% to maximum gold recovery of 96.96% on samples that excluded intercepts of high-

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grade quartz veins with testing focused on areas of disseminated sulphide mineralisation. It was noted that the weighted average calculated head grade of the 28 kg of processed material was 2.16 g/t Au and 1.72 g/t, in-line with expected grades from potential processing of Charlotte Zone material. Additional details including metallurgical test results are included in the Company's press release of April 20, 2021.

Additional details on the drill program including assay results are included in press releases dated April 1st, May 5th, May 26th, June 9th, July 6th, July 16th, September 8th, October 19th and November 26th, 2020 as well as January 19th, February 2nd, February 23rd, March 16th, April 7th, April 19th, April 20th and April 26th, 2021.

Spences Bridge Gold Project

The Spences Bridge Gold Project consists of a 201,163 hectare (135 claims) land package covering ~85% of the Spences Bridge Gold Belt in southern British Columbia and comprises the Company's Spences Bridge and Blustry Mountain claims. The Spences Bridge Gold Project, among other properties, was acquired from Sable Resources Ltd. ("Sable") and since the acquisition in April 2019, the Company has been actively involved in negotiations with small third party claim holders with a view to fully consolidate the belt. In connection with the acquisition, the Company assumed a strategic alliance that Sable had entered into with Westhaven Ventures Inc. ("Westhaven") which owns the Shovelnose Project, Prospect Valley, Skoonka and Skoonka North properties that are contiguous to the Company's claims. The strategic alliance provides for an agreement whereby any ground staked within 5 km of Westhaven's existing projects will be subject to a 2.5% net smelter royalty. Additionally, Westhaven has a 30 day right of first refusal for any properties within the same 5 km radius.

Blustry Mountain Property

The Blustry Mountain property is located in southern British Columbia near Lytton and consists of four mineral claims comprising 471.5 hectares. The Blustry Mountain claims were acquired as part of Talisker's Spences Bridge Gold Project consolidation plan. No work was completed on the Blustry Mountain Project in 2020 and there is no current work plan for 2021.

Dora-Merritt Property Option

On May 31, 2019, Talisker entered into a purchase agreement for the Dora-Merritt property comprising six mineral claims, totaling 374.05 Ha, which agreement provides the Company with an option to acquire 100% of the Dora-Merritt property mineral claims which are contiguous to the Company's Spences Bridge Gold Project (the "Dora Gold property"). Under the term of the option agreement, Talisker paid \$10,000 in cash and agreed to pay \$10,000 and 50,000 common shares of Talisker on May 31, 2020, and May 31, 2021; \$20,000 and 50,000 common shares of Talisker on May 31, 2022; \$50,000 and 150,000 common shares of Talisker on May 31, 2023; and to spend a minimum of \$50,000 per year over five years. The option agreement is also subject to a share bonus of one common share per ounce of gold equivalent in the inferred or greater category to a maximum of 250,000 common shares and a 2% NSR. The Company has the right to purchase 50 per cent of the NSR for \$1 million.

The Company initiated drill permitting and received approval early March 2021 for a planned 3,350 metre diamond drill program in 13 proposed drill holes. The drill program is designed to test the 1,000m strike extend of the main zone of outcropping altered rhyolite dike hosting low-sulphidation epithermal veins, as well the outboard Rhyolite, Snake, and SC zones. Total anticipated expenditures associated with the Dora drill program is \$890,000.

Lola Property

No work was completed on the Lola Project in 2020. Completion of the 1,400 sample grid based soil geochemistry survey is planned for 2021 and detailed geologic mapping will occur contemporaneously with the soil sample program. Also planned for 2021 is the completion of helicopter supported reconnaissance geologic investigation of the tenure staked on April 24, 2020.

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Remington Property

A total of 154 stream sediment samples and 44 rock samples were collected. A total of 605 first order drainage basins were investigated from 2019 to 2020. Phase 1 yielded 12 multi-basin-multi-element prospects that require follow-up. Follow-up, detailed geologic mapping, and grid-based soil geochemistry surveys are planned for 2021.

Big Sheep Property

No work was completed on the Big Sheep property in 2020. Detailed geologic mapping and rock sampling is planned for the 2021 season.

