



BLUE STAR GOLD CORP.

**MANAGEMENT'S DISCUSSION AND
ANALYSIS**

FOR THE YEAR ENDED NOVEMBER 30, 2019

As at March 11, 2020

BLUE STAR GOLD CORP.
MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended November 30, 2019

1. INTRODUCTION

The following management's discussion and analysis ("MD&A") of Blue Star Gold Corp. (the "Company") has been prepared as of March 11, 2020. This MD&A should be read in conjunction with the audited consolidated financial statements ("Financial Statements") of Blue Star Gold Corp. and the notes thereto for the year ended November 30, 2019, which have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS"). The Financial Statements have been prepared using the accrual basis of accounting except for cash flow information. All figures are expressed in Canadian dollars except where otherwise indicated.

Management is responsible for the preparation and integrity of the Financial Statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including the financial statements and MD&A, is complete and reliable.

Description of Business

The Company was incorporated on April 13, 2007 pursuant to the *Business Corporations Act* of British Columbia. Effective January 18, 2019, the Company changed its name from WPC Resources Inc. to Blue Star Gold Corp. The Company's principal business activity is the acquisition and exploration of mineral property interests. The Company is in the exploration stage and substantially all the Company's efforts are devoted to financing and developing these property interests. There has been no determination whether the Company's interests in unproven exploration and evaluation assets contain economically recoverable mineral resources. The Company is listed for trading on the TSX Venture Exchange ("TSX-V") under the symbol "BAU".

The Company's principal business activity is acquiring, exploring and evaluating mineral properties, and following evaluation, joint venturing or developing these properties further or disposing of them. At November 30, 2019, the Company was in the exploration and evaluation stage of activity on its owned and optioned mineral properties in Nunavut.

2. HIGHLIGHTS & SIGNIFICANT EVENTS

On November 30, 2019, the Company reported total assets of \$6,313,200 (2018 - \$2,594,956), including current assets of \$445,197 (2018 - \$38,618), and current liabilities of \$1,450,850 (2018 - \$382,128).

Corporate Highlights for the Year Ended November 30, 2019

On November 26, 2019, TSX-V approved the amended option agreement of Ulu Property. The Company is exercising the option to acquire 100% of Ulu Property.

In December 2019, the Company completed the acquisition of the Ulu Gold Property (the "Ulu") from Mandalay Resources Corp. ("Mandalay"). Supplementing its high-grade gold resources, the Ulu includes a substantial inventory of capital equipment, a Weather haven camp with shop and a 1,200m long airstrip. The mineral rights in the form of a Crown mining lease were transferred on January 7, 2020 to the Company.

The Kitikmeot Inuit Association agreed on October 1, 2019 to transfer surface access in the form of a land use licence, and on September 10, 2019 the Nunavut Water Board ("NWB") authorized the assignment of the Ulu Water Licence 2BM-ULU1520 to the Company.

On November 27, 2019, the Company incorporated a wholly-owned subsidiary, Ulu Mining Inc. The Company will start to transfer all Ulu properties and licenses into Ulu Mining Inc. for better management and administration.

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3. EXPLORATION AND EVALUATION ASSETS

Hood River Property

Pursuant to a letter of intent dated May 15, 2014, on February 26, 2018, the Company signed the final Transaction Agreement (the “Definitive Agreement”) and NSR Royalty Agreement to acquire 100% of the outstanding shares of Inukshuk Exploration Inc. (“Inukshuk”), with an effective date as of September 18, 2014. Inukshuk owns a 100% interest in the Hood River Property in Nunavut through a 20-year renewable mineral exploration agreement dated June 1, 2013, issued by Nunavut Tunngavik Incorporated.

Pursuant to the terms of the Definitive Agreement, the Company acquired 100% of the outstanding shares of Inukshuk by issuing the shareholders (the “Vendors”) and their assignees 8,000,000 common shares of the Company (issued in 2014 at a fair value of \$560,000) for the transaction. The TSX-V approved the transaction on September 18, 2014.

Under the terms of the Royalty Agreement in the Definitive Agreement, the Company will pay the following:

- i. Pay a 3% NSR royalty on the disposition of all minerals produced from the Hood River Property;
- ii. Make advance royalty payments totalling \$500,000 in accordance with the following schedule:
 - (1) \$25,000 (paid) within 25 business days of TSX-V preliminary approval;
 - (2) an additional \$100,000 (paid) on or before February 28, 2018;
 - (3) an additional \$125,000 (accrued) on or before February 28, 2019;
 - (4) an additional \$125,000 (accrued) on or before February 28, 2020; and
 - (5) an additional \$125,000 on or before February 28, 2021.
- iii. Offer the vendor a right of conveyance if the Company abandons the Hood River Property; and
- iv. Maintain the Hood River Property in good standing during the conveyance period.

