OUTCROP SILVER & GOLD CORPORATION

(formerly Outcrop Gold Corp.)

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED AUGUST 31, 2021

The following is management's discussion and analysis ("MD&A") of the results of operations and financial conditions of Outcrop Silver & Gold Corporation (formerly Outcrop Gold Corp.) (the "Company", or "Outcrop") and should be read in conjunction with the accompanying consolidated financial statements and related notes thereto for the years ended August 31, 2021 and 2020 (the "Financial Report"), which is available on the SEDAR website at www.sedar.com.

The financial information in this MD&A is derived from the Financial Report prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and with the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). All dollar amounts are expressed in Canadian dollars unless otherwise indicated.

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

The MD&A contains information to December 22, 2021.

Overall Performance

Description of Business and Overview of Projects

Outcrop is an exploration company active in Colombia with an emphasis on generating silver and gold exploration projects with world-class discovery potential.

The highlights of the Company's activities in the year ended August 31, 2021, and up to the date of this MD&A include:

a) The National Mining Agency of Colombia granted new titles comprising 5,046 hectares at the 100% owned Santa Ana high-grade silver project. The Company now holds a total of 5,988 hectares of titles to conduct exploration drilling along the main trend of veins that run from north of the historic Royal Santa Ana Mines southwest 20 kilometres to the Frias Mine.

b) During the current year, the Company discovered seven new vein targets north and south of Santa Ana with samples showing significant gold and silver concentrations up to 64.75 g Au/t and 5,242 g Ag/t in vein and shear outcrop and surface float of eroded vein cobbles.

c) Closed a bought deal offering through a short-form prospectus consisting of 21,401,500 units at a price of $0.43 per unit for gross proceeds of $9,202,645. Each unit consists of one common share and one-half share purchase warrant, each full warrant exercisable into a common share at a price of $0.60 per share until March 26, 2023.

d) Established an at-the-market equity program (the "ATM Program"), which allows the Company to issue and sell, at its discretion, up to $5,000,000 of common shares of the Company to the public from time to time at the prevailing market price when the common shares are issued.

e) Issued a total of 1,024,320 common shares following the exercise of share purchase warrants for gross proceeds of $259,866.

f) Issued a total of 2,525,000 common shares following the exercise of stock options for gross proceeds of $257,750.

g) Commenced trading on the OTCQX stock exchange under the ticker symbol "OCGSF".

Colombia Update

Santa Ana Project

The 100% owned Santa Ana project comprises over 36,000 hectares located in the Municipality of Falan, Tolima Department, Colombia, approximately 15 kilometres southeast of the town of Mariquita and 190 kilometres from Bogota, Colombia's capital city. The Santa Ana Project consists of five regional parallel scale vein systems across a trend 12 kilometres wide and 30 kilometres long, and covers a significant part of the Mariquita District, the highest-grade primary silver district in Colombia, where mining records date back to at least 1585. Under colonial Spanish era control of the mines, silver grades were reported to be among the highest in Latin America with the fourteen mines of Santa Ana producing average smelter returns of 4,300 g Ag/t from veins averaging 1.4 metres wide. These colonial mines are on property controlled by Outcrop.

Historic mining depths, structural controls, host rocks and vein textures support a geologic and exploration model for a composite mesothermal and epithermal vein system having mineralization that likely extends to great depth. At Santa Ana it is unlikely that there is sharp elevation restriction common to high-grade zones in many epithermal systems with no mesozonal component.

At the core Royal Santa Ana project, located at the northern extent of just one of the regional vein systems controlled by Outcrop, seven high grade shoots have been discovered – La Ivana hanging-wall and footwall (La Porfia vein system); San Antonio, Roberto Tovar, San Juan (Royal Santa Ana vein systems); El Dorado (El Dorado and El Paraiso vein systems) and Megapozo (El Paraiso vein system). Each zone commonly contains multiple parallel veins. The veins can show both high-grade silver and high-grade gold mineralization and may be both low and high angle depending on local controls. Drilling indicates that mineralization extends from surface or near surface to depths of at least 300 to 450 metres.

Outcrop currently has two drill rigs mobilized on the Santa Ana project and has obtained promising results from targets showing seven high-grade shoot discoveries to date. Drill results indicate that each of the seven discovered shoots are exceptional in size for structural dilation, pinch and swell epithermal vein systems, each measuring greater than 250 metres in surface trace and over 250 metres down-dip, and that all shoots are open in one or more directions along their surface trace and all are open at depth. It is expected that deeper drilling of each shoot will significantly increase its current size.

A total of 183 holes have been drilled on Santa Ana for a total of 29,510 metres. La Ivana has delineation spacing of drill-holes. Outcrop has completed the first three phases of its drilling program at Santa Ana and has announced the commencement of another 18,000 metre phase four drill program on the project. Phase four will test a pipeline of greenfield targets identified through systematic target review and ranking. The greenfield targets are well advanced and drill testing can begin in early 2022. Ground and airborne geophysical surveys have been completed to identify vein structures to follow up with surface exploration. The geophysical survey footprint covers four historic mine areas. Geophysical anomalies that have the character as known mine areas will be prioritized for follow-up with prospecting and mapping

Antares Project

Outcrop Gold acquired the Antares Project in 2015 as a result of a grass-roots exploration program using the Gramalote deposit as an exploration model. Antares displays numerous large, historic hydraulically mined excavation of bulk mineralized weathered granite. These excavations align within a northeast-trending structural zone up to hundreds of metres wide. Large excavations of bulk mineralized granite are seen at both Antares and on the Gramalote Project 30 kilometres to the northeast of Antares. Outcrop Gold made four applications on its own and then subsequently signed a Lease Agreement with Activos Mineros de Colombia S.A.S. to acquire six additional applications contiguous to Outcrop's applications. The combined project area covers 10,500 hectares.

