

**NSJ GOLD CORP.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**

**For the six months ended May 31, 2021**  
**(Expressed in Canadian Dollars, except where noted)**

## **1. EFFECTIVE DATE AND FORWARD-LOOKING STATEMENTS**

### **a) Reporting Period and Effective Date**

This management discussion and analysis of financial position and results of operations (“MD&A”), prepared as of June 18, 2021 provides an analysis of the operations and financial results of NSJ Gold Corp. (“the Company”) for the period ended May 31, 2021. This MD&A should be read in conjunction with the financial statements of the Company and related notes thereto as at and for the six months ended May 31, 2021 which have been prepared in accordance with International Financial Reporting Standards (“IFRS” or “GAAP”) as issued by the International Accounting Standards Board (“IASB”). All dollar amounts presented in this MD&A are Canadian dollars unless otherwise stated.

### **b) Forward-looking Statements**

This MD&A contains forward-looking statements and forward-looking information (collectively, “forward-looking statements”) within the meaning of applicable Canadian and US securities legislation. These statements relate to future events or the future activities or performance of the Company. All statements, other than statements of historical fact are forward-looking statements. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate, and similar expressions, or which by their nature refer to future events. These forward-looking statements include, but are not limited to, statements concerning:

- the Company’s strategies and objectives, both generally and in respect of its existing business and planned business operations;
- the Company’s future cash requirements;
- general business and economic conditions;
- the Company’s ability to meet its financial obligations as they come due, and to be able to raise the necessary funds to continue operations;
- the timing, pricing, completion, regulatory approval of proposed financings if applicable;

Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Inherent in forward looking statements are risks and uncertainties beyond the Company’s ability to predict or control, including, but not limited to, risks related to the Company’s ability to raise the necessary capital or to be fully able to implement its business strategies, and other risks identified herein under “Risk Factors”.

The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results are likely to differ, and may differ materially, from those expressed or implied by forward looking statements contained in this MD&A. Such statements are based on a number of assumptions, which may prove incorrect, including, but not limited to, assumptions about:

- general business and economic conditions;
- conditions in the financial markets generally, and with respect to the prospects for junior exploration companies specifically;

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- the Company's ability to continue to roll out its business plan which includes further development of its exploration and evaluation assets to develop a mineral producing project;
- the Company's ability to secure and retain employees and contractors to carry out its business plans;

These forward-looking statements are made as of the date hereof and the Company does not intend and does not assume any obligation, to update these forward-looking statements, except as required by applicable law. For the reasons set forth above, investors should not attribute undue certainty to or place undue reliance on forward-looking statements.

Historical results of operations and trends that may be inferred from the following discussion and analysis may not necessarily indicate future results from operations. In particular, the Company has moved from a private corporation operating with very limited capital and therefore with very restricted operations, to a publicly traded venture issuer. Accordingly, drawing trends from the Company's limited operating history is difficult.

## **2. DESCRIPTION OF THE BUSINESS**

NSJ Gold Corp. (the "Company") is in the business of the exploration and evaluation of mineral properties. The Company was incorporated under the Business Corporations Act of British Columbia on May 22, 2020. On March 8, 2021, the Company listed its shares on the Canadian Securities Exchange ("CSE") and trades under the symbol NSJ. The address of the Company's registered and records office and principal place of business is Suite 101, 17565 58 Avenue, Surrey, British Columbia, V3S 4E3 Canada.

The Company entered into an option agreement dated August 14, 2020, as amended on November 25, 2020 (the "Option Agreement") to acquire a 100% interest in certain claims comprising the Golden Hills Project (the "Golden Hills Property") located in Arizona, USA. The Golden Hills Property is subject to a 3% Net Smelter Return as payable to the Vendor.

## **3. OUTLOOK AND GOING CONCERN**

### **a) Outlook**

The Company's primary business is the acquisition and exploration of mineral properties. The Company's exploration and evaluation assets do not presently host any known mineral deposits nor, given the high degree of risk involved, can there be any assurance that its exploration activities will result in such deposits being located or, ultimately, a profitable mining operation in the future.

