

The following discussion and analysis of the operations, results and financial position of First Tellurium Corp. (the "Company" or "First Tellurium") (formerly Deer Horn Capital Inc.) for the nine months ended April 30, 2021 should be read in conjunction with the unaudited financial statements for the nine months ended April 30, 2021, which can be found on SEDAR at www.sedar.com.

This Management Discussion and Analysis ("MD&A") is dated June 29, 2021 and discloses specified information up to that date. The Company is classified as a "venture issuer" for the purposes of National Instrument 51-102. The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") in Canada. Unless otherwise cited, references to dollar amounts are in Canadian dollars.

The Company is a reporting issuer in each of the provinces of British Columbia, Alberta and Ontario. Its head office is located at 381 – 1440 Garden Place, Delta, BC, V4M 3Z2. Its registered records office is located at Suite 1100 - 736 Granville Street, Vancouver, BC, V6T 1G3.

Forward-looking Information

Certain statements in this MD&A and the documents incorporated by reference contain forward-looking information, which includes forward-looking statements within the meaning of applicable Canadian securities laws. Forward-looking statements are statements which relate to future events or our future performance, including our future financial performance. In some cases, you can identify forward-looking statements by terminology such as "may", "should", "expects", "plans", "anticipates", "believes", "estimates", "predicts", or "potential" or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors that may cause the Company's or the industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. No assurance can be given that any of the events anticipated by the forward-looking information and statements will occur or, if they do occur, what benefits the Company will obtain from them. This MD&A contains forward-looking information and statements, which may include but are not limited to: statements with respect to the financial and operating performance of the Company; investments objectives and strategies; the business goals and strategies; forecast operating and financial results; planned capital expenditures; potential future market for products, business prospects and opportunities; costs and timing of developmental new projects; management's assessment of future plans and operations; and requirements for additional capital.

Overview

First Tellurium is a publicly-traded, Vancouver-based, diversified issuer. The Company has a 50% interest in the Deer Horn Property, located in British Columbia. The Company also has an option to acquire the Colorado Klondike Property, located in south-central Colorado, USA. The Company is refocusing its efforts on mineral exploration and intends to complete further equity financing in order to resume exploration and development on its mineral property interests while seeking additional opportunities in the junior mining sector to expand its property portfolio. The Company also has a 49% equity interest in Cheona Metals Inc., whose focus is on exploring unstaked and largely underexplored mineral lands in northern British Columbia. Additionally, the Company has a 49% equity interest in Cheona Health Inc., whose focus is helping Indigenous and other communities in Canada achieve better health and well-being.

The Company announced its plans for its proposed 2021 exploration programs. Underlying much of its proposed work for 2021 is a 5-year exploration permit, for which the Company is awaiting government approval. The permit will be used for drilling and other exploration to expand its Deer Horn property's current NI 43-101 resource. In addition, the Issuer also plans further exploration of copper mineralization identified in past prospecting west of the gold-silver-tellurium resource.

The Company's 51% Indigenous partner, Cheona Metals Inc., staked two mineral claims on the ancestral lands of the Dease River First Nation. The claims total 2,403 hectares.

First Tellurium is a member of the Initiative for Mining Assurances (or IRMA).

Strategy, Performance and Outlook

In March 2020 the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak, which continues to spread, has adversely affected workforces, economies, and financial markets, leading to an economic downturn. It has also disrupted the normal operations of many businesses, and it is not possible for the Company to estimate the duration or magnitude of these adverse conditions.

Due to the current market conditions and operational restrictions, the Company's plan to undertake a spring/summer 2020 exploration campaign on its Deer Horn Property was delayed. However, In August 2020 it retained the services of a mine engineering firm to manage permitting and development for a 10,000-tonne bulk sample program. In August 2020, the Company engaged environmental consultants to undertake preliminary environmental assessments and to support geological and engineering work to further the bulk sample permitting.

The Company has entered into option agreement for the Colorado Klondike Property, located in south-central Colorado, from Colorado Klondike LLC. The terms of the agreement include consideration for an aggregate US\$250,000 cash and the incurrence of an aggregate US\$300,000 in exploration expenditures on the property within five years, at which time the option may be fully exercised upon payment of US\$1,500,000. Upon full exercise of the option Colorado Klondike LLC will retain a 3% NSR, with the Company reserving the right to buy-back a 1% NSR for consideration of US\$1,000,000. The Company will also be required to pay an advance royalty payment of US\$60,000 per annum commencing on the first anniversary of the exercise of the option. The Company has made an initial US\$50,000 payment towards the option.