In 2017 and 2018, joint venture partner IAMGOLD conducted surface exploration work on the project. Their work produced a large and significant gold in soils anomaly over four kilometres long that provides a drill-ready target. Importantly, in early 2018, AngloGold Ashanti Limited ("AngloGold"; NYSE: AU) received all operating permits for the Gramalote open pit gold mine. Antares has less environmental and social sensitivities than Gramalote.

Argelia Project

The Argelia Project are mining applications that provide a target for multiple intermediate sulfidation epithermal veins within a structural corridor that extends at least 2.5 kilometres by 2.5 kilometres. At least eight distinct veins are inferred but working suggests more veins remain to be identified. The veins typically range from 0.25 to 3.5 metres in width. Reconnaissance samples range from 0.51 g Au/t to 40 g Au/t. Silver to gold ratio is approximately 5 to 1 or higher.

Public records show that a private British mining company mined and produced gold on the project prior to 1950. The workings presumed to represent this activity have two levels spaced approximately 100 metres apart in elevation. The upper level shows assays of 22.5 g AU/t over a 3.5 metre wide vein. The lower level shows 20 g Au/t over a two-metre-wide vein. The strongly mineralized veins on two levels probably reflect a continuous high-grade shoot providing an immediate drill target.

Oribella Project

Oribella adjoins Orosur Mining Inc.'s ("Orosur"; TSX/AIM: OMI) Anza Project, which contains the APTA vein deposit and the Charrascala porphyry-epithermal anomalies. Orosur recently reported drill results from the APTA vein including 59.55 metres of 9.61 g Au/t (source: Orosur press release dated July 6, 2021). Oribella also extends to within three kilometres of Royal Road's Nuevo Guintar Project where epithermal mineralization is reported in two drill-holes (source: AngloGold Q3-2017, "Exploration Update").

Anza is currently operated as a joint venture between Agnico Eagle Mines Ltd., Newmont Gold Mining Company and Orosur.

The APTA structures are inferred to project onto Oribella. The Oribella mineral system appears to include epithermal veins and replacements superposed on a large breccia and basalt hosted "wall-rock" gold and copper porphyry system. The projects surrounding Oribella appear to also include epithermal and porphyry-style mineralization.

Mallama Project

The Mallama Project is part of a large district that contains more than 30 mapped intermediate sulfidation epithermal veins with strike lengths of over four kilometres. In 1984, the Japanese International Cooperation Agency ("JICA") mapped, sampled, and drilled a portion of the larger vein system, of which the Mallama Project covers a part. The El Diamante Mine is just north of Outcrop's Mallama Project and has been active for more than 30 years. The gold at El Diamante, in particular, is associated with pyrite and quartz and secondarily with sphalerite, and galena. The Diamante Mine veins and Mallama property veins share similar characteristics and Diamante is probably part of the larger Mallama vein system.

Historic sampling presented by the owners of the titles on the Mallama Project shows vein grades ranging from 33 g Au/t to 87 g Au/t with silver occurring on an average ratio of 10 to 1 silver to gold. Limited confirmation sampling assays by Outcrop geologists shows 42 g Au/t over 0.5 metres in an active artisan mine that displays numerous parallel veins.

Preliminary work by Outcrop shows significant mineralization in the Bombona Zone where systematic sampling in an area of sublevel production shows 15 samples with a weighted average grade of 23.2 g Au/t and 182.3 g Ag/t over an average of 0.69 metre vein width. Soil sampling conducted by JICA shows that the Bombona Zone correlates well with gold anomalies in soils, and eight or more parallel veins can be inferred adjacent the Bombona vein. Aligned artisanal workings suggest the Bombona Zone extends for up to four kilometres in length. Outcrop has done sufficient underground sampling in the Bombona Zone within Mallama to indicate artisan mines are producing at in-situ grades of 22 g Au/t with silver at an approximate 4 to 1 ratio. The Bombona Zone consists of a package of seven or more parallel veins of approximately one metre width, and local informal miners have workings on at least three veins. The Bombona Zone displays production portals on at least three separate veins. The historic mine workings extend within a zone over two kilometres long and drill-ready targets are provided.

Outcrop has initiated a Consulta Previa, an administrative requirement, to consult with indigenous peoples with traditional households on mining concessions, including those that make up Mallama. A portion of the project must also be subtracted from the forestry reserve. Outcrop has initiated joint meetings with the indigenous leaders and informal miners in the Bombona Zone to pursue social license to work on Mallama.

Qualified Person

The data disclosed in this MD&A has been reviewed and verified by Joseph Hebert, B.S.Geo. C.P.G., a Qualified Person as defined by National Instrument 43-101.

Results of Operations

For the years ended August 31, 2021 and 2020.

Significant or noteworthy expenditure differences between the years include:

		Year ended August 31, 2021		2020
Loss for the year	**$**	**(12,846,505)**	$	(5,025,226)
Comprehensive loss for the year	**$**	**(12,848,836)**	$	(4,912,557)
Expenses for the year	**$**	**(12,825,905)**	$	(4,444,315)

	2021	2020
Exploration and evaluation	**7,742,535**	2,111,000
	Increase due to escalation in exploration activity in Colombia at Santa Ana with the addition of a second drill rig on the project during the current year.	
General and administrative	**779,982**	472,483
	Increase due primarily to current year escalation of administrative costs in line with the escalation in exploration activity in Colombia at Santa Ana.	
Investor Relations	**975,509**	385,215
	Increase due primarily to current year escalation of marketing costs in new global investor markets and digital advertising.	
Stock-based compensation	**2,421,722**	618,813
	Increase due primarily to escalation of the Company's stock price, resulting in higher valuation and expense of the options granted in 2021 compared to the prior year.	

