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**1246765 B.C. LTD.**

**MANAGEMENT DISCUSSION AND ANALYSIS**

**FOR THE YEAR ENDED DECEMBER 31, 2021**

(Expressed in Canadian Dollars)

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## **INTRODUCTION**

The Management Discussion & Analysis has been prepared by management and reviewed and approved by the Board of Directors on April 12, 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 audited financial statements and the related notes thereto for the period ended December 31, 2021. The information provided herein supplements but does not form part of the financial statements. This discussion covers the year ended December 31, 2021 and the subsequent period up to the date of issue of this MD&A. Monetary amounts in the following discussion are 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-V exchange.*

## **THE COMPANY**

1246765 B.C. Ltd. ("765 BC" or "the Company") was incorporated in the province of British Columbia on April 8, 2020. The Company is a reporting issuer but does not trade on a stock exchange.

The Company's current business is to comply with all reporting requirements while endeavoring to find, acquire and finance a suitable business or project.

## **HIGHLIGHTS OF EVENTS OCCURING DURING AND SUBSEQUENT TO DECEMBER 31, 2021**

On April 6, 2022, the Company has completed its **(the "Transaction")** with Lahontan Gold Corp. ("Lahontan PrivCo"), pursuant to an amalgamation agreement (the "Amalgamation Agreement") dated January 29, 2021, between the Company, Lahontan PrivCo and 2812096 Ontario Ltd., a wholly-owned subsidiary of the Company, as amended October 15, 2021 and March 10, 2022. The Company acquired all of the issued and outstanding common shares of Lahontan PrivCo pursuant to a three-cornered amalgamation in accordance with Section 174 of the Business Corporations Act (Ontario), as further described below.

The Common Shares (as defined below) have been conditionally approved for listing (the "Listing") on the TSX Venture Exchange (the "TSXV") under the symbol "LG". The Listing remains subject to final approval by the TSXV and fulfilment of all of the requirements of the TSXV in order to obtain such approval, including, among other things, submission and acceptance of all documents requested by the TSXV in its conditional acceptance letter and payment of all outstanding fees to the TSXV.

### **The Transaction**

Pursuant to the Amalgamation Agreement, the Company issued an aggregate of 82,660,501 common shares of the Company to the former Lahontan PrivCo shareholders (the "Lahontan PrivCo Shareholders"). Upon completion of the Transaction the former Lahontan PrivCo Shareholders and subscribers for the Subscription Receipts will hold approximately 98.80% of the total number of the issued and outstanding common shares of the Company. All outstanding unexercised warrants in the capital of Lahontan PrivCo (the "Lahontan PrivCo Warrants") to acquire common shares in the capital of the Lahontan PrivCo will be cancelled. In consideration for such disposition, the holders of the Lahontan PrivCo Warrants received replacement warrants (the "Replacement Warrants"), to acquire one post-consolidation common share in the capital of the Company (each, a "Common Share"), such Replacement Warrants bearing the same terms and conditions as the Lahontan PrivCo Warrants. All outstanding unexercised stock options in the capital of Lahontan PrivCo (the "Lahontan PrivCo Options") to acquire common shares in the capital of the Lahontan PrivCo will be cancelled. In consideration for such disposition, the holders of the Lahontan PrivCo Options received replacement stock options (the "Replacement Options"), to acquire one post-consolidation common share in the capital of the Company (each, a "Common Share"), such Replacement Options bearing the same terms and conditions as the Lahontan PrivCo Options.

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### Concurrent Financing

In connection with the Transaction, On March 24, 2022 Lahontan PrivCo closed a private placement of 8,888,889 subscription receipts (the "Subscription Receipts") at a price of \$0.45 per Subscription Receipt (the "Issue Price") for gross proceeds of \$4,000,000.05 (the "Offering") with Beacon Securities Limited ("Beacon") acting as lead agent and sole bookrunner on behalf of a syndicate of agents, including Canaccord Genuity Corp. (together with Beacon, the "Agents").

