TDG GOLD CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended July 31, 2021

(Expressed in Canadian dollars)

The following is management's discussion and analysis ("MD&A") of the results of operations and financial condition of TDG Gold Corp. (formerly Kismet Resources Corp.) ("TDG" or the "Company") for the year ended July 31, 2021 and up to the date of this MD&A, and should be read in conjunction with the accompanying audited consolidated financial statements for the year ended July 31, 2021, together with the notes thereto (the "Financial Report").

All financial information in this MD&A is derived from the Company's financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") and all dollar amounts are expressed in Canadian dollars unless otherwise indicated.

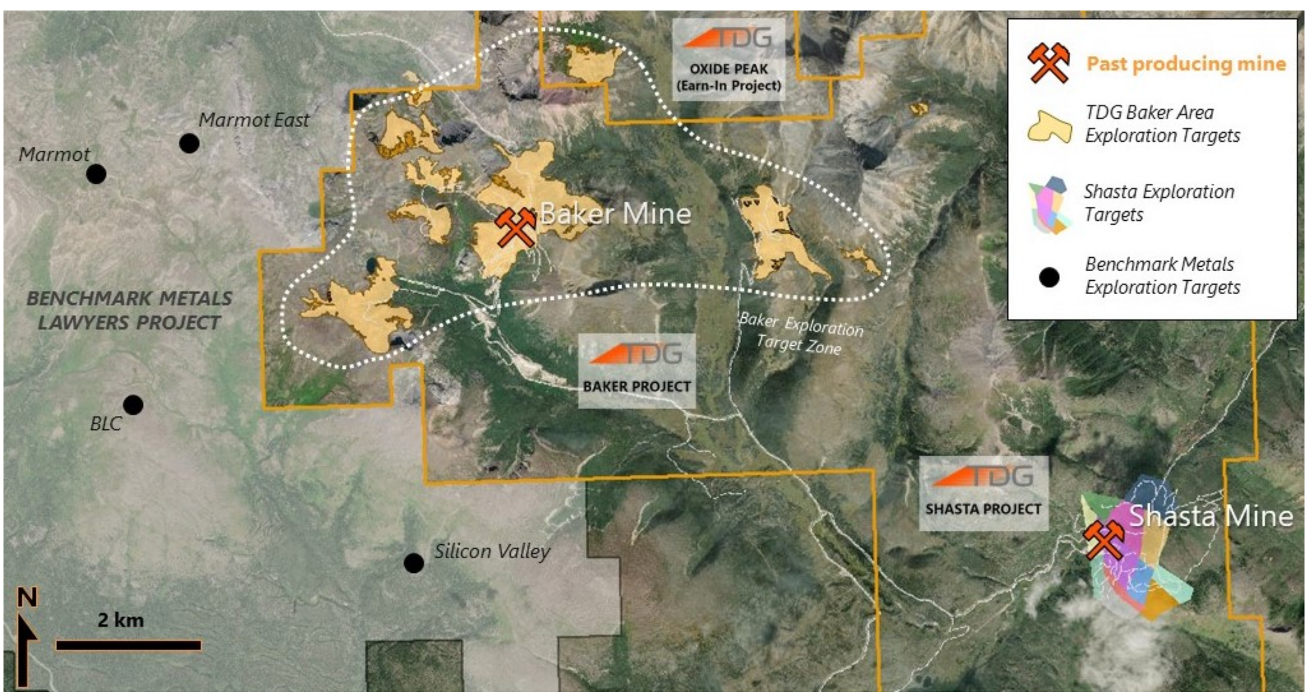
The effective date of this MD&A is November 29, 2021.

Description of the Business

The Company completed a reverse take-over transaction on December 11, 2020, resulting in the Company's shares being listed on the TSX Venture Exchange ("TSX-V") on December 17, 2020 under symbol TDG.

The Company's head office and registered and records office address is Unit 1 – 15782 Marine Drive, White Rock, B.C. Canada V4B 1E6.

TDG is a major mineral claim holder in the Toodoggone District of northern British Columbia, Canada, with over 23,000 hectares of brownfield and greenfield exploration opportunities under direct ownership or earn-in agreement. TDG's flagship projects are the former producing, high-grade gold-silver Shasta and Baker mines which are both road accessible, produced intermittently between 1981-2012, and have over 58,000 metres of historical drilling.