Exploration expenditure details for the years ended August 31, 2021 and 2020.

During the year ended August 31, 2021, the Company was focused on the Santa Ana Project where it increased its drilling efforts through the addition of a second drill rig and increased staffing for its community outreach programs at the project site. During the year ended August 31, 2020 the Company was more focused on the Cauca Project and performing exploratory technical work on the site as well as due diligence associated with the Santa Ana Project and post-acquisition began to focus more efforts on Santa Ana.

Year ended August 31, 2021		Santa Ana		Other		Total
Drilling	$	3,533,461	$	-	**$**	**3,533,461**
Payroll		1,351,336		199,294		**1,550,630**
Field Expenses and other		1,698,396		177,225		**1,815,621**
Technical consulting		817,802		25,021		**842,823**
Total	**$**	**7,400,995**	**$**	**341,540**	**$**	**7,742,535**

Year ended August 31, 2020	Santa Ana	Other	Total
Drilling	$ 504,955	$ -	$ 504,955
Payroll	632,482	634,588	1,267,070
Field Expenses and other	48,421	39,618	88,039
Technical consulting	200,749	50,187	250,936
Total	$ **1,386,607**	$ **724,393**	$ **2,111,000**

For the three months ended August 31, 2021 and 2020.

Significant or noteworthy expenditure differences between the periods include:

	Three months ended August 31, 2021	2020
Loss for the period	**$ (3,088,474)**	$ (2,667,110)
Comprehensive loss for the period	**$ (3,087,686)**	$ (2,667,110)
Expenses for the period	**$ (3,094,477)**	$ (2,089,993)

	2021	2020
Exploration and evaluation	**1,530,834**	1,031,881
	Increase due to escalation in exploration activity at Santa Ana with the addition of a second drill rig on the project during the current year.	
General and administrative	**161,119**	20,645
	Decrease due primarily to current year fourth quarter expense management and cost cutting initiatives.	
Stock-based compensation	**543,804**	164,624
	Increase due primarily to escalation of the Company's stock price, resulting in higher valuation and expense of the options granted in 2021 compared to the prior year.	

Exploration expenditure details for the three months ended August 31, 2021 and 2020.

During the three months ended August 31, 2021, the Company continued its drilling efforts and maintained staffing for its community outreach programs at the Santa Ana Project. During the three months ended August 31, 2020 the Company had a smaller exploration program and was performing exploratory technical work on the site.

Three months ended August 31, 2021	Santa Ana	Other	Total
Drilling	$ 937,906	$ -	**$ 937,906**
Payroll	100,009	167,012	**267,021**
Field Expenses and other	265,603	45,688	**311,291**
Technical consulting	12,472	2,144	**14,616**
Total	**$ 1,315,990**	**$ 214,844**	**$ 1,530,834**

Three months ended August 31, 2020	Santa Ana	Other	Total
Drilling	$ 447,251	$ -	$ 447,251
Payroll	198,379	462,607	660,986
Field Expenses and other*	(223,115)	(22,223)	(245,338)
Technical consulting	130,009	38,973	168,982
Total	$ 552,524	$ 479,357	$ 1,031,881

* Reclassification of expenses to drilling, payroll, and technical consulting for Q1 through Q3 of the current year.

Selected Annual Information

For the years ended:	August 31, 2021	August 31, 2020	August 31, 2019
Operating Revenue	**$ Nil**	$ Nil	$ Nil
Loss for the year	**12,846,505**	5,025,226	2,745,947
Loss per share: basic and diluted	**(0.11)**	(0.08)	(0.13)
Total assets	**9,420,494**	10,953,988	1,646,817
Total liabilities	**675,574**	532,079	191,172
Working capital	**4,233,548**	5,799,916	118,907
Net assets	**8,744,920**	10,421,909	1,455,645
Capital stock/share capital	**51,605,327**	44,702,834	33,624,454
Dividends per share	**Nil**	Nil	Nil
Weighted average number of shares outstanding	**118,869,157**	64,873,171	21,140,827

Summary of Quarterly Results

The following is a summary of the Company's financial results for the eight most recently completed quarters:

	Aug 31, 2021 $	May 31, 2021 $	Feb 28, 2021 $	Nov 30, 2020 $	Aug 31, 2020 $	May 31, 2020 $	Feb. 29, 2020 $	Nov. 30, 2019 $
Revenue	nil	nil	nil	nil	nil	nil	nil	nil
Net loss for the period	(3,088,474)	(3,622,577)	(3,657,165)	(2,478,289)	(2,667,110)	(962,412)	(896,737)	(498,967)
Basic and diluted loss per share	(0.02)	(0.03)	(0.03)	(0.02)	(0.03)	(0.01)	(0.01)	(0.02)

Outcrop is a mineral exploration company. At this time, any issues of seasonality or market fluctuations have no material impact. Currently, Outcrop defers its mineral property acquisition costs and expenses both its exploration and project investigation, and its general and administration costs, which are included in the net loss for each quarter. The Company's treasury, in part, determines the level of exploration undertaken.

