

TARACHI GOLD CORP.
(formerly KAL MINERALS CORP.)
MANAGEMENT DISCUSSION & ANALYSIS
For the year ended July 31, 2020

November 30, 2020

This Management Discussion and Analysis (“MD&A”) of Tarachi Gold Corp. (“Tarachi” or the “Company”) has been prepared by management as of November 30, 2020. This MD&A should be read in conjunction with our audited annual financial statements and accompanying notes thereto for the years ended July 31, 2020 and 2019, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”). All amounts following are expressed in Canadian dollars, unless otherwise indicated.

This MD&A may contain “forward-looking statements” which reflect the Company’s current expectations regarding the future results of operations, performance, and achievements of the Company. The Company has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as “anticipate,” “believe,” “estimate,” “expect” and similar expressions. These statements reflect the current beliefs of the management of the Company and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Company to differ materially from those expressed in, or implied by, these statements.

The Company undertakes no obligation to publicly update or review the forward-looking statements whether as a result of new information, future events or otherwise. Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

Overall Performance

The Company was incorporated in the Province of British Columbia on February 19, 2016. The Company is domiciled in Canada and its office is at Suite 907 – 1030 West Georgia, Vancouver, BC. The Company is an exploration stage company.

On October 25, 2018, the Company’s shares began trading on the Canadian Securities Exchange under the symbol KAL. In connection with the listing, certain directors and officers of the Company surrendered 1,259,000 common shares, which were returned to treasury.

On September 12, 2019, the Company’s issued 700,000 stock options whereby the holder may exercise the options for \$0.08 and expire on September 12, 2021. Subsequently, 200,000 of the stock options were cancelled.

On April 7, 2020, the Company changed its name to Tarachi Gold Corp. and completed a forward split of 2 new common shares for 1 old common share. All references to issued and outstanding share capital have been adjusted to account for the split. As a result of the name change, the Company began trading under the symbol TRG.

On April 22, 2020, the Company issued 2,500,000 common shares with a fair value of \$500,000 in connection with the option agreement on the Tarachi Project. The Company also issued 2,500,000 common shares as finder’s fee with a fair value of \$500,000 in connection with the option agreement.

On May 25, 2020, the Company completed a private placement whereby it issued 13,003,664 units at \$0.15 per unit for gross proceeds of \$1,950,550. Each unit consists of one common share and one share purchase warrant entitling the holder to purchase one common share at a price of \$0.25 for a period of 24 months. The Company paid a total of \$109,233 in finders’ fees and issued 566,233 finders’ warrants at the same terms as the private placement warrants. As the Company uses the residual value method, no value was allocated to the warrants.

On June 18, 2020, the Company granted 2,735,000 stock options exercisable at a price of \$0.31 for a period of 60 months from the grant date.

TARACHI GOLD CORP.
(formerly KAL MINERALS CORP.)
MANAGEMENT DISCUSSION & ANALYSIS
For the year ended July 31, 2020

On July 20, 2020, the Company granted 300,000 stock options exercisable at a price of \$0.66 for a period of 60 months from the grant date.

On August 14, 2020, the Company closed a non-brokered private placement for gross proceeds of \$9,487,442 through the issuance of 23,718,605 units at a price of \$0.40 per unit. Each unit consists of one common share and one-half common share purchase warrant. Each warrant is exercisable at a price of \$0.70 per share for a period of 24 months. The Company paid finders' fees of \$304,938 and issued 755,610 finders' warrants at the same terms as the warrants described above.

On September 3, 2020 the Company announced it entered into an agreement to acquire 100% of Juliana and Las Moritas concessions in Sonora, Mexico. The Company has the right to acquire the concessions by making aggregate cash payments of \$2,100,000 USD to the optionor over the following 60 months, as well as through the issuance of 4,000,000 total common shares. To date, 500,000 common shares have been issued and payments of \$40,000 USD have been made.

Tarachi Properties

On March 27, 2020, the Company entered into an option agreement to acquire a 100% interest in the Tarachi Project in Eastern Sonora, Mexico. Option payments are outlined below:

Cash payments	Common shares to be issued	Date
USD\$25,000	2,500,000	Effective date (paid and issued)
USD\$75,000	-	Within 5 days of closing Company's next financing (paid)
USD\$100,000	2,500,000	First anniversary of Effective Date
USD\$100,000	2,500,000	Second anniversary of Effective Date
USD\$100,000	2,500,000	Third anniversary of Effective Date
USD\$4,600,000	-	Fourth anniversary of Effective Date

Juliana and Las Moritas

On September 3, 2020 ("Effective Date"), the Company entered into an option agreement to acquire a 100% interest, subject to a 3% NSR, in the the group of mining concessions known as the Juliana, Juliana No.1, Juliana No.2 and Las Moritas Mining Concessions. The 4 concessions cover a total surface area of 1,148.42 hectares and are located in the Sierra Madre Gold Belt of Eastern Sonora, Mexico.