Proposed Transaction

On October 13, 2021, the Company entered into a binding definitive agreement, as amended, with Kingsgate Consolidated Limited ("Kingsgate") to acquire the Nueva Esperanza silver-gold project in Chile. Under the terms of the agreement, in exchange for 100% ownership of Kingsgate's Chilean subsidiary that holds the Nueva Esperanza project, the Company will pay to Kingsgate the following consideration:

- $25,000,000 cash on closing, subject to certain working capital and other adjustments.
- 14% of the Company's outstanding common shares calculated on a post-closing basis (inclusive of any shares issued in a concurrent financing).
- Up to $25,000,000 in future milestone payments, subject to certain adjustments, of which up to $10,000,000 may be settled in common shares of the Company at the Company's discretion, with the applicable milestones as follows:
    - a cash payment of $6,250,000 on or before the date that is three months following the date that the Company completes a feasibility study in respect of the Nueva Esperanza project;
    - at the Company's election, either a cash payment of $5,000,000 or the issuance of 10,000,000 common shares on or before the date that a construction decision is made in respect of the Nueva Esperanza project;
    - at the Company's election, either a cash payment of $5,000,000 or the issuance of 10,000,000 common shares on or before the first anniversary of the commencement of commercial production at the Nueva Esperanza project, as defined in the agreement ("Commercial Production"); and
    - A cash payment of $8,750,000 on or before the second anniversary of Commercial Production.

As a condition to the closing of the acquisition, the Company has agreed to raise a minimum of $35,000,000 in an equity financing (the "Concurrent Financing").

The proposed acquisition is subject to TSX-V review and approval as well as other conditions precedent, including the completion of the Concurrent Financing. Subject to receiving confirmed orders to the Concurrent Financing in the amount of at least $35,000,000 and the payment by the Company of a non-refundable deposit to Kingsgate in the amount of $1,500,000, of which $500,000 was paid on November 9, 2021 and $1,000,000 was paid on November 29, 2021. In addition, the Company agreed to reimburse Kingsgate for holding costs incurred for the Nueva Esperanza silver-gold project as a result of the extension of time under the Agreement from October 31, 2021 to January 31, 2022.

Reverse Take-over

On December 11, 2020, the Company completed a reverse take-over transaction whereby the Company acquired all of the issued and outstanding common shares of TDG BC Assets Corp. (formerly TDG Gold Corp.) ("TDGBC") by way of a three-cornered amalgamation ("Amalgamation") between the Company, TDGBC, and 1266834 B.C. Ltd. ("Numco"), a wholly owned subsidiary of the Company.

Immediately prior to the completion of the Amalgamation:

- the issued and outstanding common shares of the former Kismet Resources Corp. ("Kismet") were consolidated on a 2:1 basis.
- the Company changed its name from Kismet Resources Corp. to TDG Gold Corp.

Pursuant to the Amalgamation:

- the Company issued the former shareholders of TDGBC 25,244,928 common shares (one share for every three shares of TDGBC).
- the shareholders of Kismet retained 2,000,000 common shares valued at $600,000.
- the officers of Kismet retained 200,000 options valued at $34,195. The fair value of the options was determined using the Black-Scholes option pricing model with the following assumptions: a risk-free interest rate of 0.25%; an expected volatility of 100%; an expected life of 1-3 years; a forfeiture rate of zero; and an expected dividend of zero.
- TDGBC amalgamated with Numco as one company under the name TDG BC Assets Corp., a wholly owned subsidiary of the Company

On completion of the Amalgamation, the former shareholders of TDGBC own more shares of the Company than the former shareholders Kismet and accordingly the Amalgamation has been treated as a reverse take-over transaction with the financial statements of TDGBC being the continuing financial statements of the Company and Kismet being the company acquired.

Concurrent with the Amalgamation, the Company completed a private placement for gross proceeds of $4,033,610.

Also, concurrent with the Amalgamation, the Company issued 18,973,699 common shares to Talisker Resources Ltd. to acquire the Baker-Shasta, Mets, and Bot projects.

The common shares of the Company began trading on the TSX-V on December 17, 2020 under the ticker symbol TDG.

Exploration projects

Baker-Shasta Projects

On July 7, 2020, the Company entered into an asset purchase agreement with Talisker Resources Ltd. ("Talisker") to acquire a 100% interest in the Baker-Shasta, Mets, and Bot projects (collectively the "Baker-Shasta Projects") located in the Toodoggone region of British Columbia.