Three months ended August 31, 2021 / August 31, 2020 – During the three months ended August 31, 2021, the Company's net loss decreased by $534,103 compared to the prior quarter due to a decrease in general and administrative expenses and investor relations in a cost cutting initiative. During the three months ended August 31, 2020, the Company's net loss increased by $1,704,698 compared to the prior quarter due to the impairment of a royalty on the Renshaw property valued at $491,591 and the write-off of the Cauca project valued at $95,032.

Three months ended May 31, 2021 / May 31, 2020 – During the three months ended May 31, 2021, the Company's net loss remained on par with the prior quarter, decreasing by $34,588; expenditures remained consistent with the prior quarter. During the three months ended May 31, 2020, the Company's net loss increased by $65,675 compared to the prior quarter primarily due to an increase of $66,070 in exploration expenditures on the Santa Ana Project and a stock option grant resulting in an increase in stock-based compensation expense of $33,773 compared to the expenditures during the three months ended February 29, 2020.

Three months ended February 28, 2021 / February 29, 2020 – During the three months ended February 28, 2021, the Company's net loss increased by $1,178,876 compared to the prior quarter, primarily due to an increase of $1,567,295 in exploration expenditures at the Santa Ana Project to facilitate the completion of phase two of the drill program, offset by a decrease of $189,643 in investor relations due to the timing of expenditures. During the three months ended February 29, 2020, the Company's net loss increased by $337,995, primarily due to the granting of stock options to executives and directors which resulted in stock-based compensation expense of $210,208.

Three months ended November 30, 2020 / November 30, 2019 – During the three months ended November 30, 2020, the Company's net loss remained on par with the prior quarter, decreasing by $188,821; changes in expenditures over the prior quarter included an increase of $344,206 in exploration expenditures at the Santa Ana Project, offset by a decrease of $165,573 in professional fees and a decrease in foreign exchange of $182,680. As compared to the three months ended November 30, 2019, where the Company's net loss remained on par with the prior quarter, decreasing by $71,112; the Company reduced its expenditures in exploration by $118,482 and changed its focus from the Cauca project to the Santa Ana Project for initial due diligence exploration reducing its expenditures on professional fees due to lower demand for these services by $53,339 compared to the prior quarter which decreases were offset by a $139,014 increase in foreign exchange.

Liquidity and Capital Resources

The Company's primary source of funds since incorporation has been through issues of its common stock and the exercise of common stock options and common stock share purchase warrants.

The Company applies the joint venture business model to its non-core operations. Through generative exploration it stakes claims on mineral properties or acquires the property by way of an option to lease agreement and then seeks joint venture partners to the options on its projects in order to have those partners fund the exploration of the project to earn an interest. In some cases, the Company receives common stock and/or cash option payments as a portion of the partner's cost to earn an interest.

The Company records management fees earned for acting as a service contractor to certain exploration funding partners as an offset to expenses. Mineral property option proceeds from properties where all acquisition costs have been recovered further reduce expenses. The Company does not anticipate mining revenues from the sale of mineral production in the near future. The Company's operations consist of the exploration and evaluation of mining properties and, as such, the Company's financial success will be dependent on the extent to which it can discover new mineral deposits. The Company anticipates seeking additional equity investment from time to time to fund its activities that cannot be funded through other means.

The Company has completed the financings set out below during the fiscal 2021 and 2020 years with no variance between projected use of proceeds and actual use of proceeds.

Date	Financing	Funding (Gross)	Funding (Net)	Use of Proceeds	Variance[1]
Mar 2021	Bought Deal Units at $0.43	$ 9,202,645	$ 8,264,707	Colombian project exploration and general corporate purposes	Nil
Jun 2020	Private Placement Units at $0.28	$ 5,750,000	$ 5,568,681	Colombian project exploration and general corporate purposes	Nil
Feb 2020	Private Placement Units at $0.10	$ 1,448,000	$ 1,414,654	Colombian project exploration and general corporate purposes	Nil
Jan 2020	Private Placement Units at $0.10	$ 380,000	$ 371,249	Colombian project exploration and general corporate purposes	Nil
Nov 2019	Private Placement Units at $0.10	$ 732,000	$ 729,106	Colombian project exploration and general corporate purposes	Nil

[1]There was no variance between projected use of proceeds and actual use of proceeds.

During the year ended August 31, 2021, the Company issued 1,024,320 common shares following the exercise of share purchase warrants at a price of $0.20-$0.40 per common share for gross proceeds of $259,866, and the Company issued 1,925,000 common shares following the exercise of stock options at a price of $0.10-$0.17 per common share for gross proceeds of $196,000.

At the date of this MD&A, the Company has 132,748,953 common shares, 11,260,000 stock options (9,510,000 of which are exercisable), and 59,046,838 share purchase warrants outstanding. Additional cash would be raised if stock option holders and share purchase warrant holders chose to exercise these instruments.

The Company began the 2021 fiscal year with cash of $5,952,245. In the year ended August 31, 2021, the Company expended $10,012,595 on operating activities; expended $43,217 on investing activities; received $8,572,066 from financing activities net of financing costs; experienced a $15,282 negative effect of foreign exchange on cash, and ended on August 31, 2021 with $4,453,217 in cash.

