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**1246765 B.C. LTD.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**For the Three Month Period Ended March 31, 2022**

(Expressed in Canadian Dollars)

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**INTRODUCTION**

Management's Discussion and Analysis ("MD&A") has been prepared by management of 1246765 B.C. Ltd. (the "Company" or "765 BC") and has been reviewed and approved by the Board of Directors on May 25, 2022, the date of issue of this MD&A. The following discussion of performance, financial condition and future prospects should be read in conjunction with the unaudited interim financial statements and the related notes thereto for the three month periods ended March 31, 2022 and 2021. This MD&A covers the three month period ended March 31, 2022 and the subsequent period up to the date of issue of this MD&A. Monetary amounts in this MD&A are expressed in Canadian dollars unless otherwise noted.

Additional information regarding the Company can be found on the Company's page at [www.sedar.com](http://www.sedar.com).

**FORWARD-LOOKING STATEMENTS**

*This MD&A contains certain forward-looking statements or forward-looking information within the meaning of applicable Canadian securities laws. All statements and information, other than statements of historical fact, included in or incorporated by reference into this MD&A are forward-looking statements and forward-looking information, including, without limitation, statements regarding activities, events or developments that we expect or anticipate may occur in the future. Such forward-looking statements and information can be identified by the use of forward-looking words such as "will", "expect", "intend", "plan", "estimate", "anticipate", "believe" or "continue" or similar words and expressions or the negative thereof. There can be no assurance that the plans, intentions or expectations upon which such forward-looking statements and information are based will occur or, even if they do occur, will result in the performance, events or results expected.*

*The forward-looking statements and forward-looking information reflect the current beliefs of the Company, and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors which could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed in or implied by the forward-looking statements. This forward-looking information includes estimates, forecasts, plans, priorities, strategies and statements as to the Company's current expectations and assumptions concerning, among other things, ability to access sufficient funds to carry on operations, compliance with current or future regulatory regimes, particularly in the case of ambiguities, financial and operational performance and prospects, collection of receivables, anticipated conclusions of negotiations to acquire projects or investments, our ability to attract and retain skilled staff and consultants, expectations of market prices and costs, expansion plans and objectives, requirements for additional capital, the availability of financing, and the future development and costs and outcomes of the Company's projects or investments. The foregoing list of assumptions is not exhaustive. Events or circumstances could cause actual results to vary materially.*

*We caution readers of this MD&A not to place undue reliance on forward-looking statements and information contained herein, which are not a guarantee of performance, events or results and are subject to a number of risks, uncertainties and other factors that could cause actual performance, events or results to differ materially from those expressed or implied by such forward-looking statements and information. These factors include: unanticipated future operational difficulties (including cost escalation, unavailability of materials and equipment, industrial disturbances or other job action and unanticipated events related to health, safety and environmental matters); social unrest; failure of counterparties to perform their contractual obligations; changes in priorities, plans, strategies and prospects; general economic, industry, business and market conditions; disruptions or changes in the credit or securities markets; changes in law, regulation, or application and interpretation of the same; the ability to implement business plans and strategies, and to pursue business opportunities; rulings by courts or arbitrators, proceedings and investigations; inflationary pressures; and various other events, conditions or circumstances that could disrupt the Company's priorities, plans, strategies and prospects including those detailed from time to time in the Company's reports and public filings with the Canadian securities administrators, filed on [SEDAR](http://www.sedar.com).*

*This information speaks only as of the date of this MD&A. The Company undertakes no obligation to revise or update forward-looking information after the date of this document, nor to make revisions to reflect the occurrence of future unanticipated events, except as may be required under applicable securities laws or the policies of the TSX Venture Exchange.*

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## **THE COMPANY**

1246765 B.C. Ltd. was incorporated in the province of British Columbia on April 8, 2020. As at March 31, 2022, the Company was a reporting issuer but did not trade on a stock exchange.

Subsequent to quarter end, on April 5, 2022, 765 BC completed a transaction (the "Amalgamation") with Lahontan Gold Corp. ("Lahontan PrivCo") that resulted in 765 indirectly acquiring interests in the Santa Fe, Moho and Redlich mineral exploration projects located in Nevada. The transaction was effected through an amalgamation agreement and constitutes a reverse takeover of 765 BC by Lahontan PrivCo. In connection with the Amalgamation, 765 BC changed its name to Lahontan Gold Corp. and Lahontan PrivCo's name was changed to 1000166543 Ontario Inc. On April 11, 2022, the TSX Venture Exchange ("TSXV") issued its final acceptance of the listing statement dated March 28, 2022. Trading of the resulting issuer shares commenced on April 13, 2022 under the trading symbol "LG".