The Company completed the acquisition on December 11, 2020 through the issuance to Talisker of 18,973,699 common shares valued at $5,692,110.

Certain of the Baker-Shasta Projects are subject to net smelter return royalties that range from 0.5% to 2.5%.

Extension of Mining Leases

In June 2021, the Company received the extension of its Baker and Shasta mining leases until September 10, 2051 and June 13, 2050, respectively.

The extension of the Baker and Shasta mining leases also triggers the transfer of the existing Mines Act Permit to TDG, which defines a Permitted Mine Area ("PMA") covering just over 175 hectares and enables the undertaking of certain activities within its boundary including exploration. Over 50% of TDG's proposed drillholes for the 2021 field season at Shasta fall within the PMA. The original Shasta 2021 drill program of 4,000 to 6,000 metres ("m") was designed to test historical drilling results as well as extensions to the known mineralization at Shasta. Drilling commenced in July 2021.

As part of the 30-year extensions to the Baker and Shasta mining leases and transfer of the Mines Act Permit, TDG has agreed to provide reclamation and security bonding for the PMA which includes the roads, Baker mill, Baker and Shasta mines and tailings storage facilities; and, TDG has agreed to maintain the PMA in compliance with the requirements of the Mines Act permit including a comprehensive environmental monitoring program.

Shasta Project

In March 2021, the Company completed a quantitative risk assessment of the exploration target at its Shasta Project, using available historical data. Results range from 0.9 million ounces ("Moz") gold equivalent ("AuEq") contained in 18.717 million tonnes ("Mt") at 1.5 grams per tonne ("gpt") using a 0.3 gpt cut-off grade ("cog") to 1.47 Moz AuEq contained in 50.7 Mt at 0.9 gpt using a 0.1 gpt cog.

The process of assessing the exploration target for the Shasta Project used a quantitative approach that integrated available historical drill hole, geological and geochemical data to produce a series of equally likely scenarios that establish distributions for tonnage, grade, and metal content. Tonnage has been determined by modelling available data from the Creek, Shasta, JM, Cayley, and Rainier Zones, creating grade shells at a 0.1 gpt and 0.3 gpt AuEq cog, and then using statistically averaged gold equivalent grades within those shells. Tonnage calculated does not include the O, North or Jock Zones for which historical drilling information exists but further work is required before these zones can be included.

TDG believes that the exploration target is sufficient to justify undertaking additional exploration activities to confirm the assumptions used in the Exploration Target and advance the Shasta Project towards an NI 43-101 compliant inaugural resource calculation, which would be based on CIM definitions.

The gold and silver mineralization at the Shasta project is controlled by two primary structures the Shasta-Creek and JM faults, with mineralization hosted in veins, stockworks, and breccias. Current modelling shows this system to be at least 0.5 kilometres ("km") long by 300 metres ("m") wide at its southern end and open along strike and at depth, with the potential to strike over a km long and 500 m wide. Recent grades from samples collected in situ from mineralized pillars in the Shasta mine assayed up to 10.40 gpt gold and 782 gpt silver. Historical mining efforts at the Shasta Project focused on the high-grade breccia zones only, leaving a halo of lower-grade mineralization in the ground.

As announced July 26, 2021, the Company commenced Phase 1 of its diamond drilling program at the Shasta Project, which was planned to comprise 29 drill holes totalling 3,855 m. The purpose of the proposed drilling was threefold: (1) to confirm the validity of historical drill assays; (2) to drill test known extensions to the existing mineralization around the historical mine workings; and, (3) to drill test for continuity of mineralization between historically identified zones. Phase 2 drilling was dependant on the results from the initial program, and a proposed third phase will target satellite zones around the Creek-Shasta and JM Zones. Phases 2 and 3 total 6,000 m of diamond drilling. The Company re-designed the drill program in early September 2021 with input from Moose Mountain, combining all three phases to a single drill campaign, for approximately 10,000 m to improve drilling logistical efficiency and realign efforts to gathering data for the pit-constrained mineral resource estimate forthcoming

On September 7, 2021, the Company announced the addition of a second drill rig at its Shasta project.