	Year ended August 31, 2021		2020
Cash used in operating activities	**$**	**(10,012,595)**	$ (3,654,866)
Cash used in investing activities	**$**	**(43,217)**	$ (567,246)
Cash provided by financing activities	**$**	**8,572,066**	$ 10,001,508
Effect of foreign exchange on cash	**$**	**(15,282)**	$ (12,373)
Change in cash during the period	**$**	**(1,499,028)**	$ 5,767,023

Transactions with Related Parties

a) 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 and directors as follows:

Related Party Name	Nature of Transactions
Calibre Capital Corp. ("**Calibre**") & Northhouse Capital Corp. ("**Northhouse**"), companies related to Alex Tong	Consulting as CFO *(terminated in August 2021)*
DKT Geosolutions Inc. ("**DKT**"), a company related to David Thomas	Consulting as VP Exploration *(terminated in January 2021)*
Farris LLP (**"Farris"**), a in which Jay Sujir is a partner	Legal services
RIP Services Inc. ("**RIP**"), a company related to Rakesh Patel	Consulting as CFO *(terminated in December 2019)*
Slater Corporate Services Corporation ("**SCSC**"), a company related to Ian Slater	Cost reimbursement, Corporate Secretary, CFO, corporate compliance services, accounting, and financial reporting.

The Company incurred the following fees in connection with the related party companies indicated above. Expenses have been measured at the exchange amount, which is determined on a cost recovery basis.

	Year ended August 31, 2021	**2020**
Consulting fees – Calibre	$ -	$ 34,125
Consulting fees – DKT	41,875	51,750
Consulting fees – Northhouse	81,900	34,125
Consulting fees – RIP	-	15,600
Cost reimbursement – SCSC	310,833	177,500
Legal fees – Farris LLP	5,913	71,699
TOTAL	**$ 440,521**	**$ 348,799**

b) Amounts owing to related parties are disclosed in Note 11 of the consolidated financial statements. All amounts are unsecured, with no specific terms of repayment.

c) Prepaid amounts to related parties are disclosed in Note 8 of the consolidated financial statements. These amounts represent expense payments to related parties.

d) Compensation of directors and members of key management personnel, including amounts disclosed in Note 13(a), (b), and (c) of the consolidated financial statements were as follows:

	Year ended August 31, 2021	**2020**
Exploration	$ 68,503	$ 51,750
Legal fees[1]	5,913	71,699
Reimbursement of expenses[2]	202,281	140,000
Stock-based compensation	737,582	445,404
Wages and benefits	493,403	383,627
TOTAL	**$ 1,507,682**	**$ 1,092,480**

(1) *Amount is included in professional fees.*
(2) *Amount is included in general and administrative.*

Critical Accounting Estimates and Judgments

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.

a) 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 include, but are not limited to, the following:

Stock-based compensation and valuation of warrants

The fair value pricing of stock options and warrants 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.

b) 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 include, but are not limited to, the following:

Going concern presentation

Management has determined that the going concern presentation of the consolidated financial statements, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due as discussed in Note 1, is appropriate.

Asset acquisition

The determination of whether a set of assets acquired and liabilities assumed constitute a business requires the Company to make certain judgments, taking into account all facts and circumstances. A business is presumed to be an integrated set of activities and assets capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs, or economic benefits. The acquisition of Malew Overseas S.A. was determined to constitute an acquisition of assets (Note 10).

Carrying value and the recoverability of mineral properties

Management has determined that mineral property costs that have been 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 geological and other technical information, scoping and feasibility studies, accessibility of facilities, and existing permits. Further, management exercises judgment in determining whether or not impairment indicators exist for its mineral properties. The capitalized mineral property costs for the Lyra and Kuntur projects were written off during the year ended August 31, 2021 due to an inability to meet the criteria in its assessment (Note 10).

Determination of functional currency

In accordance with IAS 21, The Effects of Changes in Foreign Exchange Rates, management has determined that the functional currency of the Company, its Canadian subsidiaries, and its Colombian branch operations and subsidiaries is the Canadian dollar, while the functional currency of its US subsidiary is the US dollar.

New Standards, Interpretations and Amendments Not Yet Effective

A number of new standards, amendments to standards and interpretations are not yet effective as of August 31, 2021 and have therefore not been applied in preparing these consolidated financial statements. None are expected to have a material effect on the financial statements of the Company.

Financial Instruments and Risk Management

Financial assets

Financial assets are classified at initial recognition as: amortized cost, fair value through profit or loss (“FVTPL”), or fair value through other comprehensive income (“FVOCI”). The classification depends on the Company’s business model for managing the financial assets and the contractual cash flow characteristics. For assets measured at fair value, gains and losses will either be recorded in profit and loss or other comprehensive income.

- Amortized cost – A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset’s contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

- FVTPL – Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in profit or loss in the period in which they arise. Derivatives are also categorized as FVTPL unless they are designated as hedges.

- FVOCI – Investments in equity instruments at FVOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of the fair value gains and losses to profit or loss following derecognition of the investment.

- Derivatives embedded in contracts where the host is a financial asset are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Impairment

An “expected credit loss” impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to the estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account, and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial liabilities

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL, or the Company has opted to measure at FVTPL.

Fair Value Hierarchy

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 marketplace.

Level 3 – Valuations with inputs for the asset or liability that are not based on observable market data. The recorded amounts for receivables and accounts payable approximate their fair value due to their short-term nature. Cash and marketable securities are recorded at fair value and are calculated under the fair value hierarchy and measured using Level 1 inputs.

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 counter-party 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 amounts receivable. 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, in guaranteed investment certificates, and in government treasury bills which are available on demand by the Company for its programs.