Prior to the commencement of commercial production on the Hood River Property, the Company has the option to acquire up to 2% of the NSR for up to \$8,000,000 under the following terms:

- i. Purchase an initial 0.5% of the NSR for \$1,000,000;
- ii. Purchase an additional 0.5% of the NSR for an additional \$1,500,000;
- iii. Purchase an additional 0.5% of the NSR for an additional \$2,500,000; and
- iv. Purchase an additional 0.5% of the NSR for an additional \$3,000,000

As at November 30, 2019, the Company had incurred the following expenditures on the Hood River Property:

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<i>Hood River Property (Nunavut)</i>	<i>November 30, 2018</i>	<i>Additions</i>	<i>November 30, 2019</i>
Acquisition costs	\$ 685,000	\$ 125,000	\$ 810,000
Exploration			
Assay	9,122	44,405	53,527
Camp and supplies	25,486	24,792	50,278
Claim maintenance	29,945	-	29,945
Consulting	100,750	13,115	113,865
Equipment rental	7,166	271,078	278,244
Helicopter	-	696,603	696,603
Logistics	65,347	-	65,347
Permits	113,727	244,290	358,017
Site personnel	27,808	199,011	226,819
Drilling and geological	28,335	546,170	574,505
Travel	15,367	31,493	46,860
Balance, November 30, 2019	\$ 1,108,053	\$ 2,195,957	\$ 3,304,010

The Ulu Gold Property

The Ulu Property consists of the renewable 21-year lease with an area of approximately 947 ha and an expiry date of November 18, 2038.

On May 30, 2014, the Company entered into an option agreement (the “Option Agreement”) with Elgin Mining Inc. and Bonito Capital Corp. (collectively, “Elgin”), to acquire an 80% undivided interest in the Ulu Property. Pursuant to the Option Agreement, the Company issued 5,000,000 shares, paid \$125,000, and incurred \$300,000 in property expenditures before September 10, 2014 when Mandalay Resources Corporation (“Mandalay”) acquired Elgin.

On January 8, 2018, the Company and Mandalay entered into the New Ulu Property Option Agreement. The new option agreement supersedes all prior agreements covering Ulu Property. On July 19, 2019, the option agreement was further amended (the “Amended Option Agreement”). TSX-V approved the Amended Option Agreement on November 26, 2019.

Pursuant to the terms of the amended Option Agreement, the Company is required to pay the following:

- \$200,000 to be paid upon the receipt of TSX-V approval for the New Ulu Property Option Agreement dated January 8, 2018; (paid)
- \$200,000 to be paid on or before May 31, 2018 (paid); and
- \$450,000 in lieu of issuing 15,000,000 common shares, with such payment being made upon the closing of the transfer of the Ulu Property and associated permits (paid subsequent to year end in December 2019).

Additionally, the Company is required to complete the following:

- Assume all environmental liabilities, past and present, of the Ulu Property, including all current and future obligations to any regulatory agency; and,
- Arrange for a third-party cash payment of \$200,000 for the 5,000,000 common shares of the Company presently held by Mandalay upon the closing of the property transfer.

Under the amended agreement, Mandalay will:

- Transfer to the Company 100% interest in the Ulu Property and associated permits upon regulatory approval of the transfers;

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- Assign all its rights to the remediation security, valued at approximately \$1,680,000 which is held by the NWB; and,
- Transfer all right, title and interest in all structures, property and equipment located on the Ulu Property.

On November 27, 2019, the Company incorporated a wholly-owned subsidiary, Ulu Mining Inc., to which Ulu Property will be transferred.

As at November 30, 2019, the Company had incurred the following expenditures on Ulu:

<i>Ulu Property (Nunavut)</i>	<i>November 30, 2018</i>	<i>Additions</i>	<i>November 30, 2019</i>
Acquisition costs	\$ 845,000	\$ -	\$ 845,000
Exploration			
Assay	27,155	-	27,155
Camp and supplies	52,487	-	52,487
Claim maintenance	13,523	-	13,523
Consulting	237,808	31,753	269,561
Equipment rental	6,377	-	6,377
Draft and geological	34,625	-	34,625
Logistics	109,306	-	109,306
Permits	13,814	217,543	231,357
Site personnel	72,652	-	72,652
Travel	25,287	950	26,237
Balance, November 30, 2019	\$ 1,438,034	\$ 250,246	\$ 1,688,280

The Ulu Gold Property is located approximately 50 km north of the Arctic Circle in the Kitikmeot region of western Nunavut. The site of the future deep-water port at Grays Bay is 100 km to the north of the lease and the proposed route corridor for the all weather Grays Bay road passes in close proximity to Ulu. The Property consists of the renewable 21-year Mining Lease No: 3563 with an expiry date of November 18, 2038 and covers an area of approximately 947 ha. The lease hosts an advanced gold project that between 1989 and 2012 saw significant exploration and development. The past work includes approximately 1.7 km of underground development and approximately 405 diamond drill holes that produced 97,820 m of core. Supplementing the exploration data, metallurgical testing by the Company on the Flood Zone gold mineralization has shown that gold is recoverable in amounts greater than 90% by gravity, flotation and cyanidation.