On September 28, 2021, the Company announced an update on the ongoing resource drilling underway at its Shasta project, including adding a third drill rig. The drill program at Shasta has intersected thicknesses of up to 70 metres ("m") of quartz breccia and stockwork veining that is texturally and mineralogically comparable to material historically mined from Shasta, which operated as a producing gold and silver mine until 2012. The location and thicknesses of mineralization and alteration encountered generally conforms with the geologic model prepared by Moose Mountain Technical Services ("Moose Mountain") and appears to have extended the mineralization to depth. Assay results are pending, with the first assay data expected by the end of 2021 and final assays in the first quarter of 2022.

On November 3, 2021, the Company announced a second update on the ongoing resource definition drilling underway at its Shasta project. The ongoing drill program continues to intersect significant thicknesses of quartz breccia and stockwork-composite style veining, mineralogically comparable to historically mined material. These intercepts support the geological model prepared by Moose Mountain Technical Services ("Moose Mountain") that is being used to direct the drill campaign; however, the quartz veining/stockworking appears to continue deeper than predicted and well below the pit outline used to limit the geologic potential estimate announced May 5, 2021.

Assay results are pending, with assay laboratories taking significantly longer than typical to process submitted samples due to significant backlogs. First drill core assays are expected by the end of 2021, and final assays in the first quarter of 2022. It is therefore too early to confirm if the deeper mineralization encountered will contribute to the pit-constrained mineral resource estimate being prepared by Moose Mountain and targeted for publication by TDG by the end of the first quarter of 2022.

TDG has also received the first processed data from a 2021 LiDAR ("Light Detection and Ranging") and Orthophoto survey that was flown over TDG's Baker-Shasta mining leases and mineral claims. The LiDAR survey was conducted by McElhanney Ltd. and provides high-resolution topographic data (2.5 points per square metre) for engineering and resource modelling in addition to high-resolution orthophoto images (approximately 50cm pixel resolution) to enhance project planning and validate historical geological and geophysical work. Approximately 4 square-kilometres of survey data over the Shasta mine area (4 x 1 sq.km tiles) has been received and integrated into the Baker-Shasta geospatial database.

Baker Project

The Baker Project is a former producing high-grade gold and silver mine located in the Toodoggone Region of northern British Columbia. Baker is road accessible and located 8 km from TDG's former producing gold-silver Shasta mine. The Baker Project refers to multiple exploration targets located northwest of the Shasta Mine, and which are road accessible from the Baker Mill. The area has been explored intermittently between 1974 and 2017 by several operators. The Baker exploration target covers an area approximately 5.1 km by 1.9 km which includes the main Baker pit and nine zones of which five have had limited exploration (Ridge Zone, Knob Hill, C Vein, Perry Mason, and West Chappelle). Baker has seen historical extraction of the "A-Vein," but several satellite zones have been previously drilled and largely left intact, the largest of these being the "B-Vein."

Historical drilling and surface work focused on the high-grade quartz veins within the Baker Project, and to a lesser extent, the wide area of alteration that permeates the valley lithologies. Compilation and reinterpretation of historical data shows the presence of an intrusive quartz-feldspar porphyry in the centre of the valley with the quartz veins circling the contact boundary. The presence of quartz, pyrite, chalcopyrite, magnetite, potassic feldspar and traces of molybdenite in veinlets encountered in past drilling may be related to the margin of a copper-gold porphyry deposit.

Historical drilling has identified at least two quartz-carbonate-sericite-pyrite veins that run sub-parallel to the central quartz-feldspar porphyry stock. These auriferous veins have been identified over a 200 m strike length and remain open along strike and at depth. Historical extraction appears to have been limited with much of the mineralized material remaining in place.

The focus of work at Baker has been in and around the historically mined B-Vein and its potential relationship with the North Quartz mineralized zone. The periphery of the B-Vein pit was channel sampled in early July 2021 across the vein and country rock to test the mineralization potential of several previously untested quartz stockwork zones. A total of 119 samples were collected and have been submitted to SGS Labs for assay. Results are pending.

Several ground magnetic survey grids were also completed around the B-Vein pit and on the west side of the historically mined A-Vein to provide an understanding of structural and geological controls at Baker. Like Shasta, drone surveys were completed over several target areas to assist with future planning and exploration. The exploration team has also completed a mapping and surface sampling in previously untested areas of altered or gossanous areas north of the main Baker pit. Samples have been submitted for assay and are pending.

TDG's Baker Camp has been fully winterized to enable continuation of exploration at its Toodoggone projects later into 2021 and to recommence exploration activities earlier in 2022 than would be otherwise possible.