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 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) Foreign Currency Risk – The Company has identified its functional currencies as the Canadian dollar and the US dollar. Business is transacted in Canadian dollars, US dollars, and Colombian pesos ("COP"). The Company maintains US dollar bank accounts in Canada and the United States and maintains COP bank accounts in Colombia to support the cash needs of its foreign operations. Management does not hedge its foreign exchange risk. As at August 31, 2021, one Canadian dollar was equal to $0.79 US dollars and $3,033.77 COP.

c) Commodity Price Risk – While the value of the Company's mineral properties is related to the price of gold and silver and the outlook for these minerals, the Company does not currently have any operating mines and therefore does not have any hedging or other commodity-based risks with respect to its operating activities.

Historically, the price of gold and silver 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 and silver.

Forward-Looking Statements

This MD&A contains forward-looking statements that are based on the Company's current expectations and estimates. Forward-looking statements are frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate", "suggest", "indicate" and other similar words or statements that certain events or conditions "may" or "will" occur. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause actual events or results to differ materially from estimated or anticipated events or results implied or expressed in such forward-looking statements. Such factors include, among others: the actual results of current exploration activities; conclusions of economic evaluations; changes in project parameters as plans to continue to be refined; possible variations in ore grade or recovery rates; accidents, labor disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing; and fluctuations in metal prices. There may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein.

This MD&A may contain information about adjacent properties on which we have no right to explore or mine. U.S. investors are advised that the SEC's mining guidelines strictly prohibit information of this type in documents filed with the SEC. U.S. investors are cautioned that mineral deposits on adjacent properties are not indicative of mineral deposits on our properties.

Risks and Uncertainties

The Company is in the business of acquiring, exploring and developing mineral properties. It is exposed to a number of risks and uncertainties that are common to other mineral exploration companies in the same business. The industry is capital intensive at all stages and is subject to variations in commodity prices, market sentiment, exchange rates for currency, inflation and other risks. The Company currently has no source of revenue other than interest income. The Company will rely mainly on equity financing to fund acquisitions and its other activities. The risks and uncertainties described in this section are considered by management to be the most important in the context of the Company's business. The risks and uncertainties below are not inclusive of all the risks and uncertainties the Company may be subject to and other risks may exist.

Foreign Country Risk

The Company's principal mineral properties are located in rural Colombia. Over the past 20 years, the Government of Colombia has made strides in improving the social, political, economic, legal and fiscal regimes. However, operations in Colombia are still subject to risk due to the potential for social, political, economic, legal and fiscal instability. The government in Colombia faces ongoing problems including, but not limited to, unemployment and inequitable income distribution and unstable neighboring countries. The instability in neighboring countries could result in, but not limited to, an influx of immigrants which could result in a humanitarian crisis and/or increased illegal activities. Colombia is also home to a number of insurgency groups and parts of the countryside are under guerrilla influence. In addition, Colombia experiences narcotics-related violence, kidnapping, extortion and thefts and civil unrest in certain areas of the country. Such instability may require the Company to suspend operations on its properties.

Although the Company is not presently aware of any circumstances or facts which may cause the following to occur, other risks may involve matters arising out of the evolving laws and policies in Colombia, any future imposition of special taxes or similar charges, as well as foreign exchange fluctuations and currency convertibility and controls, the unenforceability of contractual rights or the taking or nationalization of property without fair compensation, restrictions on the use of expatriates in the Company's operations, renegotiation or nullification of existing concessions, licenses, permits and contracts, illegal mining, changes in taxation policies, or other matters.

Foreign Operations

The Company's key asset, the Santa Ana Project, and operations are located in Colombia. Colombia's legal and regulatory requirements in connection with companies conducting mineral exploration activities, banking system and controls as well as local business culture and practices are different from those in Canada. The officers and directors of the Company must rely, to a great extent, on the Company's Colombian legal counsel and local consultants retained by the Company in order to keep abreast of material legal, regulatory and governmental developments as they pertain to and affect the Company's business operations, and to assist the Company with its governmental relations. The Company must rely, to some extent, on the members of management and the Board who have previous experience working and conducting business in Colombia to enhance its understanding of and appreciation for the local business culture and practices in Colombia. The Company also relies on the advice of local experts and professionals in connection with current and new regulations that develop in respect of banking, financing and tax matters in Colombia. Any developments or changes in such legal, regulatory or governmental requirements or in local business practices in Colombia are beyond the control of the Company and may adversely affect its business.

Due to its location in Colombia, the Santa Ana Project depends in part upon the performance of the Colombian economy. As a result, the Company's business, financial position and results of operations may be affected by the general conditions of the Colombian economy, price instabilities, currency fluctuations, inflation, interest rates, regulatory changes, taxation changes, social instabilities, political unrest and other developments in or affecting Colombia over which the Company does not have control. Because international investors' reactions to the events occurring in one emerging market country sometimes appear to demonstrate a "contagion" effect in which an entire region or class of investment is disfavoured by international investors, Colombia could also be adversely affected by negative economic or financial developments in other emerging market countries.

Differing Interpretations in Tax Regimes in Foreign Jurisdictions

Tax regimes in foreign jurisdictions may be subject to sudden changes. The Company's interpretation of taxation law where it operates and as applied to its transactions and activities may be different than that of applicable tax authorities. As a result, tax treatment of certain operations, actions or transactions may be challenged and reassessed by applicable tax authorities, which could result in adverse tax consequences for the Company, including additional taxes, penalties or interest.

Tax Matters

The Company is subject to income taxes and other taxes in a variety of jurisdictions and the Company's tax structure is subject to review by both Canadian and foreign taxation authorities. The Company's taxes are affected by a number of factors, some of which are outside of its control, including the application and interpretation of the relevant tax laws and treaties. If the Company's filing position were to be challenged for whatever reason, this could have a material adverse effect on the Company's business, results of operations and financial condition.