The gross proceeds of the offering less 50% of the commission and certain expenses of the Agents were placed into escrow pursuant to a subscription receipt agreement, between the Company, Beacon and TSX Trust Company, as subscription receipt agent. The Company delivered a notice to TSX Trust Company confirming satisfaction of the applicable escrow release conditions on April 5, 2022. Effective April 5, 2022, each Subscription Receipt was automatically converted into one unit of Lahontan PrivCo (each, an "Underlying Unit"), with each Underlying Unit comprised of one common share of Lahontan PrivCo (each, a "Lahontan Share") and one-half of one Lahontan Share purchase warrant of Lahontan PrivCo (each whole warrant, a "Warrant"). Each Warrant entitles the holder to acquire one additional Lahontan Share (each, a "Warrant Share"), at an exercise price of \$0.65 per Warrant Share until April 5, 2022. Pursuant to the Amalgamation Agreement, the Lahontan Shares and other securities of Lahontan PrivCo (including, for certainty, the Warrants comprising part of the Underlying Units issued upon conversion of the Subscription Receipts) were automatically exchanged for Common Shares and other securities of the resulting issuer.

In connection with the Offering, the Agents received a cash commission in the amount of \$71,681 (the "Commission"), 50% of which was placed into escrow, and were issued 159,291 compensation options (the "Compensation Options"). The remaining 50% of the Commission has now been released from escrow and has been received by the Agent. Each compensation option is exercisable for one Underlying Unit at the Issue Price of the Subscription Receipts until April 5, 2024. In addition, certain eligible finders received a cash commission in the aggregate of \$121,500 and have been issued 270,000 compensation options. The net proceeds of the offering are expected to be used for working capital and for the continuation of exploration drilling at its 100% owned Flagship Santa Fe Gold-Silver Project located in Nevada's prolific Walker Lane.

### Name Change and Consolidation

Prior to the completion of the Transaction, the Company changed its name from "1246765 B.C. Ltd." to its current name, "Lahontan Gold Corp." in accordance with the provisions of the Business Corporations Act (British Columbia). Also prior to the completion of the Business Combination, the Company consolidated its common shares on the basis of 2.7 pre-consolidation common shares for one post consolidation common share.

### SELECTED ANNUAL INFORMATION

| <b>Year ended</b>           | <b>2021</b> | <b>From Inception on<br/>April 8, 2020<br/>to year ended<br/>December 31, 2020</b> |
|-----------------------------|-------------|--|
| Net income (loss)           | \$ (21,231) | \$ (54,632)  |
| Net income (loss) per share | \$ (0.01)   | \$ (0.02)  |
| Total assets                | \$ 1,456    | \$ -   |
| Total liabilities           | \$ 77,019   | \$ 54,332  |

### *Net loss for the year ended December 31, 2021*

Net and comprehensive loss was \$21,231 (2020 - \$54,632) due to professional fees and accounting and corporate secretarial fees incurred.

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**Net loss for the three months ended December 31, 2021**

Net and comprehensive income was \$34,086 (2020 loss - \$17,012) due to reversal of accounting and corporate secretarial fees, professional fees and regulatory and filing fees incurred.

**SUMMARY OF QUARTERLY RESULTS**

| <b>Quarter ended</b>                        |    | <b>Revenue</b><br><b>(1)</b> |    | <b>Income</b><br><b>(Loss) for</b><br><b>the Quarter</b> |    | <b>Income</b><br><b>(Loss) per</b><br><b>Share</b> |
|---|----|------------------------------|----|--|----|--|
| December 31, 2021                           | \$ | Nil                          | \$ | 34,086   | \$ | 0.011  |
| September 30, 2021                          | \$ | Nil                          | \$ | (6,770)  | \$ | (0.002)  |
| June 30, 2021                               | \$ | Nil                          | \$ | (34,961)   | \$ | (0.012)  |
| March 31, 2021                              | \$ | Nil                          | \$ | (13,586)   | \$ | (0.005)  |
| December 31, 2020                           | \$ | Nil                          | \$ | (17,012)   | \$ | (0.006)  |
| September 30, 2020                          | \$ | Nil                          | \$ | (14,725)   | \$ | (0.005)  |
| From April 8 <sup>th</sup> to June 30, 2020 | \$ | Nil                          | \$ | (22,895)   | \$ | (0.008)  |

(1) This being a corporation without a revenue-generating business, there are no revenues from operations or investments.

**LIQUIDITY AND CAPITAL RESOURCES**

The Company had a working capital deficit of \$75,563 as at December 31, 2021. The Company does not have revenues from operations and relies on outside funding for its continuing financial liquidity. The Company will need additional financing in order to continue operations.

Management cautions that the Company's ability to raise additional funding is not certain. Additional funds will be required in order to pursue the Company's current business plans. An inability to raise additional funds would adversely impact the future assessment of the Company as a going concern.