The Company continues to further its partnership contributions with Cheona Metals Inc. and is in planning stages for joint prospecting in northern British Columbia.

Additionally, the Company has a 49% interest in Cheona Health Inc., a privately-held corporation formed to whose focus is to help Indigenous and other communities in Canada achieve better health and well-being..

Deer Horn Property

The Company intends to pursue its exploration efforts on its 50% interest in the Deer Horn Property to include both exploration of additional targets on new showings as well as further in-fill and step-out drilling with a view to upgrade and expand the existing resource, and advance to prefeasibility status.

On June 6, 2018, the Company announced results of a revised and updated Preliminary Economic Assessment ("PEA") for the property. The amended and restated PEA, prepared in accordance with NI 43-101, is available in the Company's disclosure record located on SEDAR (www.sedar.com). The PEA estimated that the project will carry a 9-year mine life with a 1.6-year payback period.

The PEA describes a 74,000 tonnes per year seasonal, open-pit mining operation and conventional flotation mill which would produce a combined gold/silver/tellurium concentrate. The Project may be permitted under the Mines Act of BC as a small mine, without the requirement for a provincial environmental assessment (EA) as the project mining tonnage does not exceed the legislated reviewable project threshold of 75,000 tonnes per year. Waste to ore cut-offs were determined using metal prices of

US\$1,300 per ounce gold, US\$17 per ounce silver, US\$100 per kilogram tellurium, US\$3 per pound for copper and \$1 per pound for zinc for net smelter return calculations. Net smelter return cut-off for the PEA pit delineated resource was assumed to be \$29/tonne.

The initial capital cost of the Project is estimated to be \$28.3 million. Average mine, process and G&A operating costs over the Project's life (including pre-stripping and waste handling) are estimated to be \$94 per tonne milled. A base case economic evaluation was undertaken incorporating historical three-year trailing averages for metal prices as of May 31, 2018.

It should be noted that this PEA is preliminary in nature as it includes inferred mineral resources which are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the PEA forecast will be realized or that any of the resources will ever be upgraded to reserves. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

The Company also applied for a five-year exploration permit in addition to its intended permit application for a 10,000 bulk sample. The permit will be used for drilling and other exploration to expand the property's current NI 43-101 resource of gold, silver and tellurium. In August 2020, the Company engaged environmental consultants to undertake preliminary environmental assessments relating to the bulk sampling and geological and engineering consultants to further the bulk sample permitting.

Colorado Klondike Property

The Company is currently in the planning phases for an initial work program on the Colorado Klondike Property in accordance with the option agreement.

Cheona Metals Inc.

The Company entered into a partnership with a First Nation entrepreneur, forming a company, Cheona Metals Inc. ("Cheona Metals"), in which it holds a 49% equity interest. Cheona Metals will focus on exploration in highly prospective areas in northern British Columbia.

In July 2020, Cheona Metals undertook prospecting activity near the "Golden Horseshoe," or Golden Triangle region of northern British Columbia. The prospecting focused on ground that had seen little, if any, prior investigation by prospectors. The Company anticipates Cheona Metals will have results and follow-up exploration plans in early 2021. To date, Cheona Metals has staked two mineral claims totaling 2,403 hectares in the Dease River region of British Columbia.

Cheona Health Inc.

The Company entered into a partnership Cheona Health Inc. ("Cheona Health"), in which it holds a 49% equity interest. Cheona Health's focus is to help Indigenous and other communities in Canada achieve better health and well-being.

Revenue and Expense Summary

Expenses – Three Months Ended April 30, 2021

General and administrative expenses totaled \$70,777 for the three months ended April 30, 2021 compared to \$213,213 for the three months ended April 30, 2020. Details of the largest changes and significant general and administrative items are as follows:

- Advertising and promotion decreased by \$57,452 to \$nil from \$57,452 and is due a temporary termination in use of promotional consultants and services.

- Consulting fees decreased by \$10,000 to \$15,000 from \$25,000 resulting from a reduction in directors fees having been paid. These fees are paid periodically to external, non-consulting directors.
- Investor relations and shareholder information decreased somewhat by \$726 to \$3,349 from \$4,075 and is due to decreased shareholder information costs relating to news release dissemination and website content updates during the quarter.
- Office and miscellaneous expenses increased slightly by \$762 to \$7,290 from \$6,528 as a result increased general office expenses.
- Professional fees increased by \$6,864 to \$7,014 from \$150 as a result of increased general legal fees having been incurred during the period relating to the Company's acquisition of a property option.
- Regulatory and filing fees decreased by \$3,978 to \$3,288 from \$7,266. The decrease is due to a change in transfer agent, resulting in lower maintenance and activity fees.