In 2020, there was a global outbreak of coronavirus that has resulted in changes in global supply and demand of certain mineral and energy products. These changes, including a potential economic downturn and any potential resulting direct and indirect negative impact to the Company cannot be determined, but they could have a prospective material impact to the Company's project exploration activities, cash flows and liquidity. Various restrictions on gatherings, work and access to remote communities near the Company's project may also impact the Company's ability to perform exploration activities at the project.

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**b) Going Concern**

The Company incurred a loss of \$318,214 during the six months ended May 31, 2021, and has an accumulated deficit as at May 31, 2021 of \$349,920. Further, the Company has no source of operating cash flows, and there is no assurance that sufficient funding (including adequate financing) will be available to conduct required exploration and development of its mineral property projects. These factors indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

The application of the going concern concept is dependent upon the Company's ability to generate future profitable operations and receive continued financial support from its creditors and shareholders. These consolidated financial statements do not give effect to any adjustments that might be required should the Company be unable to continue as a going concern.

**4. REVIEW OF QUARTERLY RESULTS****a) Overall Performance and Discussion of Operations Selected Information**

The selected financial information set out below is based on and derived from consolidated financial statements which have been prepared in accordance with IFRS.

<b>Statements of Loss</b>	<b>Six months ended May 31, 2021</b>	<b>Period from May 22, 2020 (inception) to May 31, 2020</b>
	\$	\$
Total Revenue	Nil	Nil
Total Operating Expenses	319,714	Nil
Net Loss	(318,214)	Nil
Net Loss per Share – Basic and Diluted	(0.02)	Nil

<b>Statements of Financial Position Data</b>	<b>As at May 31, 2021</b>	<b>As at November 30, 2020</b>
	\$	\$
Cash and Cash Equivalents	1,331,120	654,492
Total Assets	1,732,248	650
Total Liabilities	22,668	1,500

<b>Shareholders' Equity</b>	<b>As at May 31, 2021</b>	<b>As at November 30, 2020</b>
	\$	\$
Share Capital	2,059,500	774,200
Equity	1,709,580	742,494

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**b) Selected Quarterly Financial Information**

The following is a summary of the Company's financial results for the five quarters completed since incorporation of the Company on May 22, 2020:

<b>Three Months Ended</b>	<b>Net Loss</b>	<b>Net Comprehensive Loss</b>	<b>Basic and Diluted Loss per Share</b>
	\$	\$	\$
May 31, 2021	(231,223)	(231,223)	(0.01)
February 28, 2021	(86,992)	(86,992)	(0.01)
November 30, 2020	(31,693)	(31,693)	(0.01)
August 31, 2020	(13)	(13)	(0.01)
From May 22, 2020 to May 31, 2020	-	-	-

**c) Results of Operations**

The table below outlines the expenses incurred during the six months ended May 31, 2021:

	<b>Six months ended May 31, 2021</b>
	\$
Consulting Fees	162,072
Foreign exchange loss (gain)	(1,466)
Office and Miscellaneous	36,644
Professional fees	71,760
Travel Expenses	224
Marketing Expenses	50,480
<b>Total operating expenses</b>	<b>319,714</b>
<b>Other Expenses (Income)</b>	
Gain on Debt Settlement	(1,500)
<b>Net loss</b>	<b>318,214</b>

**Three months ended May 31, 2021**

For the three months ended May 31, 2021, the Company had no revenue and a net loss of \$231,223, compared to a loss of \$nil for the period ended May 31, 2020. Net loss primarily relates to consulting fees of \$114,572 (2020 - \$nil), professional fees of \$45,067 (2020 - \$nil), office and miscellaneous expenses of \$22,703 (2020 - \$nil) and marketing fees of \$49,880 (2020 - \$nil).

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**Six months ended May 31, 2021**

For the six months ended May 31, 2021, the Company had no revenue and a net loss of \$318,214. Net loss primarily relates to consulting fees of \$162,072 (2020 - \$nil), professional fees of \$71,760 (2020 - \$nil), office and miscellaneous expenses of \$36,644 (2020 - \$nil), and marketing fees of \$50,480 (2020 - \$nil).

Total liabilities at May 31, 2021, totaled \$22,668 (November 30, 2020 - \$4,017). This amount consists of a payable to a related party for reimbursement of expenses, accrued fees payable to related parties and other payables.