Option payments are outlined below:

Cash payments	Common shares to be issued	Date
USD\$40,000	500,000	Effective date (Paid and issued)
USD\$30,000	-	On 6 month anniversary of the Effective Date
USD\$30,000	1,000,000	On 12 month anniversary of the Effective Date
USD\$30,000	-	On 18 month anniversary of the Effective Date
USD\$60,000	1,000,000	On 24 month anniversary of the Effective Date
USD\$60,000	-	On 30 month anniversary of the Effective Date
USD\$150,000	1,500,000	On 36 month anniversary of the Effective Date
USD\$150,000	-	On 42 month anniversary of the Effective Date
USD\$150,000	-	On 48 month anniversary of the Effective Date
USD\$700,000	-	On 54 month anniversary of the Effective Date
USD\$700,000	-	On 60 month anniversary of the Effective Date

TARACHI GOLD CORP.
(formerly KAL MINERALS CORP.)
MANAGEMENT DISCUSSION & ANALYSIS
For the year ended July 31, 2020

Jack White Property

On February 27, 2016 the Company entered into a letter agreement with Raymond Wladichuk for the option to earn 100% interest in the Jack White Property. The agreement was amended on October 27, 2017.

The Company was able to earn a 100% interest in the Property, subject to a 2% NSR Royalty, by making total cash payments of \$387,500, issuing a total of 2,600,000 common shares and incurring a total of \$1,850,000 in expenditures. On March 5, 2020, the Company abandoned the property and recorded a write-off of the remaining capitalized costs of \$248,724.

Selected Annual Information

	Year Ended July 31, 2020	Year Ended July 31, 2019	Year Ended July 31, 2018
<i>Selected operations data</i>			
Loss for the year	\$ (1,463,202)	\$ (190,589)	\$ (85,385)
Weighted number of shares outstanding	22,838,969	20,142,892	15,329,694
Loss per share	(0.06)	(0.02)	(0.01)
<i>Selected Statement of Financial Position data</i>			
Net working capital (deficiency)	\$ 1,064,111	\$ 80,926	\$ 456,389
Total assets	\$ 4,253,526	\$ 361,984	\$ 563,634
Total long-term liabilities	\$ -	\$ -	\$ 33,100
Net shareholders' equity	\$ 2,565,959	\$ 329,650	\$ 520,239

Results of Operations

For the years ended July 31, 2020 and 2019, the Company reported net losses of \$1,463,202 and \$190,589, respectively.

	2020	2019
Professional fees	\$ 51,029	\$ 63,019
Consulting fees	269,060	124,521
Transfer agent and filing fees	29,620	30,982
Stock based compensation	851,944	-
General and administrative	12,825	5,167
Write-off of mineral property	248,724	-
Income tax expense recovery	-	(33,100)
Net loss	\$ 1,463,202	\$ 190,589

The Company's net loss increased by \$1,272,613 primarily as a result of the abandonment of it's Jack White Property, the issuance of stock options and an overall increase in activity as a result of time and expenditures incurred securing the Mexican properties and financing the Company.

Professional fees decreased by \$11,990 as the Company incurred costs in the comparative period to list on the CSE whereas the current period's professional fees related mainly to financing and acquisition costs related to the Company's properties.

Consulting fees increased by \$144,539 as a result of the Company's increased activity including various consulting and back office support fees related to managing an increasingly complex Company with international activities.

TARACHI GOLD CORP.
(formerly KAL MINERALS CORP.)
MANAGEMENT DISCUSSION & ANALYSIS
For the year ended July 31, 2020

Stock based compensation is a result of stock options granted during the year. The comparative period has no such options.

The Company also incurred a one-time charge of \$248,724 as a result of a write-off of the Jack White Property.

Summary of Quarterly Results

The last eight quarters are summarized in the table below:

	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Net Income (Loss)	\$(1,063,753)	\$(306,322)	\$ (60,939)	\$ (32,188)	\$ 8,145	\$ (92,404)	\$ (58,706)	\$ (47,624)
Income (Loss) per share	\$ (0.04)	\$ (0.01)	\$ (0.01)	\$ (0.00)	\$ 0.00	\$ (0.00)	\$ (0.01)	\$ (0.00)

The Company's losses from quarter to quarter have remained consistent over the previous eight quarters with the following exceptions:

- Q4 of 2020 having an increase primarily as a result of the issuance of stock options during the quarter.
- Q3 of 2020 having an increase primarily as a result of the abandonment of the Jack White Property.

Liquidity and Capital Resources

The Company reported working capital of \$1,064,111 at July 31, 2020 compared to \$80,926 as at July 31, 2019. As at July 31, 2020, the Company had net cash on hand of \$2,568,358 (July 31, 2019 - \$111,780).