<u>Mets</u>

Initial exploration work started at the Mets mining leases, located 20 kilometres ("km") to the northwest of the Baker camp, and focussed on confirmation sampling of old showings and the completion of ground magnetic geophysical surveys over the main historical faults and structures. Historical drill highlights include 9.52 g/t Au and 1.9 g/t Ag over 25.90 m and 3.57 g/t Au and 2.36 g/t Ag over 46.40 m, including 13.93 g/t Au and 2.00 g/t Ag over 11.80 m.

Qualified Person

The technical content of this MD&A has been reviewed and approved Steven Kramar, MSc., P.Geo., a qualified person as defined by National Instrument 43-101.

Financial Condition and Results of Operations – year ended July 31, 2021

The consolidated net loss for the year ended July 31, 2021 was $4,831,816 (2020 - $342,949).

The significant changes between the current year and the comparative year are discussed below.

Consulting fees for the year ended July 31, 2021 totalled $373,825 (2020 - $74,000) and were primarily related to the following:

- $210,000 (2020 - $10,000) paid to the Chief Executive Officer of the Company.
- $105,000 (2020 - $11,000) paid to Golden Oak Corporate Services Ltd. ("Golden Oak"), a consulting company controlled by the Chief Financial Officer and the Corporate Secretary of the Company. Golden Oak provides the services of a Chief Financial Officer, a Corporate Secretary, and accounting and administrative staff to the Company. The Chief Financial Officer and the Corporate Secretary are employees of Golden Oak and are not paid directly by the Company.

Exploration and evaluation expenditures for the year ended July 31, 2021 totalled $2,749,359 (2020 - $149,155) and relates to exploration work on the Company's Baker-Shasta project and towards the Company's earn-in on the Oxide Peak project.

Professional fees for the year ended July 31, 2021 totalled $229,842 (2020 - $86,997). The increase is related to the Company increased activities over the year.

Project investigation costs for the year ended July 31, 2021 totalled $298,501 (2020 - $63,188) and relate to the Company's proposed transaction with Kingsgate as described above. In the prior year, the costs related to the Company's previously owned Asian subsidiaries.

Share-based compensation for the year ended July 31, 2021 totalled $767,657 and relates to stock options granted and vested during the year.

In December 2020, the Company raised $2,940,110 of flow-through funds and recorded a flow-through premium liability of $864,738 on issuance of these flow-through funds. The Company is committed to spend these funds by December 31, 2021. During the year ended July 31, 2021, the Company spent $2,058,968 of these flow-through funds and accordingly recorded a flow-through premium recovery of $605,579 on the statement of loss and comprehensive loss.

As discussed below, the Company completed a reverse take-over transaction and recorded listing expense of $849,561 in relation to the reverse taker-over.

Summary of Quarterly Results

The Company did not become a reporting issuer until December 11, 2020 on completion of the Amalgamation. Accordingly, the Company has only presented consolidated financial information on a quarterly basis for the year ended July 31, 2021 as follows:

	3 Months Ended July 31, 2021	3 Months Ended April 30, 2021	3 Months Ended January 31, 2021	3 Months Ended October 31, 2020
Total revenues	$ -		$ -	$ -
Net loss	$ (2,026,459)	$ (1,194,844)	$ (963,006)	$ (647,507)
Basic and diluted loss per share	$ (0.03)	$ (0.02)	$ (0.02)	$ (0.03)

Liquidity and Capital Resources

The Company began the fiscal year with $1,822,505 cash. During the year ended July 31, 2021, the Company spent $3,093,112 on operating activities, net of working capital changes, spent $482,040 on investing activities, and received $6,562,916 from financing activities to end at July 31, 2021 with $4,810,269 cash.

Concurrent with the Amalgamation on December 11, 2020, the Company completed a private placement through the issuance of 3,645,000 non-flow-through units at a price of $0.30 per non-flow-through unit and 6,917,907 flow-through units at a price of $0.425 per flow-through unit for gross proceeds of $4,033,610.

On March 19, 2021, the Company completed a private placement through the issuance of 6,963,074 units at a price of $0.30 per unit for gross proceeds of $2,088,922.

As at July 31, 2021, the Company had working capital of $3,769,773.

On August 13, 2021, the Company completed a private placement through the issuance of 2,000,000 non-flow-through shares at a price of $0.50 per non-flow-through share and 4,444,444 flow-through shares at a price of $0.675 per flow-through share for gross proceeds of $4,000,000.