Shareholders' equity as at May 31, 2021 consists of share capital of \$2,059,500 (November 30, 2020 - \$774,200) and a deficit of \$349,920 (November 30, 2020 - \$31,706) for net equity of \$1,709,580 (November 30, 2020 - \$742,494).

Working capital (defined as current assets less current liabilities) was \$1,337,084 as at May 31, 2021 (November 30, 2020 - \$652,625).

The number of common shares outstanding at May 31, 2021 was 23,309,000 and 14,000,000 as at November 30, 2020.

**d) Summary of Mineral Property Interests**

The Company entered into an option agreement dated August 14, 2020, as amended November 25, 2020 (the "Option Agreement") to acquire a 100% interest in certain claims comprising the Golden Hills Project (the "Golden Hills Property") located in Arizona, USA. Pursuant to the Option Agreement, to exercise the option the Company is required to pay a total of USD299,000 over a five year period with the first payment of USD24,000 due on or before March 28, 2021 and pay annual claim maintenance fees totalling USD15,510. The Company is also obligated to complete an exploration development program totalling USD4,635,000 per the following schedule:

- USD85,000 on or before the first anniversary date of the agreement
- USD150,000 on or before the second anniversary date of the agreement
- USD400,000 on or before the third anniversary date of the agreement
- USD1,000,000 on or before the fourth anniversary date of the agreement
- USD3,000,000 on or before the fifth anniversary date of the agreement

The Golden Hills Property is subject to a 3% Net Smelter Return as payable to the Vendor.

During the six months ended May 31, 2021, the Company incurred a total of \$282,627 (\$89,869 for the period ended November 30, 2020) in exploration expenditures.

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	November 30, 2020	Net change	May 31, 2021
	\$	\$	\$
<b>Acquisition costs</b>	-	30,403	<b>30,403</b>
<b>Exploration costs</b>			
Field expenses	2,825	16,614	<b>19,439</b>
Geological consulting	84,143	34,835	<b>118,978</b>
Geophysical	2,901	47,317	<b>50,218</b>
Drilling	-	153,458	<b>153,458</b>
<b>Total exploration costs</b>	<b>89,869</b>	<b>252,224</b>	<b>342,093</b>
<b>Total</b>	<b>89,869</b>	<b>282,627</b>	<b>372,496</b>

## 5. LIQUIDITY AND CAPITAL RESOURCES

### a) Liquidity

Since incorporation, the Company's capital resources have been limited. The Company has had to rely upon the sale of equity securities for the cash required for property acquisition payments, office and miscellaneous expenses and accounting, audit and legal fees, among other expenses.

During the six months ended May 31, 2021 the Company completed two financings raising a total of \$1,229,000 (net of finder's fees totaling \$47,600). On January 18, 2021 the Company issued 1,937,000 special warrants and on January 20, 2021 the Company issued 4,446,000 special warrants (the "Special Warrants"). Each Special Warrant entitles the holder to acquire, without payment of any consideration in addition to that paid for the Special Warrant, one previously unissued unit in the capital of the Company. Each Unit is comprised of one common share in the capital of the Company and one-half of one common share purchase warrant where each whole Warrant entitles the holder to purchase one additional common share at an exercise price of \$0.40 per share for a period of 18 months.

During the period ended November 30, 2020 the Company completed three separate financings raising a total of \$774,200. Upon incorporation the Company issued 4,000,000 common shares at \$0.005 per share for gross proceeds of \$20,000. On August 21, 2020 the Company closed its \$0.021 unit offering issuing 10,000,000 units for gross proceeds of \$210,000. Each unit consists of one common share in the capital of the Company and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional share at an exercise price of \$0.20 per share for a period of 5 years. On November 30, 2020 the Company issued 2,721,000 Special warrants. Each Special Warrant entitles the holder to acquire, without payment of any consideration in addition to that paid for the Special Warrant, one previously unissued unit in the capital of the Company. Each Unit is comprised of one common share in the capital of the Company and one-half of one common share purchase warrant where each whole Warrant entitles the holder to purchase one additional common share at an exercise price of \$0.40 per share for a period of 18 months.

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The Company expects that its cash position of \$1,331,120 as at the most recent month end being May 31, 2021, will be sufficient for the Company to become operational to begin meeting its objectives and milestones. Once the Company is operational, it will require additional working capital in order to increase its growth rate and may seek to raise additional funds via one or more private placements.