Blue Jay Property

The Blue Jay property consists of five claim blocks totaling 2,753 hectares located 30 minutes north of Rock Creek, British Columbia.

In December 2020, Talisker initiated an airborne geophysical survey over the entirety of the Golden Hornet Option as well as the contiguous Blue Jay tenure, along E-W trending lines at 100m spacing. The survey was completed in January 2021. Total cost for the entire airborne survey was \$188,000.

Golden Hornet Property Option

On January 28, 2020, the Company entered into an option agreement for the Golden Hornet property. The Golden Hornet property comprises 13 mineral claims encompassing 2,206.03 hectares that are contiguous to the Company's existing Blue Jay property.

Under the term of the option agreement, Talisker can acquire 100% of the Golden Hornet property in exchange for payments totaling \$145,000 in cash and 575,000 common shares, payable as to \$10,000 cash on signing and 50,000 common shares, \$10,000 in cash and 50,000 common shares on the first anniversary, \$25,000 cash and 75,000 common shares on the second anniversary, \$50,000 cash and 150,000 common shares on the third anniversary, and \$50,000 cash and 250,000 common shares on the fourth anniversary and to expend \$60,000 per year over four years. The option agreement is also subject to a share bonus of one common share per ounce of gold equivalent in the inferred or greater category to a maximum of 200,000 common shares and a 2% NSR. Talisker has the right to purchase 100% of the NSR for \$1 million.

Talisker has initiated permitting for the purpose of diamond drilling on the Golden Hornet Project and anticipates receiving approval in early 2021.

On January 26, 2021, the Company announced the results of the systematic rock and soil sampling program conducted during the 2020 field season indicating that 210 rock samples validate high-grade historic channel samples of 27.0 g/t over 2.0 m¹ and 22.1 g/t over 5.2 m¹ and defined a robust 2.8 km x 1.3 km multi-line, multi-station gold anomaly. Four mineralized outcropping vein zones were defined including three newly discovered outcropping vein zones that extend known historic mineralization, including the Polymetallic Montana Zone which returned up to 14.05 g/t Au, 7.84% Zn, 1.8% Cu and 4.4% Pb. It was also noted that results from the 1,093 line kilometre airborne Versatile Time-Domain Electromagnetic (VTEM) and Magnetic geophysical surveys undertaken are expected in the first quarter and that results would be correlated with the geochemistry to assist in confirming the drill plan. The Company also announced that permitting to drill a total of 6,700 metres testing all four mineralized zones, with the focus being the Main Hornet Zone.

¹ The Company notes that these selected samples are not necessarily representative of the mineralization hosted on the Golden Hornet Property. Limited drilling has been completed within the Golden Hornet Project.

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Tulox Property

In 2021, the Company plans to undertake limited prospecting and mapping for the Tip-Top and Revolver mineral occurrences located on the Tulox property.

OUTLOOK AND STRATEGY

Talisker plans to continue to develop and strengthen its land position to remain a dominant gold explorer in southern British Columbia capitalizing on its strong cash position and technical knowledge to acquire undervalued and underexplored historic camps and through the staking of internally generated grassroots target areas.

During the remainder of 2021, the Company plans to continue its drill program targeting high grade veins at the Bralorne Gold Project and to finalize infrastructure and preparations for a 44-man camp and the construction of a new core logging facility to support the increase to eight drill rigs and the expansion of the drill program to 100,000 metres. The Company also plans to undertake drilling at its Golden Hornet and Dora Gold projects.

The effects of COVID 19 remain unknown at this point, not just to the industry but for global economies. Predictions include a significant surprise when restrictions lift across the provinces, likely starting in the second half of this year and continuing until 2022. That economic bounce could interpret as GDP growth of six-to-seven percent in the last two quarters of this year. But the forecast is dependent on the pace of the vaccine rollout across the entire country.

An abrupt increase in demand for goods and services after months of the low or non-existent market is bound to create headaches for certain supply chains; as evidenced by what's already happening in the U.S., Canadian shoppers should brace for potential shortages. Bike parts and semiconductor chips are already in short supply. A frenzy of shoppers could squeeze other items too.