Conflicts of Interest

Certain directors and officers of the Company are also directors, officers and/or shareholders of other companies that are similarly engaged in the business of natural resource exploration, development and production. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project or opportunity of the Company.

Foreign Subsidiaries

The Company conducts certain of its operations through foreign subsidiaries and some of its assets are held in such entities. Any limitation on the transfer of cash or other assets between the Company and such entities, or among such entities, could restrict the Company's ability to fund its operations efficiently. Any such limitations, or the perception that such limitations may exist now or in the future, could have an adverse impact on the Company's valuation and stock price.

Government Regulation

The Company's mineral exploration activities in Colombia may be adversely affected in varying degrees by changing government regulations relating to the mining industry or shifts in political conditions that increase royalties or the costs related to the Company's activities or maintaining its properties. Operations may also be affected in varying degrees by government regulations with respect to restrictions on production, price controls, government-imposed royalties, claim fees, export controls, income taxes, and expropriation of property, environmental legislation and mine safety. The effect of these factors cannot be accurately predicted. Although the Company's exploration activities are currently carried out in material compliance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development.

Seizure or Expropriation of Assets

Pursuant to Article 58 of the Colombian constitution, the Government of Colombia can exercise its eminent domain powers in respect of the Company's assets in the event such action is required to protect public interests. According to Law 388 of 1997, eminent domain powers may be exercised through: (i) an ordinary expropriation proceeding (expropiacion ordinaria), (ii) an administrative expropriation (expropiacion administrativa) or (iii) an expropriation for war reasons (expropiacion en caso de guerra). In all cases, the Company would be entitled to a fair indemnification for expropriated assets. However, indemnification may be paid in some cases years after the asset is effectively expropriated. Furthermore, the indemnification may be lower than the price for which the expropriated asset could be sold in a free market sale or the value of the asset as part of an ongoing business.

Risks Associated with Potential Acquisitions

The Company is actively evaluating opportunities to acquire mining assets and businesses. These acquisitions may be material in size, may change the scale of the Company's business and may expose the Company to new geographic, political, operating, financial and geological risks. The Company's success in its acquisition activities depends on its ability to identify suitable acquisition targets, acquire them on acceptable terms and integrate their operations successfully with those of the Company.

Any acquisitions would be accompanied by risks, such as the difficulty of assimilating the operations and personnel of any acquired companies; the potential disruption of the Company's ongoing business; the inability of management to maximize the financial and strategic position of the Company through the successful incorporation of acquired assets and businesses; additional expenses associated with amortization of acquired intangible assets; the maintenance of uniform standards, controls, procedures and policies; the impairment of relationships with employees, customers and contractors as a result of any integration of new management personnel; and the potential unknown liabilities associated with acquired assets and businesses, including environmental liabilities. In addition, the Company may need additional capital to finance any such acquisitions. Debt financing related to acquisitions would expose the Company to the risk of leverage, while equity financing may cause existing shareholders to suffer dilution. There can be no assurance that the Company would be successful in overcoming these risks or any other problems encountered in connection with such acquisitions.

Competition and Scarcity of Mineral Lands

The mining industry is intensely competitive, with many companies and individuals engaged in the mining business including large, established mining companies with substantial capabilities. There is a limited supply of desirable mineral lands available for claim staking, lease or other acquisition in the areas where the Company contemplates conducting exploration activities. The Company may be at a disadvantage in its efforts to acquire quality mining properties as it must compete with individuals and companies which in many cases have greater financial resources and larger technical staffs than the Company. Accordingly, there can be no assurance that the Company will be able to compete successfully for new mining properties. Increased competition for experienced mining professionals, equipment and other resources could adversely affect the Company's ability to attract necessary capital funding or acquire suitable producing properties or prospects for mineral exploration.

Future Profits/Losses and Production Revenues/Expenses

The Company has no history of operations and expects that its losses will continue for the foreseeable future. The Company does not expect to receive revenues from operations or be profitable in the foreseeable future, if at all. The Company expects to incur losses until such time as a property enters into commercial production and generates sufficient revenues to fund its continuing operations. Development will require the commitment of substantial resources. There can be no assurance that the Company will generate any revenues or achieve profitability. The Company's operating expenses and capital expenditures may increase in subsequent years due to the cost of employees, consultants, service providers and equipment associated with advancing exploration and development. The amounts and timing of expenditures will depend on the progress of ongoing exploration and development, the Company’s strategic analyses, the rate at which operating losses are incurred, the execution of any joint venture or other agreements with strategic partners, and the Company's acquisition of additional properties and other factors, many of which factors are beyond the Company's control.

Commodity Prices

In the event that the Company has a producing mine in the future, the profitability of the Company’s business will be largely contingent on the market price for the minerals sold by the Company. A significant reduction in the market price of the metals sold by the Company for any extended period could have a materially adverse effect on the Company’s profitability and cash flow. Global metal prices fluctuate widely and are affected by numerous factors beyond the Company’s control, including global demand and production levels, political and economic conditions, producer hedging activities, speculative activities, inflation, interest rates and currency exchange rates.