**b) Capital Resources**

As at May 31, 2021, the Company's share capital was \$2,041,000 (November 30, 2020 - \$774,200) representing 23,209,000 (November 30, 2020 - 14,000,000) issued and outstanding common shares without par value.

During the six months ended May 31, 2021, the Company issued the following:

- a) On February 25, 2021 the Company received notice of receipt for its long form prospectus from the British Columbia Securities Commission. As such on February 26, 2021 all outstanding Special Warrants were exercised and the Company issued 9,104,000 common shares to the special warrant holders for no additional consideration.
- b) On March 15, 2021 the Company issued 105,000 at a price of \$0.36 per share for services rendered by a director of the Company.
- c) On May 26, 2021 the Company issued 100,000 shares to settle \$20,000 due to a director of the Company. The fair value of the shares on the date of issuance was \$18,500 and the Company recorded a gain of \$1,500.

During the period ended November 30, 2020, the Company issued the following:

- a) Upon incorporation the Company issued 4,000,000 common shares at \$0.005 per share for gross proceeds of \$20,000
- b) On August 21, 2020 the Company closed its \$0.021 unit offering issuing 10,000,000 units for gross proceeds of \$210,000. Each unit consists of one common share in the capital of the Company and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional share at an exercise price of \$0.20 per share for a period of 5 years. The warrants were valued at \$0, using the residual value method.

Under the escrow agreement dated January 27, 2021, 10% of the escrowed common shares were to be released from escrow on the date of listing on the CSE. Subsequent to listing (March 8, 2021), an additional 15% are to be released every six months over a thirty-six month period. As at May 31, 2021, a total of 12,600,000 shares were held in escrow (November 30, 2020 - Nil).

During the six months ended May 31, 2021, the Company granted 1,690,000 stock options exercisable at a price of \$0.20 with a 5-year life, and 150,000 stock options exercisable at a price of \$0.30 with a 5-year life. The Company uses the Black-Scholes Option Pricing Model to calculate the fair value of the options granted. The Company utilized the following assumptions: average volatility - 122%, average risk-free rate - 0.78% and a five-year term. Accordingly, the estimate grant date fair value of the options was \$318,645. All options granted vest over a period of 1 year with 25% of the options vesting every 3 month period.



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During the six month period ended May 31, 2021 the Company recorded \$Nil in share-based compensation in relation to these grants.

**6. TRANSACTIONS WITH RELATED PARTIES**

During the six month period ended May 31, 2021, the Company incurred:

- \$60,000 (2020 - \$Nil), of which \$10,000 (2020 - \$Nil) was recognized in accrued liabilities, in Consulting fees to a company controlled by the CEO of the Company;
- \$17,500 (2020 - \$Nil) in Consulting fees and \$15,000 (2020 - \$Nil) in Marketing fees to a company controlled by a relative of the CEO;
- \$40,000 (2020 - \$Nil), of which \$5,000 (2020 - \$Nil) was recognized in accrued liabilities, in Professional fees to a company which the CFO of the Company is a partner of;
- \$28,571 (2020 - \$Nil) in Consulting fees to a company controlled by a director of the Company of which \$20,000 was settled through the issuance of 100,000 common shares. Additionally the Company issued 105,000 shares at a deemed price of \$0.36 per share for services rendered by a director which was recorded in Consulting fees;
- USD18,870 (CAD 23,021) (2020 - \$Nil) in Geological Consulting fees to the Vice President of Exploration which was capitalized to exploration and evaluation assets.

During the six month period ended May 31, 2021 the Company granted:

- 750,000 options (2020 - Nil) to officers and directors of the Company
- 200,000 options (2020 - Nil) to a company controlled by a relative of the CEO
- 150,000 options (2020 - Nil) to the Vice President of Exploration

All options granted vest over a one year period with 25% of the options vesting every 3 months. None of the options granted to related parties have vested during the period and therefore no share based compensation was recognized during the six month period ended May 31, 2021.