And after months of tame inflation and a roller-coaster ride for the Canadian economy, which began with an unprecedented plunge a year ago at the onset of the pandemic, there are signs that inflation could flare up. Historically, as countries emerge from recessions and gross domestic product (GDP) climbs, inflation eventually kicks in, although it lags economic gains.

Summarized Financial Results

RESULTS OF OPERATIONS

For the three month period ended March 31, 2021, net loss amounted to \$3,198,914, compared to a net loss of \$3,257,565 in 2020. The loss for the three month period ended March 31, 2021 included \$19,000 in losses related to the Company's 33% ownership interest in TDG Gold. The decreased net loss is primarily due to the Company's increased exploration activity primarily related to the Company's Bralorne Gold Project, which is the Company's main exploration focus, which was offset by an income tax recovery of \$5,480,000 upon renunciation of flow through expenditures with the Canada Revenue Agency.

Expenses

For the three month periods ended March 31, 2021 and 2020:

Expenses of \$8,601,909 for the three month period ended March 31, 2021, increased in comparison with the expenses of \$3,567,189 for the three month period ended March 31, 2020. The increase for the period is primarily due to the following variances with remaining expenditures remaining consistent between the two periods:

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- Exploration and evaluation expenses increased to \$6,429,246 for the three month period ended March 31, 2021 from \$1,405,868 for the same period in 2020. The increase is due to the increased exploration on the Bralorne Gold Project. In the prior year, activity was lower as the Company was just ramping up its operations at Bralorne and operating cautiously during the start of the pandemic.
- Mine care and maintenance costs increased to \$328,119 for the three month period ended March 31, 2021 from \$239,301 for the same period in 2020. The increase is due to the decreases in water treatment costs of \$83,643 (2020 - \$187,587) and environmental costs of \$244,476 (2020 - \$51,714).
- Consulting and management expenses increased from \$740,805 for the three month period ended March 31, 2020 to \$820,491 for the three month period ended March 31, 2021. The increase is due to additional staff brought on as the Company continues to grow and expand.
- Administration costs were consistent, going from \$357,137 for the three month period ended March 31, 2020 to \$309,349 for the three month period ended March 31, 2021. The amounts were consistent between the two periods and decreased slightly.
- Share based payments increased to \$29,587 for the three month period ended March 31, 2021 from \$367,000 for the same period in 2020. Share based payments vary based on the number of options and RSU's issued in the period and their related valuation. See note 16 of the unaudited interim consolidated financial statements for the three month period ended March 31, 2021 and 2020 for details on options and RSU's issued.
- Public company costs increased from \$232,988 for the three month period ended March 31, 2020 to \$488,901 for the three month period ended March 31, 2021. The increase is due to the increase in corporate developments which resulted in increased disclosure costs and investor relations costs, as well as ongoing marketing and investor relations activities.
- Travel and other costs decreased from \$140,479 for the three month period ended March 31, 2020 to \$30,369 for the three month period ended March 31, 2021. The decrease is due to ongoing travel restrictions and reduced travel related to the COVID pandemic.
- Depreciation of property, plant and equipment increased from \$83,611 for the three month period ended March 31, 2020 to \$165,847 for the three month period ended March 31, 2021. The increase is due to acquisition of property, plant and equipment and a resulting larger capital asset pool being depreciated.

Other Income/Expenses

The Company recorded interest accretion expense of \$65,722 (2020 - \$90,418) during the three month period ended March 31, 2021, representing interest accretion on the asset retirement obligations in connection with the Bralorne Gold Project.

The Company recorded an income tax recovery of \$5,480,000 (2020 - \$494,000) during the three month period ended March 31, 2021, upon filing of renunciation documents with the Canada Revenue Agency which occurred during the three month period ended March 31, 2021.