## **HIGHLIGHTS OF THE AMALGAMATION AND RELATED TRANSACTIONS**

### **Amalgamation with Lahontan PrivCo / Public listing application**

On April 5, 2022, the Company completed the Amalgamation with Lahontan PrivCo, pursuant to an amalgamation agreement (the "Amalgamation Agreement") dated January 29, 2021, as amended. The Amalgamation Agreement, provided for, among other things, a three-cornered amalgamation pursuant to which: (i) Lahontan PrivCo amalgamated with a newly formed wholly-owned subsidiary of 765 BC incorporated pursuant to the provisions of the *Business Corporations Act* (Ontario); (ii) all of the outstanding common shares, warrants and stock options of Lahontan PrivCo were cancelled and, in consideration therefor, the holders were provided resulting issuer shares, warrants and stock options of 765 BC at an exchange ratio of one-for-one; and, (iii) the amalgamated company became a wholly-owned subsidiary of 765 BC. After giving effect to the Amalgamation, the shareholders of Lahontan PrivCo collectively exercise control over 765 BC. The combination arising from the Amalgamation will be accounted for as a reverse takeover transaction of 765 BC by Lahontan PrivCo.

Pursuant to the terms of the Amalgamation Agreement, 765 BC effected a consolidation (the "Consolidation") of its outstanding 3,000,000 common shares on the basis of one post-consolidation share for every 2.7 pre-consolidation shares and changed its name to "Lahontan Gold Corp." (the "Name Change").

All conditions of the Amalgamation Agreement were satisfied, including among others: (i) the requirement for Lahontan PrivCo to obtain approval of at least 66⅔ percent of the votes cast by shareholders of Lahontan PrivCo at a special meeting of shareholders held on March 29, 2022; (ii) the requirement for 765 BC to obtain applicable approvals for the Consolidation and the Name Change; (iii) completion of the private placement of subscription receipts by Lahontan PrivCo (see below); and, (iv) obtaining conditional approval of the TSXV for the listing of 765 BC's common shares.

Pursuant to the Amalgamation, the Lahontan PrivCo shares and other securities (including the common shares and warrants issued upon conversion of the subscription receipts) were exchanged for common shares ("Resulting Issuer Shares") and other securities of 765 BC.

### **Private placement of subscription receipts**

On March 24, 2022 in connection with the public listing application and the Amalgamation, Lahontan PrivCo entered into an agreement (the "Agency Agreement") with Beacon Securities Inc. as lead agent, on behalf of a syndicate of agents, (the "Agents") in connection with a best-efforts private placement of 8,888,889 subscription receipts (the "Subscription Receipts") at a price of \$0.45 per Subscription Receipt for gross proceeds of \$4,000,000 (the "Offering"). The Offering was closed on March 24, 2022 with the gross proceeds less certain commissions and expenses of the Agents placed in escrow.

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On April 5, 2022, all applicable escrow release conditions were satisfied and the Lahontan PrivCo subscription receipts were converted into 8,888,889 common shares and 4,444,444 common share purchase warrants of Lahontan PrivCo. Each warrant entitles the holder to acquire one common share at an exercise price of \$0.65 per common share until April 5, 2024. In connection with the offering, the Agents and certain eligible finders received cash fees of \$193,181 and were issued a total of 429,291 compensation options. Each compensation option is exercisable for one unit having the same features as the Subscription Receipts until April 5, 2024.

**Stock option grant**

On April 8, 2022, the board of directors of the Resulting Issuer approved the grant of 3,950,000 stock options to directors, officers and consultants. These stock options are exercisable at \$0.45 per common share and expire April 8, 2027.

**Public listing on the TSX Venture Exchange**

On April 11, 2022, the TSXV issued its final acceptance of the listing statement dated March 28, 2022. Trading of the Resulting Issuer Shares commenced on April 13, 2022 under the trading symbol "LG".

**SELECTED INTERIM INFORMATION**

	<b>Three months ended March 31, 2022</b>	<b>Three months ended March 31, 2021</b>
Net loss	\$ (8,855)	\$ (13,586)
Net loss per share	\$ (0.00)	\$ (0.00)
Total assets	\$ 1,456	\$ 1,456
Total liabilities	\$ 85,874	\$ 77,019

**Net loss for the three month period ended March 31, 2022**

Net loss and comprehensive loss was \$8,855 (Q1 2021 - \$13,586) and related to accounting and corporate secretarial fees of \$5,094; regulatory and transfer agent fees of \$2,325; and, shareholder communication costs for press releases of \$1,436.

**Net loss for the three month period ended March 31, 2021**

Net loss and comprehensive loss was \$13,586 and related to accounting and corporate secretarial fees of \$2,500; professional fees for legal of \$7,839; and, regulatory and transfer agent fees of \$3,247.

**LIQUIDITY AND CAPITAL RESOURCES**

As at March 31, 2022, the Company had a working capital deficit of \$84,418 (December 31, 2021 - \$75,563). The Company does not have revenues from operations and has relied on outside funding for its continuing financial liquidity. The Company will need additional financing in order to continue operations.