Exploration and Mining Risks

There is no assurance that any exploration activities that the Company may undertake in the future will result in the development of an economically viable mine project. Exploration for minerals is highly speculative in nature, involves many risks and frequently is unsuccessful. Among the many uncertainties inherent in any mineral exploration and development program are the location of economic ore bodies, the development of appropriate metallurgical processes, the receipt of necessary regulatory permits and the construction of mining and processing facilities. In addition, substantial expenditures are required to pursue such exploration and development activities. Assuming discovery of an economic ore body, depending on the type of mining operation involved, several years may elapse from the initial phases of drilling until commercial operations are commenced and during such time the economic feasibility of production may change. Substantial expenditures are required to establish mineral resources and mineral reserves through drilling, to develop metallurgical processes to extract the metal from mineral resources, and in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. The economic viability of a mineral deposit depends on a number of factors, including without limitation: the characteristics of the orebody and its proximity to infrastructure, costs associated with exploration, development and operation of the mine project, prevailing metal prices, economic and financing conditions.

Dependence on Key Personnel

The Company is heavily dependent on its key personnel and on its ability to motivate, retain and attract highly skilled persons. If, for any reason, any one or more of such key personnel do not continue to be active in the Company's management, the Company could be adversely affected. There can be no assurance that the Company will successfully attract and retain additional qualified personnel to manage its current needs and anticipated growth. The failure to attract such qualified personnel to manage growth effectively could have a material adverse effect on the Company's business, financial condition or results of operations.

Capital Market

Historically the Company has been financed through the issuance of common shares and other equity securities. Although the Company has been successful in the past in obtaining financing, the Company has limited access to financial resources and there is a risk that sufficient additional financing may not be available to the Company on acceptable terms, or at all. The ability of the Company to arrange additional financing will depend, in part, on prevailing debt and equity market conditions, and other factors. As a consequence, global economic and financial conditions could adversely impact the Company's financial status and share price.

COVID-19

The outbreak of COVID-19 has had a significant impact on global economic conditions triggering restrictions on the movement of goods and people. These conditions may impact the Company's ability to access its mineral properties to complete further work. The ability of the Company to fund ongoing exploration or projects development is affected by the availability of financing.

The extent to which COVID-19 impacts the Company's financial position, results of operations and cash flows in future periods is not yet known; however, there may be heightened risk of mineral properties impairment and liquidity or going concern uncertainty.

Critical Accounting Estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual reports could differ from management's estimates.

Additional Disclosure for Venture Issuers without Significant Revenue

The components of mineral properties are described in Note 10 of the consolidated financial statements.

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	Common Share Purchase Warrants	Stock Options
Outstanding as at August 31, 2020	**107,798,133**	**51,038,035**	**6,915,000**
Stock options granted – October 20, 2020	-	-	3,500,000
Common shares issued – September 8, 2020	80,000	(80,000)	-
Common shares issued – September 23, 2020	200,000	(200,000)	-
Common shares issued – October 8, 2020	75,000	(75,000)	-
Common shares issued – October 14, 2020	19,320	(19,320)	-
Common shares issued – November 27, 2020	250,000	-	(250,000)
Common shares issued – December 24, 2020	75,000	-	(75,000)
Common shares issued – January 5, 2021	1,000,000	-	(1,000,000)
Stock options granted – January 5, 2021	-	-	1,000,000
Common shares issued – January 12, 2021	100,000	-	(100,000)
Common shares issued – January 25, 2021	450,000	(150,000)	(300,000)
Stock options cancelled – January 25, 2021	-	-	(750,000)
Stock options expired – January 28, 2021	-	-	(107,500)
Stock options cancelled – February 19, 2021	-	-	(250,000)
Stock options cancelled – March 10, 2021	-	-	(200,000)
Common shares issued – March 26, 2021	21,401,500	11,947,179	-
Stock options granted – April 19, 2021	-	-	3,900,000
Stock options exercised – April 20, 2021	200,000	-	(200,000)
Stock options expired – April 25, 2021	-	-	(30,000)
Common shares granted – May 7, 2021	500,000	(500,000)	-
Stock options cancelled – May 31, 2021	-	-	(592,500)
Warrants expired – June 23, 2021	-	(2,914,056)	-
Stock options expired – July 19, 2021	-	-	(100,000)
Stock options granted – August 5, 2021	-	-	750,000
Stock options granted – August 16, 2021	-	-	500,000
Stock options exercised – September 1, 2021	500,000	-	(500,000)
Stock options granted – October 25, 2021	-	-	100,000
Stock options exercised – November 10, 2021	25,000	-	(25,000)
Stock options exercised – November 15, 2021	75,000	-	(75,000)
Stock options cancelled – November 15, 2021	-	-	(750,000)
Stock options granted – November 16, 2021	-	-	300,000
Stock options cancelled – December 5, 2021	-	-	(300,000)
Stock options cancelled – December 15, 2021	-	-	(100,000)
Outstanding as at the date of this MD&A	**132,748,953**	**59,046,838**	**11,260,000**

Proposed Transactions

There are no proposed transactions that have not been disclosed herein.

Off-Balance Sheet Transactions

There are no off-balance sheet transactions that have not been disclosed herein.

Internal Controls Over Financial Reporting

Changes in Internal Control over Financial Reporting (“ICFR”)

In connection with National Instrument 52-109 (“NI 52-109”), Certification of Disclosure in Issuer’s Annual and Interim Filings, adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to financial information contained in the unaudited interim consolidated financial statements and the audited annual consolidated financial statements and respective accompanying MD&A. The Venture Issue Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

Management’s Responsibility over Financial Statements

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been property reflected in the financial statements.

Other Information

Additional information relating to the Company is available for viewing on SEDAR at www.sedar.com and at the Company’s website www.outcropgold.com.