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SELECTED FINANCIAL INFORMATION

The information below should be read in conjunction with the Company's condensed interim financial statements and related notes and the Company's audited annual consolidated financial statements and related notes. The following is for the periods ended:

	Three Month Period Ended March 31, 2021	Year Ended Dec 31, 2020	Year Ended Dec 31, 2019
	\$	\$	\$
Income (Loss)			
- net income (loss)	(3,198,914)	(15,734,051)	(5,015,024)
Income (Loss) per share			
- net income (loss)	(0.01)	(0.09)	(0.08)
Total assets at end of period/year	55,116,888	60,428,300	37,821,067

SUMMARY OF QUARTERLY RESULTS

The following tables set forth selected financial information for each of the Company's eight most recently completed quarters:

	Q1 2021 \$	Q4 2020 \$	Q3 2020 \$	Q2 2020 \$
Expenses	(8,601,909)	(7,558,870)	(6,124,732)	(2,943,460)
Other income (expense)	(74,508)	4,144,435	(90,614)	99,302
Foreign exchange gain (loss)	(2,497)	1,489	(3,280)	(756)
Income tax recovery	5,480,000			-
Net loss	(3,198,914)	(3,412,946)	(6,218,626)	(2,844,914)
Basic and fully diluted income (loss) per share	(0.01)	(0.02)	(0.03)	(0.02)
Total assets at end of period	55,116,888	60,428,300	64,232,670	46,951,948

	Q1 2020 \$	Q4 2019 \$	Q3 2019 \$	Q2 2019 \$
Expenses	(3,567,189)	(2,420,528)	(1,060,314)	(1,323,857)
Other expense (income)	(184,706)	(8,534)	2,875	1,737
Foreign exchange loss (gain)	330	(3,101)	(7,267)	2,204
Income tax recovery	494,000	-	-	-
	(3,257,565)	(2,432,163)	(1,064,706)	(1,319,916)
Basic and fully diluted income (loss) per share	(0.02)	(0.04)	(0.02)	(0.02)
Total assets at end of period	48,561,106	37,821,067	7,831,775	5,213,455

Expenses from continuing operations have fluctuated somewhat quarter over quarter ranging from a low of \$1,060,314 in the third quarter of 2019 to a high of \$8,601,909 in the first quarter of 2021. Expenses increased starting from the second quarter of 2019 when the Company changed its business to a mineral resource exploration company and raised significant funds which were used for exploration activities. Expenses fluctuate based on budget and exploration plans.

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Disclosure of Outstanding Share Data as of May 11, 2021

	Authorized	Outstanding
Voting or equity securities issued and outstanding	Unlimited	255,300,281 common shares
Securities convertible or exercisable into voting or equity shares		a) Options to acquire up to 15,325,000 common shares b) 780,000 RSU's to acquire up to nil common shares c) 16,105,000 Warrants exercisable to acquire common shares of the Company

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements as of March 31, 2021.

Financial Instruments and Other Instruments

The Company's financial instruments consist of cash and cash equivalents, marketable securities, reclamation deposits, accounts payable and accrued liabilities and equipment loan and leases payable. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments and that the fair values of these financial instruments approximate their carrying values.

Dividends

The Company has neither declared nor paid any dividends on its common shares. The Company intends to retain its earnings, if any, to finance growth and expand its operation and does not anticipate paying any dividends on its common shares in the foreseeable future.

LIQUIDITY AND CASH FLOWS

The Company ended the first quarter of fiscal 2021 with cash of \$19,124,584, compared to \$24,974,407 as at December 31, 2020. The Company had working capital (current assets – current liabilities) of \$15,065,908 as at March 31, 2021 compared to working capital of \$23,420,863 as at December 31, 2020.

Working capital is a non-IFRS measurement with no standardized meaning under IFRS. Working capital was calculated as the total of cash and cash equivalents of \$19,124,584, amounts receivable of \$701,412, inventory of \$43,697, prepaid expenses of \$469,514, less accounts payable and accrued liabilities of \$4,856,193, RSU liability of \$47,405 and current portion of lease obligation of \$323,399.

Cash used by operating activities was \$5,977,296 for the three month period ended March 31, 2021 compared to cash used by operating activities of \$3,740,983 for the three month period ended March 31, 2020. Cash flows used by operating activities increased in line with increases in exploration activities at the Company's properties.