In addition, the Company recorded \$nil in share based compensation during the three months ended April 30, 2021 compared to \$78,309 in the three months ended April 30, 2020 due to the grant of options.

Interest expense increased slightly to \$4,624 for the three months ended April 30, 2021 compared to \$4,394 for the same period in 2020.

Expenses – Nine Months Ended April 30, 2021

General and administrative expenses totaled \$345,930 for the nine months ended April 30, 2021 compared to \$395,400 for the nine months ended April 30, 2020. Details of the largest changes and significant general and administrative items are as follows:

- Advertising and promotion decreased by \$70,537 to \$3,570 from \$74,107 and is due to a reduction in use of promotional consultants and services.
- Investor relations and shareholder information increased by \$1,211 to \$14,106 from \$12,895 and is due to increased shareholder information costs relating to news release writing and website updates incurred during the first quarter ended October 31, 2020.
- Office and miscellaneous expenses decreased by \$3,145 to \$17,481 from \$20,626 as a result a general reduction in office and overhead expenses in Q2 and Q3.
- Professional fees decreased by \$16,197 to \$11,874 from \$28,071, a result of a reduction in general legal expenses incurred during the period.
- Regulatory and filing fees decreased by \$4,138 to \$12,976 from \$17,114. The decrease is due to a change in transfer agent, resulting in lower maintenance and activity fees.
- Travel expenses increased by \$1,449 to \$1,449 from \$nil, as a result of travel relating the Company's 2021 exploration and development plans.

The Company recorded a loss on settlement of debt of \$84,086 during the nine months ended April 30, 2021 compared to \$nil in the same period 2020 due to amounts settled in shares for debt.

In addition, the Company recorded \$17,169 in share based compensation for the grant of options in the nine months ended April 30, 2021 as opposed to \$84,282 in same period 2020.

Interest expense increased slightly to \$13,873 for the nine months ended April 30, 2021 compared to \$13,182 for the same period in 2020, a result of a slight increase in periodic interest charges.

Exploration Expenses

The Company incurred exploration expenses of \$19,548 during the nine months ended April 30, 2021 (2020 - \$nil).

Summary of Quarterly Results

| Quarter Ended | 2021 Apr. 30 Q3 \$ | 2021 Jan. 31 Q2 \$ | 2020 Oct. 31 Q1 \$ | 2020 July 31 Q4 \$ | 2020 Apr. 30 Q3 \$ | 2020 Jan. 31 Q2 \$ | 2019 Oct. 31 Q1 \$ | 2019 July 31 Q4 \$ |
|--------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| G&A Expenses (recoveries) | 70,777 | 169,122 | 88,862 | 102,557 | 134,904 | 108,017 | 68,197 | 154,669 |
| Share-based payments | - | - | 17,169 | - | 78,309 | 5,973 | - | - |
| Loss and comprehensive loss | 70,777 | 169,122 | 106,031 | 102,557 | 213,213 | 113,990 | 68,197 | 154,669 |
| Net Loss | | | | | | | | |
| per share | - | 0.005 | - | \$0.01 | \$0.01 | \$0.01 | - | \$0.01 |
| per share (diluted) | - | - | - | - | - | - | - | - |
| Total Assets | 247,373 | 224,689 | 237,147 | 293,245 | 224,512 | 134,167 | 107,229 | 110,879 |
| Working Capital (Deficiency) | (562,348) | (288,896) | (450,265) | (304,998) | (389,742) | (584,483) | (658,550) | (600,323) |
| Share Capital: | | | | | | | | |
| Authorized | Unlimited | Unlimited | Unlimited | Unlimited | Unlimited | Unlimited | Unlimited | Unlimited |
| Outstanding | 32,343,431 | 32,243,431 | 28,443,431 | 28,443,431 | 24,843,431 | 18,193,000 | 16,010,931 | 16,010,931 |
| Warrants | 16,232,500 | 16,232,500 | 12,432,500 | 12,673,500 | 10,673,500 | 2,423,500 | 2,281,000 | 2,281,000 |
| Options | 2,270,000 | 2,270,000 | 2,270,000 | 2,120,000 | 2,120,000 | 1,070,000 | 970,000 | 970,000 |

The variation in quarterly losses has been relatively stable since the year ended July 31, 2019, with the exception of Q3 2020, which is due to increased corporate activity, most significantly in legal and regulatory as well as investor relations and shareholder information expenses, and is expected to remain consistent in future periods as the Company continues its efforts to explore its current properties and assess opportunities to acquire other mineral interests as well as increase promotional efforts. Variances in loss and comprehensive loss during these periods is largely due to amounts recorded for fair value of stock options granted, or amounts recorded for a gain or loss from settlement of debt.