Current liabilities as at July 31, 2020 consist of accounts payable and accrued liabilities of \$66,432 (July 31, 2019 - \$32,334) and subscriptions received of \$1,621,135 (July 31, 2019 - \$Nil).

Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet arrangements.

Transactions with Related Parties

Unless otherwise noted, related party transactions were incurred in the normal course of operations and are measured at the exchange amount, being the amount established and agreed upon by the related parties.

As at July 31, 2020, the Company has amounts due to related parties totaling \$17,850 (July 31, 2019: \$5,250).

The Company's key management compensation for the year ended July 31, 2020 and 2019 is as follows:

	For the Years Ended	
	July 31, 2020	July 31, 2019
Consulting	\$ 47,500	\$ 32,530
Included in exploration and evaluation	-	1,718
Stock based compensation	490,703	-
Total	\$ 538,203	\$ 34,248

TARACHI GOLD CORP.
(formerly KAL MINERALS CORP.)
MANAGEMENT DISCUSSION & ANALYSIS
For the year ended July 31, 2020

Fourth Quarter

During the fourth quarter, the Company incurred expenses as outlined below:

	2020	2019
Professional fees	\$ 24,832	\$ 53
Consulting fees	237,481	11,000
Transfer agent and filing fees	14,151	3,605
Rent	-	15,000
Stock based compensation	822,569	-
General and administrative	(35,280)	(4,703)
Deferred income tax expense	-	(33,100)
Net loss (income)	\$ 1,063,753	\$ (8,145)

The Company's loss for the fourth quarter of 2020 increased by \$1,071,898 when compared to the same period in 2019 as a result of:

- the Company issued stock options in the fourth quarter of 2020 and no options were issued in the comparative period resulting in an increase in \$822,569.
- Consulting fees increased by \$226,481 as a result of the Company increasing overall activity due to a focus on its Mexican properties and closing of the recent financing allowing the Company to proceed on its business goals.
- Transfer agent and filing increased \$10,546 as a result of the financing closing in the fourth quarter of 2020.
- Professional fees increased by \$24,779 as the Company incurred costs related to the financing and due diligence on potential acquisitions.

Proposed Transactions

On October 9, 2020, the Company letter of intent with Manto Resources S.A. de C.V. ("Manto") pursuant to which the Company may acquire certain assets related to the Magistral del Oro tailing processing plant in Durango, Mexico. The acquisition is intended to allow the Company to potentially enter near term production and generate free cash flow.

Acquisition terms include 4,000,000 common shares, 15% royalty on net profits to Manto and USD \$500,000 reimbursement for cash outlays, satisfy obligations of Manto for USD \$1,653,960 plus value added tax and issuing 1,685,916 common shares over 6 months and bonus payments on milestones up to USD \$2,000,000 and 12,000,000 common shares.

Changes in Accounting Policies

There were no changes in accounting policies during the year. Refer to Note 3 of the Company's financial statements for the Company's significant accounting policies and future changes to accounting standards.

TARACHI GOLD CORP.
(formerly KAL MINERALS CORP.)
MANAGEMENT DISCUSSION & ANALYSIS
For the year ended July 31, 2020

Risk Factors

Exploration-stage mineral exploration companies face a variety of risks and, while unable to eliminate all of them, Tarachi aims at managing and reducing such risks as much as possible. Few exploration projects successfully achieve development stage, due to factors that cannot be predicted or anticipated, and even one such factor may result in the economic viability of a project being detrimentally impacted such that it is neither feasible nor practical to proceed. Tarachi closely monitors its activities and those factors that could impact them and employs experienced consultants to assist in its risk management and to make timely adequate decisions. Environmental laws and regulations could also impact the viability of a project. Tarachi has ensured that it has complied with these regulations, but there can be changes in legislation outside Tarachi's control that could also add a risk factor to a project.

On March 11 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Company in future periods.

Financial Instruments and Other Instruments

The Company's accounts payable and accrued liabilities are carried at amortized cost. The fair value approximates the carrying amount due to the short-term nature of this instrument.

Other Requirements

Summary of Outstanding Share Data as at November 30, 2020:

Authorized: Unlimited number of common shares without par value.

Issued and outstanding: 61,476,395 common shares.

Warrants

Grant Date	Warrants	Exercise Price	Expiry Date
May 25, 2020	13,469,897	\$0.25	May 19, 2022
August 14, 2020	12,614,913	\$0.70	August 14, 2022

Options

Grant Date	Options	Exercise Price	Expiry Date
September 12, 2019	460,000	\$0.075	September 12, 2021
June 18, 2020	2,725,000	\$0.31	June 18, 2025
July 20, 2020	300,000	\$0.66	July 20, 2025

Additional disclosures pertaining to the Company's technical report, management information circulars, material change reports, press releases and other information are available on the SEDAR website at www.sedar.com.