Cash flows used in investing activities was \$161,175 for the three month period ended March 31, 2021, compared to cash used in investing activities of \$1,437,692 for the three month period ended March 31, 2020. Investing activities mainly related to investments in marketable securities and restricted cash requirements. The amount of cash used in investing activities was higher in the comparable period primarily due to deposits of \$58,300 (2020 - \$950,000) related to reclamation bonding requirements in connection with site reclamation obligations.

Cash flows provided by financing activities was \$288,648 for the three month period ended March 31, 2021, compared to \$14,130,773 for the three month period ended March 31, 2020. The amount of cash provided by financing activities was higher in the prior period primarily due to private placements completed during

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the three month period ended March 31, 2020 of 31,494,920 shares for net proceeds of \$14,190,828 (2021 - \$nil).

It is not possible to predict if or when the Company will achieve profitable levels of operations as the Company is in the exploration stage. As at March 31, 2021, the Company had working capital of \$15,065,908 (December 31, 2020 - \$23,420,863).

The consolidated financial statements have been prepared on a going concern basis. The going concern basis assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Company had a net loss during the three month period ended March 31, 2021 of \$3,198,914 and an accumulated deficit of \$34,802,745.

The Company's ability to continue as a going concern is dependent upon attaining profitable operations, and, if required, the ability to raise equity financing to meet expenditure commitments. There is no assurance that these activities will be successful.

CAPITAL RESOURCES

The Company has no history of revenues from its operating activities. The Company is not in commercial production on any of its mineral properties and accordingly does not generate cash from operations. During the three month period ended March 31, 2021, the Company had negative cash flow from operating activities, and the Company anticipates it will have negative cash flow from operating activities in future periods.

The Company has, in the past, financed its activities by raising capital through equity issuances. Until Talisker can generate a positive cash flow position, in order to finance its exploration programs, the Company will remain reliant on the equity markets for raising capital, in addition to adjusting spending, disposing of assets and obtaining other non-equity sources of financing.

The Company believes it has sufficient cash resources and the ability to raise funds to meet its exploration and administrative overhead expenses and maintain its planned exploration activities for the next 12 months. However, there is no guarantee that the Company will be able to maintain sufficient working capital in the future due to market, economic and commodity price fluctuations. See "Risk Factors".

TRANSACTIONS WITH RELATED PARTIES

The following is a summary of the Company's related party transactions during the three month periods ended March 31, 2021 and 2020:

The Company incurred administrative and operations costs in the amount of \$nil for the three month period ended March 31, 2021 (2020 - \$28,957) paid to Sable Resources Ltd., a company with certain common directors and officers.

The Company incurred operations costs in the amount of \$21,408 for the three month period ended March 31, 2021 (2020 - \$nil) paid to JDS Energy & Mining Inc., a company with certain common directors.

Compensation of Key Management Personnel of the Company

In accordance with IAS 24, key management personnel, including companies controlled by them, are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

The remuneration of directors and key executives is determined by the compensation committee.

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The remuneration of directors and other members of key management personnel during the three month periods ended March 31, 2021 and 2020 were as follows:

	March 31, 2021	March 31, 2020
Short term employee benefits, director fees	\$ 423,110	\$ 195,636
Share based payments	38,786	169,000
	\$ 461,896	\$ 364,636

As at March 31, 2021, an amount of \$100,251 (December 31, 2020 - \$279,973) due to key management personnel, was included in accounts payable and accrued liabilities. This amount is unsecured, non-interest bearing and without fixed terms of repayment.

The Company's Board of Directors has overall responsibility for the oversight of the Company's risk management policies. In carrying on its business, the Company is exposed to a variety of risks, including the risks described elsewhere in this MD&A. The Company can neither predict nor identify all such risks nor can it accurately predict the impact, if any, of such risks on its business, operations or the extent to which one or more risks or events may materially change future results of financial position from those reported or projected in any forward looking statements. Accordingly, the Company cautions the reader not to rely on reported financial information and forward-looking statements to predict actual future results. This MD&A and the accompanying financial information should be read in conjunction with this statement concerning risks and uncertainties. Some of the risks, uncertainties and events that may affect the Company, its business, operations, and results, are given in this section. However, the factors and uncertainties are not limited to those stated. The Company has policies and practices mandated by the Board of Directors to manage the Company's risks which include the risks described elsewhere in this MD&A and below.