Management estimates that these funds may not provide the Company with sufficient financial resources to carry out currently planned exploration and operations through the next twelve months. Additional financing may be required by the Company to complete its strategic objectives and continue as a going concern. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

Fourth Quarter

The Company began the fourth quarter with $6,202,223 cash. During the three months ended July 31, 2021, the Company spent $1,565,879 on operating activities, net of working capital changes, spent $251,075 on the purchase of equipment, and received $425,000 from a private placement that closed in August 2021 to end at July 31, 2021 with $4,810,269 cash.

Related Party Transactions

Compensation of key management personnel

Key management includes the Chief Executive Officer, the Chief Financial Officer, and the Corporate Secretary. The aggregate compensation paid, or payable, to key management personnel during the years ended July 31, 2021 and 2020 were as follows:

	Year ended July 31,	
	2021	**2020**
Consulting fees		
Chief Executive Officer	$ 210,000	$ 10,000
Golden Oak *	105,000	11,000
Share-based compensation	581,112	-
Total	$ 896,112	$ 21,000

* Golden Oak Corporate Services Ltd. ("Golden Oak") is a consulting company controlled by the Chief Financial Officer and the Corporate Secretary of the Company. The Chief Financial Officer and the Corporate Secretary are employees of Golden Oak and are not paid directly by the Company.

Amounts due to related parties

As at July 31, 2021, the Company owed $23,772 (2020 – $20,985) to related parties as follows: $21,000 to the Chief Executive Officer for fees, and $2,772 to Golden Oak for the reimbursement of expenses. All amounts owed are unsecured and non-interest bearing.

Off-Balance Sheet Arrangements

There were no off-balance sheet arrangements during the nine months ended April 30, 2021.

Additional Disclosure for Venture Issuers without Significant Revenue

The components of exploration and evaluation assets are described in Note 8 to the Financial Report.

COVID-19

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. Although it is not possible for the Company to fully predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business operations, to date the Company has been able to raise equity and explore its exploration projects in British Columbia.

Outstanding Share Data as at the date of this MD&A

Authorized: an unlimited number of common shares without par value

	Common Shares Issued and Outstanding	Share Purchase Warrants	Stock Options
Balance as at July 31, 2021	64,423,459	9,035,750	3,654,168
Private placement – NFT	2,000,000	-	-
Private placement - FT	4,444,444	-	-
Balance as at the date of this MD&A	70,867,903	9,035,750	3,654,168

Use of accounting estimates, judgments and assumptions

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(i) Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and are, but are not limited to, the following:

The carrying value and the recoverability of exploration and evaluation assets - Management has determined that exploration and evaluation costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, scoping and feasibility studies, accessibility of facilities and existing permits.

Asset retirement obligations

The Company's asset retirement obligations represent management's best estimate of the present value of the future cash outflows required to settle estimated reclamation and closure costs on the Company's exploration projects. The provision reflects estimates of future costs, inflation and assumptions of risks associated with the future cash outflows, and the applicable interest rates for discounting the future cash outflows. Changes in the above factors can result in a change to the provision recognized by the Company.

Changes to the asset retirement obligations are recorded with a corresponding change to the carrying amounts of related exploration and evaluation assets. Adjustments to the carrying amounts of related mining properties can result in a change to future depletion expense.

Determining if an acquisition is a business combination or an asset acquisition

As required by IFRS 3 Business Combinations ("IFRS 3"), the Company is required to determine whether the acquisition of TDGBC (Note 4) should be accounted for as a business combination or an asset acquisition. Under IFRS 3, the components of a business must include inputs, processes and outputs. Management has determined that TDGBC did not include all the necessary components of a business. Accordingly, the acquisition of TDGBC has been recorded as an acquisition of TDGBC's net assets, consisting of TDGBC's exploration and evaluation assets and working capital.

(i) Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are, but are not limited to, the following:

Going concern – In the determination of the Company's ability to meet its ongoing obligations and future contractual commitments management relies on the Company's planning, budgeting and forecasting process to help determine the funds required to support the Company's normal operations on an ongoing basis. The key inputs used by the Company in this process include forecasted capital deployment, progress on permitting, results from the exploration of its properties and general industry conditions. Changes in these inputs may alter the Company's ability to meet its ongoing obligations and future contractual commitments and could result in adjustments to the amounts and classifications of assets and liabilities should the Company be unable to continue as a going concern (Note 1).