The Ulu mineral resource, as reported on April 14, 2015, was estimated by independent consultants using a 4 gram per tonne ('g/t'), the overall resources were reported as 2.50 million ("M") tonnes grading 7.53 g/t Au for 605,000 gold ounces in the Measured and Indicated Categories and 1.26M tonnes at a grade of 5.57 g/t Au for 226,000 gold ounces in the Inferred Category. The Flood Zone contains the bulk of the Ulu gold resource and is open on-strike and at depth. The deepest intersection of mineable width is 14.9 g/t Au over 7.7 m in BHP's drill hole, 90VD-75, at 610 m below surface.

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Classification		Gold	Tonnage	Gold Grade	Gold Contained
		<i>Cut-off (g/t)</i>	<i>Tonnes</i>	<i>g/t</i>	<i>Oz</i>
Flood Zone					
	Measured	> 4.0	1,000,000	8.48	272,000
	Indicated	> 4.0	1,500,000	6.90	333,000
	Measured & Indicated	> 4.0	2,500,000	7.53	605,000
	Inferred	> 4.0	891,000	5.57	160,000
Gnu Zone					
	Inferred	> 4.0	370,000	5.57	66,000
Total - Flood and Gnu Zones					
	Measured & Indicated	> 4.0	2,500,000	7.53	605,000
	Inferred	> 4.0	1,261,000	5.57	226,000

Warren Robb, P.Geol., has reviewed and approved the Exploration and Evaluation Assets descriptions in this MD&A.

4. SELECTED ANNUAL INFORMATION

The following table summarizes selected financial information for the Company for each of its most recently completed financial years. The information set forth below should be read in conjunction with the audited financial statements. All information was prepared in accordance with IFRS.

	As at November 30,		
	2019	2018	2017
Current assets	\$ 445,197	\$ 38,618	\$ 43,289
Non-current assets	5,868,003	2,556,338	2,038,250
Total assets	6,313,200	2,594,956	2,081,539
Current liabilities	1,450,850	382,128	891,386
Non-current liabilities	2,953,184	200,000	-
Shareholders' equity	1,909,166	2,012,828	1,190,153
Total liabilities and shareholders' equity	6,313,200	2,594,956	2,081,539
Working capital (deficiency)	\$ (1,005,653)	\$ (343,510)	\$ (848,097)

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	Year ended November 30,		
	2019*	2018	2017
Revenue	\$ -	\$ -	\$ -
Loss and comprehensive loss for the year	\$ (1,388,837)	\$ (660,265)	\$ (629,972)
Basic and diluted loss per share	\$ (0.01)	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding	129,600,304	121,109,095	98,900,304

* During the year ended November 30, 2019, the Company recorded a share-based compensation of \$517,461 on 10,450,000 stock options granted in October 2019. The Company also recorded interest accretion expenses of \$222,419 and deferred income tax recovery of \$323,855 related to \$1,200,000 of loans and \$3,000,000 of convertible debentures. There were no option, and convertible debenture transactions during the year ended November 30, 2017 and 2018. There was one loan agreement entered into during the year ended November 30, 2018. No interest or accretion was recognized during the year ended November 30, 2018 in relation to the loan.

5. SUMMARY OF QUARTERLY RESULTS

The table below present's selected financial data for the Company's eight most recently completed quarters, all information was prepared in accordance with IFRS.

	Three month period ended November 30, 2019***	Three month period ended August 31, 2019**	Three month period ended May 31, 2019**	Three month period ended February 28, 2019
Total assets	\$ 6,313,200	\$ 5,686,707	\$ 2,920,708	\$ 2,631,956
Exploration and evaluation assets	4,992,290	3,170,104	2,722,577	2,596,247
Shareholders' equity	1,909,166	1,177,983	1,657,978	1,872,863
Net loss and comprehensive loss	(633,537)	(400,451)	(214,884)	(139,965)
Loss per share	(0.01)	(0.00)	(0.00)	(0.00)

	Three month period ended November 30, 2018	Three month period ended August 31, 2018	Three month period ended May 31, 2018	Three month period ended February 28, 2018
Total assets	\$ 2,594,956	\$ 2,834,211	\$ 3,004,275	\$ 3,085,210
Exploration and evaluation assets	2,546,087	2,420,181	2,419,818	2,025,773
Shareholders' equity	2,012,828	2,239,392	2,357,063	2,357,664
Net loss and comprehensive loss	(191,570)	(117,665)	(189,311)	(161,719)
Loss per share	(0.01)	(0.00)	(0.00)	(0.00)

*Quarterly results reflect the costs associated with corporate activities as the Company works to advance Hood and Ulu and pursues the Lupin transaction.