Amounts due to or from related parties are unsecured and non-interest bearing and measured at the amount of consideration established and agreed to by the related parties. The amounts due to related parties as at May 31, 2021 are included in accounts payable:

	<b>May 31, 2021</b>	<b>November 30, 2020</b>
	\$	\$
Due to directors and officers of the Company	<b>2,467</b>	<b>867</b>

**Officers and Directors**

- Jag Sandhu, CEO and Director
- Paul Grewal, CFO and Director
- Rodney Stevens, Vice President of Corporate Development and Director
- Chris Zerga, Director

## **7. OFF-BALANCE SHEET ARRANGEMENTS**

The Company does not have any off-balance sheet arrangements at May 31, 2021 and to the date of this MD&A.

## **8. 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 period and include, but are not limited to, the following:

### Environmental rehabilitation obligation

The Company recognizes statutory, contractual or other legal obligations related to the retirement of its exploration and evaluation assets and its tangible long-lived assets when such obligations are incurred, if a reasonable estimate of fair value can be made. These obligations are measured initially at fair value and the resulting costs are capitalized to the carrying value of the related asset. In subsequent periods, the liability is adjusted for any changes in the amount or timing and for the discounting of the underlying future cash flows. The capitalized asset retirement cost is amortized to operations over the life of the asset.

### Share-based compensation

The fair value of stock options issued are subject to the limitations of the Black-Scholes Option Pricing Model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes Option Pricing Model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

### **a) Critical accounting judgments**

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

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty; and
- the classification / allocation of expenditures as exploration and evaluation expenditures or operating expenses.

## **9. SIGNIFICANT ACCOUNTING POLICIES**

The Company's significant accounting policies are described in Note 3 of the audited financial statements for the period ended November 30, 2020, as found on SEDAR and [www.sedar.com](http://www.sedar.com).

**a) Recent accounting pronouncements**

Certain other accounting pronouncements were issued but the Company anticipates that the application of these standards, amendments and interpretations in future periods will have no material impact on the results and financial position of the Company except for additional disclosures. The Company is assessing the impact of the new or revised IFRS standards on its financial position and financial performance.

**10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The Company provides disclosures that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the date of the statement of financial position, and how the entity manages these risks.

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

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, and accounts. The carrying values of these financial instruments approximate their respective fair values due to the term of these instruments.

As at May 31, 2021, the fair value of cash held by the Company was based on level 1 inputs of the fair value hierarchy.

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

*Credit risk*

The Company's primary exposure to credit risk is its cash of \$1,331,120 at May 31, 2021. With cash on deposit with reputable financial institutions, it is management's opinion that the Company is not exposed to significant credit risks arising from the financial instruments.

*Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. As at May 31, 2021, the Company had current liabilities totaling \$22,668 and cash and cash equivalents of \$1,331,120 and is not exposed to significant liquidity risk at this time. However, since the Company is in the exploration stage, it will periodically have to raise funds to continue operations and intends to raise further financing through private placements.

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*Market risk*

Market risk is the risk that changes in market prices such as commodity prices, foreign exchange rates and interest rates will affect the Company's income. The objective of market risk management is to manage and control market risk exposure within acceptable parameters. The Company does not use derivative instruments to reduce its insignificant exposure to market risks.

**11. OUTSTANDING SHARE DATA**

The Company's authorized capital is unlimited common shares without par value. As at May 31, 2021 and June 18, 2021, the following common shares, options and share purchase warrants were outstanding:

	<b>As at May 31, 2021</b>	<b>As at June 18, 2021</b>
Common Shares	23,309,000	23,309,000
Warrants	9,552,000	9,552,000
Stock Options	2,250,000	2,250,000
Fully Diluted	35,111,000	35,111,000

**12. APPROVAL**

The Board of Directors of the Company has approved the disclosure contained in this MD&A on June 18, 2021.

**13. ADDITIONAL INFORMATION**

*Head Office and Operations*

**NSJ Gold Corp.**  
101 – 17565 58 Avenue  
Surrey, BC V3S 4E3  
Canada

**Transfer Agent**  
Olympia Trust Company  
1900 – 925 West Georgia St  
Vancouver, BC V6C 3L2

**Capitalization**

(as at June 18, 2021)  
Shares Issued: 23,309,000

**Auditor**

Harbourside CPA  
1140 – 1185 West Georgia Street  
Vancouver, BC V6E 4E6