Liquidity and Capital Resources

First Tellurium is currently in the exploration stage and earns no revenue from operations. The Company invests its cash and cash equivalents with major Canadian financial institutions with investment grade credit ratings. First Tellurium has no outstanding bank debt as at April 30, 2021.

As at April 30, 2021, the Company has interest-bearing debenture loans in the principal amount of \$182,000. The loans bear an annual interest rate of 10%, payable annually to the debenture holders and mature on March 2, 2021. The Company is currently negotiating repayment of the loans. The Company was previously not in compliance with the terms of the loan as it has not paid the annual interest to the debenture holders in accordance with the terms of the loan, resulting in the loans being due on demand. In fiscal 2018, the Company made the required interest payments under the loan agreements, however;

the Company has not received a waiver of the previous breach of terms and, accordingly, the loans are presented as current. The Company is therefore currently in default for interest payments due for the most previously-ended fiscal year.

At April 30, 2021, First Tellurium had \$5,091 in cash and cash equivalents (July 31, 2020 - \$120,292) and a working capital deficiency of \$562,348 (July 31, 2020 – working capital deficiency of \$304,998). Additional debt or equity financing will be required to meet the Company’s business objectives, to address its working capital deficiency and to service its debt.

First Tellurium assesses its financing requirements and its ability to access debt or equity markets on an ongoing basis. Given the current conditions of the financial markets, the company will seek to maintain financial flexibility and will monitor and assess its financing requirements as its activities progress. The Company’s ability to access the equity or debt markets in the future may be affected by prolonged market instability. The inability to access the equity or debt markets for sufficient capital, at acceptable terms, and within required timeframes, could have a materially adverse effect on the Company’s financial condition, results of operations and prospects.

Future exploration and subsequent development of the Company’s properties beyond currently planned expenditures will depend on the Company’s ability to obtain additional financing. The Company has limited financial resources and there is no assurance that additional funding will be available which could result in the delay or indefinite postponement of further exploration.

The Company’s financial performance is dependent on many external factors. The Company expects that any revenues it may earn from its operations in the future will be from the sale of minerals. Both prices and markets for metals and minerals are cyclical, difficult to predict, volatile, subject to government price fixing and controls and respond to changes in domestic and international political, social, and economic environments. In addition, the availability and cost of funds for exploration, development and production costs are difficult to predict. These changes in events could materially affect the financial performance of the Company.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Related Party Transactions - Key Management Compensation

The Company's related parties consist of companies with directors and officers in common and companies owned in whole or in part by executive officers, directors or close family members of those individuals as follows:

| Name | Nature of transactions |
|--|---|
| Docherty Capital Corp. (Tyrone Docherty) | Management fees charged as CEO, expense allowances, share-based compensation |
| Saulnier Business Consulting LLC (Pamela Saulnier) | Management fees charged as CFO, expense allowances, share-based compensation |
| Tony Fogarassy | Consulting fees charged by a director, expense allowances, share-based compensation |
| Allen Schwabe | Directors fees |
| Matt Wayrynen | Directors fees |

The Company incurred the following fees with individuals and / or companies owned, or partially owned, by key management which the Company defines as officers and directors.

| Nine months ended April 30, | 2021 | 2020 |
|---|-------------------|-------------------|
| Management fees CEO | \$ 67,500 | \$ 67,500 |
| Management fees CFO | 22,500 | 22,500 |
| Directors fees | 10,000 | 10,000 |
| Consulting fees | 45,000 | 45,000 |
| Rent (included in office and miscellaneous) | 13,500 | - |
| Total | \$ 158,500 | \$ 145,000 |

The Company owes amounts to key management personnel as follows:

| Nine months ended April 30, | 2021 | 2020 |
|---|-------------------|-------------------|
| Due to key management or companies controlled by key management personnel | \$ 312,113 | \$ 173,563 |
| Total | \$ 312,113 | \$ 173,563 |

Balances owed to related parties are unsecured and non-interest bearing.

Related party transactions are measured at their exchange amounts, which is the amount of consideration paid or received as agreed by the parties. The Company has no contractual obligations or commitments with key management personnel.

CONTINGENCIES

The Company may be involved in legal proceedings from time to time, arising in the ordinary course of its business. Management of the Company is not currently aware of any claims or actions that would materially affect the Company's reported financial position or results from operations.