Following the Amalgamation with Lahontan PrivCo the resulting issuer has plans for significant exploration expenditures focused on the Santa Fe, Nevada project during the coming year. Existing funds on hand are not sufficient to support planned exploration costs and ongoing corporate costs over the coming year. These conditions raise material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern, and accordingly, the appropriateness of the use of the accounting principles applicable to a going concern. On March 24, 2022 Lahontan Privco closed a private placement financing of subscription receipts raising gross proceeds of \$4,000,000 in connection with the Amalgamation and public listing transaction. On April 5, 2022 all applicable escrow release conditions with respect to the subscription receipts financing were satisfied. The Company will require additional funding to be able to acquire, advance and retain mineral exploration property interests and to meet ongoing requirements for general operations.

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The ability of the Company to continue as a going concern is dependent on its ability to raise required financing whether through equity or debt financing; through joint ventures; the generation of profits from operations; or, the sale of property assets in the future.

**OUTSTANDING SHARE DATA**

Information with respect to outstanding common shares, warrants and stock options as at May 25, 2022, March 31, 2022 and December 31, 2021 is as follows:

	<b>May 25, 2022</b>	<b>March 31, 2022</b>	<b>December 31, 2021</b>
Common shares	92,660,501	3,000,000	3,000,000
Warrants	13,289,098	-	-
Stock options	9,250,000	-	-
Fully diluted shares outstanding	115,199,599	3,000,000	3,000,000

Pursuant to the Amalgamation, the Lahontan PrivCo shares and other securities (including the common shares and warrants issued upon conversion of the subscription receipts) were exchanged for Resulting Issuer Shares and other securities of 765 BC.

On April 8, 2022, the board of directors of the amalgamated company approved the grant of 3,950,000 stock options to directors, officers and consultants. These stock options are exercisable at CDN\$0.45 per common share and expire April 8, 2027.

**OFF BALANCE SHEET ARRANGEMENTS**

The Company has not entered into any material off-balance sheet arrangements such as guarantee contracts, contingent interests in assets transferred to unconsolidated entities, derivative instrument obligations, or with respect to any obligations under a variable interest entity arrangement.

**FINANCIAL INSTRUMENTS**

The Company's financial instruments consist of cash, accounts payable and accrued liabilities and amounts due to related parties. Details relating to financial instruments and risk management associated with credit risk, liquidity risk, currency risk and interest rate risk are disclosed in note 6 to the Company's condensed interim financial statements for the period ended March 31, 2022.

**RELATED PARTY DISCLOSURES**

As at March 31, 2022, the Company has \$27,920 (December 31, 2021 - \$56,512) owing to 1289625 for reimbursable expenses incurred on behalf of the Company. These amounts are non-interest bearing and due on demand.

**PROPOSED TRANSACTIONS**

See the section *Highlights of the Amalgamation and Related Transactions* above.

**SIGNIFICANT ACCOUNTING JUDGMENTS AND USE OF ESTIMATES**

The preparation of financial statements in accordance with International Financial Reporting Standards ("IFRS") requires management to make estimates and assumptions that affect the amounts reported in the financial statements and disclosures in the notes thereto. These estimates and assumptions are based on management's best knowledge of current events and actions that the Company may undertake in the future. Actual results may differ from those estimates. The most significant items requiring the use of management estimates and valuation

assumptions will relate to the recoverable value of mineral exploration properties and deferred exploration expenditures; the determination of provisions for environmental rehabilitation and reclamation obligations arising from exploration and evaluation activities; the valuation of all equity instruments including warrants and stock options; and, the ability of the Company to continue as a going concern.

The Company's significant judgments and estimates are disclosed in Note 2 of the audited financial statements for the year ended December 31, 2021.

## **CHANGES IN ACCOUNTING PRONOUNCEMENTS**

Certain pronouncements were issued by the International Accounting Standards Board (IASB) or the International Financial Reporting Interpretations Committee (IFRIC) that are mandatory for accounting years ended after December 31, 2021. Many are not applicable or do not have a significant impact to the Company and have been excluded from the summary below.

### **Presentation of Financial Statements (Amendment to IAS 1)**

The amendments to IAS 1, clarify the presentation of liabilities. The classification of liabilities as current or non-current is based on contractual rights that are in existence at the end of the reporting period and is affected by expectations about whether an entity will exercise its right to defer settlement. A liability not due over the next twelve months is classified as non-current even if management intends or expects to settle the liability within twelve months. The amendment also introduces a definition of 'settlement' to make clear that settlement refers to the transfer of cash, equity instruments, other assets, or services to the counterparty. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The implementation of this amendment is not expected to have a material impact on the Company.

## **RISKS AND UNCERTAINTIES**

The Company is subject to a number of risks and uncertainties due to the nature of its business and the present stage of development of its business. Readers of this MD&A are referred to the section entitled *Risk Factors* in the Company's Listing Application filed on SEDAR on March 29, 2022.

### ***Global COVID-19 Pandemic***

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. To date, the Company has not experienced any significant impacts on its operations related to COVID-19. The ultimate 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. COVID-19 may hinder both the Company's ability to conduct exploration activities in the jurisdiction that it operates in and its ability to raise financing for exploration or operating costs due to uncertain capital markets, supply chain disruptions, increased government regulations and other unanticipated factors, all of which may also negatively impact the Company's business and financial condition.