RISK FACTORS

The Company's business, being the acquisition, exploration, and development of mineral properties in Canada, is speculative and involves a high degree of risk. The risk factors described in management's discussion and analysis dated April 1, 2021 for the year ended December 31, 2020, the annual information form ("AIF") of the Company dated March 25, 2021 for the year ended December 31, 2020, and those listed below could materially affect the Company's financial condition and/or future operating results, and could cause actual events to differ materially from those described in forward-looking statements made by or relating to the Company.

Pandemic Diseases

The Company's operations are subject to the risk of emerging infectious diseases or the threat of outbreaks of viruses or other contagions or epidemic diseases. These infectious disease risks may not be adequately responded to locally, nationally or internationally due to lack of preparedness to detect and respond to outbreaks or respond to significant pandemic threats. As such, there are potentially significant economic and social impacts of infectious disease risks, including the inability of the Company's exploration operations to operate as intended due to shortage of skilled employees, shortages in supply chains, inability of employees to access sufficient healthcare, significant social upheavals, government or regulatory actions or inactions, the declines in the price of precious metals, capital market volatility, or other unknown but potentially significant impacts. Given the fact that the Company's properties are located in British Columbia, there are potentially significant economic losses from infectious disease outbreaks that can extend far beyond the initial location of an infection disease outbreak. As such, both catastrophic outbreaks as well as regional and local outbreaks can have a significant impact on the Company's operations. The Company may not be able to accurately predict the quantum of such risks. In addition, the Company's own operations are exposed to infectious disease risks noted above and as such the Company's operations may be adversely affected by such infectious disease risks. Accordingly, any outbreak or threat of an outbreak of a

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virus or other contagions or epidemic disease could have a material adverse effect on the Company, its business, results from operations and financial condition.

COVID-19

In particular, the Company wishes to highlight that it continues to face risks related to COVID-19, which could continue to significantly disrupt its operations and may materially and adversely affect its business and financial conditions.

The COVID-19 outbreak and its declaration as a global pandemic are causing companies and governments around the world to impose sweeping restrictions on the movement of people and goods, including social distancing measures and restrictions on group gatherings, isolation and quarantine requirements, closure of business and government offices, travel advisories and travel restrictions. The extent to which COVID-19 will continue to impact the Company's business, including its operations and the market for its securities, will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include the duration, severity and scope of the outbreak and the actions taken to contain or treat the coronavirus outbreak. In particular, the continued spread of COVID-19 globally could materially and adversely impact the Company's business including without limitation, employee health, workforce productivity, obligations regarding flow-through shares, increased insurance premiums, limitations on travel, the availability of industry experts and personnel, supply chain delays, restrictions to its drill program and/or the timing to process drill and other metallurgical testing, and other factors that will depend on future developments beyond the Company's control, which may have a material and adverse effect on the its business, financial condition and results of operations.

There can be no assurance that the Company's personnel will not be impacted by these pandemic diseases and ultimately see its workforce productivity reduced or incur increased medical costs / insurance premiums as a result of these health risks. Further, there can be no assurances that the remaining balance of the gross proceeds from the sale by the Company of flow-through shares in 2020 will be used by the Company to incur "Canadian exploration expenses" that qualify as "flow-through mining expenditures" (as both terms are defined in the *Income Tax Act (Canada)*), and such other applicable British Columbia provincial obligations will be satisfied, by December 31, 2022 if the COVID-19 pandemic continues and/or the Government of BC mandates that the Company's business operations should be suspended. The Notice of Ways and Means Motion to implement certain proposals contained in the April 19, 2021 federal budget includes amendments to the *Income Tax Act (Canada)* which would extend the flow-through funds spend period and the look-back rule for the 2020 financing by one year, including extending the filing requirement for the Part XII.6 tax for the same period. Assuming the proposals to extend the relevant time periods are enacted as proposed, the Company will be required to spend \$4,700,000 of flow-through funds by December 31, 2022 instead of December 31, 2021. If the Company does not incur the required qualifying expenditures within the required time period, it will be required to indemnify the flow-through share subscribers for any tax which may result.