**OFF BALANCE SHEET ARRANGEMENTS**

The Company has not entered into any off-balance sheet arrangements.

**RELATED PARTY DISCLOSURES**

As at December 31, 2021 the Company had \$56,512 (2020 - \$37,489) in related party liabilities owing to 1289625 B.C. Ltd. (formerly 2583262 Ontario Inc.) as reimbursable expenses were incurred on behalf of the Company.

**PROPOSED TRANSACTIONS**

The proposed transactions has disclosed in the section of "HIGHLIGHTS OF EVENTS OCCURRING DURING AND SUBSEQUENT TO DECEMBER 31, 2021" as above.

**SIGNIFICANT ACCOUNTING JUDGMENTS AND USE OF ESTIMATES**

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Significant assumptions that management has made about current unknowns, the future, and other sources of estimated uncertainty, could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made. Such significant assumptions include, but are not limited to, the following areas: recovery of receivables and going concern.

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

## **CHANGES IN ACCOUNTING POLICIES**

The Company has applied the same accounting policies as set out in Note 2 of the Company's audited financial statements for the year ended December 31, 2021.

### **Changes in Internal Controls over Financial Reporting**

There were no changes in the Company's internal controls over financial reporting during the year ended December 31, 2021.

## **FINANCIAL INSTRUMENTS**

The Company's financial instruments consist of cash, amounts receivable, accounts payable and accrued liabilities and due to related parties. It is management's opinion that the Company is not exposed to significant interest risk arising from the financial instruments. The Company will be exposed to some credit risk in relation to its future amounts receivables balances, however, most amounts receivables will be in relation to sales tax due from the Canadian government. Credit risk is managed for amounts receivables by seeking prompt payment, monitoring the age of receivables, and making follow up inquiries when receivables are not paid in a timely manner. The Company does not engage in any hedging activities. Financial instruments do not generally expose the Company to risk that is significant enough to warrant reducing via purchasing specific insurance or offsetting financial instruments. Further discussion of these risks is presented in Note 6 of the Company's audited financial statements for the year ended December 31, 2021.

## **RISK FACTORS AND MANAGEMENT'S RESPONSIBILITY OVER FINANCIAL REPORTING**

### ***Risk Factors – General***

Early-stage entities face a variety of risks and, while unable to eliminate all of them, the Company aims to manage and reduce such risks as much as possible. The Company's ability to mitigate risk, without any cash at its disposal, is, however, extremely limited.

Selecting investments is a competitive process. The Company seeks to maintain an appropriate balance by carefully considering risks to ensure an investment's level of risk is commensurate with the Company's assessment of the project's potential.

The Company has a limited history of existence. There can be no assurance that it will be successful in its quest to find, acquire and finance a suitable business or project. Equity or debt financing will be required to complete the implementation of its business plan. There can be no assurance that the Company will be able to obtain adequate financing to continue. The securities of the Company should be considered a highly speculative investment.

The following risk factors should be given special consideration when evaluating an investment in any of the Company's securities:

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- a) the Company has had no profitable business activity and has not acquired any material assets since its incorporation other than cash;
- b) the Company does not have a history of earnings, nor has it paid any dividends and will not generate earnings or pay dividends in the foreseeable future;
- c) the Company has only limited funds with which to continue supporting the operations, or alternatively with which to identify and evaluate other potential opportunities and there can be no assurance that the Company will be able to realize either of these goals;
- d) the business or project may be financed in all or part by the issuance of additional securities by the Company and this may result in further dilution to the investor, which dilution may be significant and which may also result in a change of control of the Company;
- e) there can be no assurance that an active and liquid market for the common shares will develop and an investor may find it difficult to resell its common shares; and
- f) if the Company fails to complete the acquisition of a suitable business or project, an interim cease trade order may be issued against the Company's securities by an applicable securities commission.

**COVID-19**

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organization has declared the outbreak to constitute a "Public Health Emergency of International Concern." The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the Company's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on and the Company's vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Company's financial condition or results of operations is uncertain.

**OUTSTANDING COMMON SHARES DATA**

The following section updates the outstanding share data provided in the audited financial statements for the period ended December 31, 2021.

|   |           |
|---|-----------|
| Common Shares outstanding at April 12, 2022 | 3,000,000 |
|---|-----------|