New standards, interpretations, and amendments not yet effective

There are no new standards that will have any significant effect on the Company.

Financial Instruments and Risk Management

Financial Instruments

Financial instruments are classified into one of the following categories: FVTPL; FVTOCI; or at amortized cost. The carrying values of the Company's financial instruments are classified into the following categories:

		July 31, 2021	July 31, 2020
Cash	FVTPL	$ 4,810,269	$ 1,822,505
Receivables	Amortized cost	125,362	19,121
Trade and other payables	Amortized cost	(1,179,798)	(152,475)

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The carrying values of receivables and trade and other payables approximate their fair values due to their short-term nature. These financial instruments are classified as financial assets and liabilities at amortized cost and are reported at amortized cost. The carrying value of cash was determined based on Level 1 of the fair value hierarchy.

Risk management

The Company's risk exposures and the impact on the Company's financial instruments are summarized as follows:

Credit Risk

Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets, including cash and receivables. The Company limits the exposure to credit risk in its cash by only investing its cash with high-credit quality financial institutions in business and savings accounts, guaranteed investment certificates and in government treasury bills which are available on demand by the Company for its programs. The Company`s receivables include balances receivable from the government of Canada.

Liquidity Risk

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that there is sufficient capital in order to meet short-term business requirements. All of the Company's financial liabilities are classified as current and are anticipated to mature within the next sixty days. The Company is exposed to liquidity risk.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity, political risk, and equity prices. These fluctuations may be significant.

(a) Interest Rate Risk: The Company is exposed to interest rate risk to the extent that its cash balances bear variable rates of interest. The interest rate risks on cash and on the Company's obligations are not considered significant.

(b) Commodity Price Risk: While the value of the Company's exploration and evaluation assets will be related to the price of gold and the outlook for this mineral, the Company currently does not have any operating mines and hence does not have any hedging or other commodity based risks in respect to its operational activities.

Historically, the price of gold has fluctuated significantly and is affected by numerous factors outside of the Company's control, including but not limited to industrial and retail demand, central bank lending, forward sales by producers and speculators, levels of worldwide production, short-term changes in supply and demand because of speculative hedging activities, and certain other factors related specifically to gold.

Cautionary Note Regarding Forward-looking Statements

This MD&A may include or incorporate by reference certain statements or disclosures that constitute "forward-looking information" under applicable securities laws. All information, other than statements of historical fact, included or incorporated by reference in this MD&A that address activities, events or developments that the Company or its management expects or anticipates will or may occur in the future constitute forward-looking information. Forward-looking information is provided through statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential" and similar expressions, or that events or conditions "will", "would", "may", "could" or "should" occur or continue. These forward-looking statements are based on certain assumptions and analyses made by the Company and its management in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors it believes are appropriate in the circumstances.

Although the Company believes such forward-looking information and the expectations expressed in them are based on reasonable assumptions, investors are cautioned that any such information and statements are not guarantees of future realities and actual realities or developments may differ materially from those projected in forward-looking information and statements. Whether actual results will conform to the expectations of the Company is subject to a number of risks and uncertainties, including those risk factors discussed under "Risk Management" in the above documents incorporated herein by reference. In particular, if any of the risk factors materialize, the expectations, and the predictions based on them, of the Company may need to be re-evaluated. Consequently, all of the forward-looking information in this MD&A and the documents incorporated herein by reference is expressly qualified by these cautionary statements and other cautionary statements or factors contained herein or in documents incorporated by reference herein, and there can be no assurance that the actual results or developments anticipated by the Company will be realized or, even if substantially realized, that they will have the expected consequences for the Company.

Forward-looking statements are based on the beliefs, estimates and opinions of the Company's management on the date the statements are made. Unless otherwise required by law, the Company expressly disclaims any intention and assumes no obligation to update or revise any forward-looking statements in the event that management's beliefs, estimates or opinions, or other factors, should change, whether as a result of new information, future events or otherwise, and the Company does not have any policies or procedures in place concerning the updating of forward-looking information other than those required under applicable securities laws. Accordingly, readers should not place undue reliance on forward-looking statements or forward-looking information.

Other Information

Additional information relating to the Company is available for viewing on the Company's web site at www.tdggold.com.