In the Company's 2021 budget, the Company eliminated all non-essential travel, entertainment and other discretionary spending which is estimated to reduce annual costs by approximately \$500,000.

Based on events and circumstances known to us to date, we believe that the Company may be subject to the following risks beyond the first quarter of 2021:

- Social distancing restrictions to protect the safety of our stakeholders and employees that may limit both the access to our properties, and the volume of exploration we are able to fulfill throughout the upcoming quarters. More severe government-imposed restrictions, including lockdowns, could further restrict our ability to access our offices or exploration properties.

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- The Company may also face supply chain challenges if there are disruptions in service at site, or logistics providers. Increased market demand for logistic providers may continue to increase our operating costs and/or limit our ability to continue our operations.

While the full-extent of the impact of COVID-19 on the Company's business remains uncertain, we believe that the cost reductions and liquidity management strategies employed will partially mitigate the above risks as further described under "Recent Developments". In addition, a significant outbreak of COVID-19 could result in a widespread global health crisis that could adversely affect global economies and financial markets resulting in an economic downturn that could have an adverse effect on the demand for precious metals and the Company's future prospects.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company classifies its financial instruments carried at fair value according to a three level hierarchy that reflects the significance of the inputs used in making the fair value measurements. The three levels of fair value hierarchy are as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for assets and liabilities, either directly or indirectly;
- Level 3 – Inputs for assets or liabilities that are not based on observable market data

As at March 31, 2021 and December 31, 2020, there were no significant concentrations of credit risk for cash and cash equivalents and marketable securities. The carrying amount reflected above represents the Company's maximum exposure to credit risk for such cash and cash equivalents and marketable securities. The carrying value of cash and cash equivalents, marketable securities, reclamation deposits, accounts payable and accrued liabilities and leases payable approximate fair value because of the limited terms of these instruments.

The Company's risk exposure and the impact on the Company's financial instruments are summarized below. There have been no changes in the risks, objectives, policies and procedures from the previous reporting period.

Credit Risk

The Company's credit risk is primarily attributable to cash and cash equivalents, marketable securities and receivables. Management believes that the credit risk concentration with respect to these financial instruments is minimal.

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to capital markets is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. As at March 31, 2021, the Company had a cash and cash equivalents balance of \$19,124,584 (December 31, 2020 - \$24,974,407) as well as marketable securities of \$nil (December 31, 2020 - \$nil) to settle current liabilities of \$5,226,997 (December 31, 2020 - \$2,401,719). Working capital for the Company as at March 31, 2021 was \$15,065,908 (December 31, 2020 - \$23,420,863).

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The maturity profiles of the Company's contractual obligations and commitments as at March 31, 2021, are summarized as follows:

	Total	Less than 1 Year	1 to 5 Years	More than 5 Years
Accounts payable and accrued liabilities	\$ 4,856,193	\$ 4,856,193	\$ -	\$ -
Lease obligations	931,793	378,821	552,972	-
Provision for site reclamation and closure	14,658,672	-	-	14,658,672
Total	\$ 20,446,658	\$ 5,235,014	\$ 552,972	\$ 14,658,672

MANAGEMENT'S RESPONSIBILITY

Management is responsible for all information contained in this report. The consolidated financial statements have been prepared in accordance with IFRS and include amounts based on management's informed judgments and estimates. The financial and operating information included in this MD&A is consistent with that contained in the consolidated financial statements in all material aspects.

Management maintains internal controls to provide reasonable assurance that financial information is reliable and accurate and assets are safeguarded. The Audit Committee has reviewed the consolidated financial statements with management. The Board of Directors has approved the consolidated financial statements on the recommendation of the Audit Committee.

Changes in Internal Control Over Financial Reporting

There has been no change in the Company's design of internal controls and procedures over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting during the period covered by this MD&A.

ADDITIONAL INFORMATION

Additional information relating to the Company, including the Company's AIF for the year ended December 31, 2020 can be found on the Company's profile on SEDAR at www.sedar.com.