In January 2021, the Issuer was provided with information relating to a potential previously undisclosed NSR on the property. Management is seeking further information and clarification and will issue a news release if and when it is determined this is a valid charge against the property.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**Classification of financial instruments**

Financial instruments measured at fair value are classified into one of three levels using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value ("FV") hierarchy has the following levels:

Level 1- quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2- inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e.; as prices) or indirectly (i.e.; derived from prices); and

Level 3- inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities, loans payable and due to related parties.

Fair values

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The fair value of cash is measured at Level 1 of the fair value hierarchy. The carrying value of receivables, deposits and accounts payable and accrued liabilities, loans payable and due to related parties approximate their fair value because of the short term nature of these instruments.

Financial instrument risk exposure and risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company considers the fluctuations of financial markets and seeks to minimize potential adverse effects on financial performance. The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management process.

Credit risk

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligation. The Company's exposure to credit risk includes cash and receivables. The Company reduces its credit risk by maintaining its bank accounts at large international financial institutions. The Company's receivables consist primarily of tax receivables due from federal government

agencies. The maximum exposure to credit risk is equal to the fair value or carrying value of the financial assets.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company’s ability to continue as a going concern is dependent on management’s ability to raise required funding through future equity issuances or debt financings. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments. The Company is exposed to liquidity risk.

Interest rate risk

The Company has cash balances but no external debt with banking institutions. The Company’s current policy is to invest excess cash in investment grade short-term demand deposit certificates issued by its banking institutions. The company periodically monitors the investments it makes and is satisfied with the credit rating of its banks. The Company is marginally exposed to interest rate risk.

Foreign currency risk

The Company is not exposed to foreign currency risk.

Commodity price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company’s earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

OTHER MD&A REQUIREMENTS

Additional Disclosure for Venture Issuers without Significant Revenue:

The following is a breakdown of the material costs incurred:

| | Nine months ended April 30, 2021 | Nine months ended April 30, 2020 |
|-------------------------------------|---|---|
| General and Administration Expenses | \$ 345,930 | \$ 395,400 |

Disclosure of Outstanding Share Data

The Company’s authorized share capital consists of unlimited common shares without par value.

As at June 29, 2021 and April 30, 2021 the Company had 32,243,431 issued and outstanding common shares, respectively.

The following is a summary of stock options outstanding as at June 29, 2021 and April 30, 2021:

| Expiry Date | Exercise Price Per Share | Number of Shares Remaining Subject to Options (June 29, 2021) | Number of Shares Remaining Subject to Options (April 30, 2021) |
|------------------|--------------------------|---|--|
| June 16, 2021 | \$0.25 | - | 120,000 |
| April 5, 2028 | \$0.14 | 850,000 | 850,000 |
| January 27, 2030 | \$0.10 | 100,000 | 100,000 |
| March 6, 2030 | \$0.10 | 1,050,000 | 1,050,000 |
| August 6, 2030 | \$0.10 | 150,000 | 150,000 |
| Total | | 2,150,000 | 2,270,000 |

The following is a summary of warrants outstanding as at June 29, 2021 and April 30, 2021:

| Expiry Date | Exercise Price Per Share | Number of Shares Remaining Subject to Warrants (June 29, 2021) | Number of Shares Remaining Subject to Warrants (April 30, 2021) |
|-------------------|--------------------------|--|---|
| June 1, 2022 | \$0.10 | 2,000,000 | 2,000,000 |
| March 13, 2022 | \$0.10 | 3,050,000 | 3,050,000 |
| February 26, 2022 | \$0.10 | 1,300,000 | 1,300,000 |
| February 19, 2022 | \$0.10 | 1,600,000 | 1,600,000 |
| February 19, 2022 | \$0.10 | 2,300,000 | 2,300,000 |
| January 10, 2022 | \$0.10 | 2,182,500 | 2,182,500 |
| November 6, 2022 | \$0.10 | 2,600,000 | 2,600,000 |
| December 11, 2022 | \$0.10 | 1,200,000 | 1,200,000 |
| Total | | 16,232,500 | 16,232,500 |

Management Responsibility for the Financial Statements

The Company's certifying officers, based on their knowledge, having exercised reasonable diligence, are also responsible to ensure that these filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by these filings, and these financial statements together with the other financial information included in these filings. The Board of Directors approves the Financial Statements and MD&A and ensures that management has discharged its financial responsibilities.

Additional Information

Additional information relating to the Company is available on SEDAR at www.sedar.com.