**During the quarters ended May 31, 2019 and August 31, 2019, the Company's expenditures increased primarily due to increase in legal fees and consulting fees as they relate to increased activity on the Company's exploration projects and agreements.

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*** During the quarter ended November 30, 2019, the Company recorded a share-based compensation of \$517,461 on 10,450,000 stock options granted in October 2019. The Company also recorded interest accretion expenses of \$179,444 and deferred income tax recovery of \$323,855 on \$1,200,000 of loans and \$3,000,000 of convertible debentures.

6. DISCUSSION OF OPERATIONS

The following information is accounted for in accordance with IFRS, as issued by International Accounting Standards Board (“IASB”). The reader is encouraged to refer to the notes of the Company’s audited consolidated financial statements for the year ended November 30, 2019 for the Company’s summary of significant accounting policies.

Year Ended November 30, 2019

During the year ended November 30, 2019, the Company had a comprehensive loss of \$1,388,837, compared to a comprehensive loss of \$660,265 for the year ended November 30, 2018. Significant comparative variances for the year ended November 30, 2019 and 2018 were:

Accretion of interest \$222,419 (2018 - \$Nil)
Insurance of \$34,501 (2018 - \$20,000);
Investor and shareholder relations of \$259,770 (2018 - \$73,615);
Office services and miscellaneous of \$24,980 (2018 - \$14,694);
Professional fees of \$194,930 (2018 - \$92,046);
Regulatory and transfer agent fees of \$25,250 (2018 - \$17,335);
Rent and administrative services of \$65,076 (2018 - \$39,291);
Share based compensation of \$517,461 (2018 - \$Nil);
Salaries of \$331,399 (2018 - \$365,299)
Travel and entertainment \$ 32,925 (2018 - \$2,991)
Deferred income tax recovery of \$323,855 (2018 - \$Nil)

Accretion of interest \$222,419 (2018 - \$Nil) was related to \$1,200,000 loans and \$3,000,000 convertible debentures received during the year. The deferred income tax recovery of \$323,855 (2018 - \$Nil) is to record the effect of temporary difference between the book value of the loans and convertible debentures and their tax value, which is mainly resulted from the equity portion of the loans (bonus shares) and the convertible debentures (the conversion feature and warrant portion).

Investor and shareholder relations of \$259,770 (2018 - \$73,615) consist of consulting fees incurred in relation to financing support and expenses relating to activities promoting the Company and its projects. The significant increase of consulting expenses during the current fiscal year is attributable to increased activity on the loan and convertible debenture financing, and increased need to support the exploration and operational activities of the Company.

Professional fees of \$194,930 (2018 - \$92,046) consist of expenses relating to legal advice and other matters of \$158,900, and financial recording and reporting activities of \$36,030. The increase primarily relates to professional fees incurred in connection with the Company’s projects, option agreements, and corporate events.

Rent and administrative services of \$65,076 (2018 - \$39,291) are expenses paid for the Company’s office space. The higher administrative expenses in the current year is due to more activities on projects, exploration and financing.

Salaries of \$331,399 (2018 - \$365,299) relate to fees accrued to officers and employees of the Company for management of the Company’s operations and projects.

In October 2019, the Company granted 10,450,000 stock options to directors, officers and consultants with a fair value of \$517,461. There was no option grant in the year ended November 30, 2018.

During the year ended November 30, 2019, the Company used \$1,017,780 (2018 - \$990,363) for operating activities, invested \$2,794,740 (2018 - \$673,904) for exploration and evaluation activities, and received \$3,892,108 (2018 - \$1,682,940) from financing activities. This resulted to a net increase in cash of \$79,588 (2018 – \$18,673).

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7. LIQUIDITY AND CAPITAL RESOURCES

Liquidity

As at November 30, 2019, the Company had \$94,725 in cash. As an exploration stage company, the Company does not have cash flow from operations; therefore, equity or debt financings have been the sole source of funds. At November 30, 2019, the Company had a working capital deficiency of \$1,005,653 and an accumulated deficit of \$9,133,860.

In the opinion of management, the working capital is insufficient to support the Company's near term general administrative and corporate operating requirements on an on-going basis. In order to complete the Ulu acquisition, fund required mineral property expenses and fund administrative costs, further funds will be required, and the Company is likely to raise such funds from the issuances of units and shares.

The Company completed the following debt financing during the year ended November 30, 2019 and subsequently:

Loans

On December 19, 2018, a loan agreement was entered into with a Director of the Company, for \$250,000. The whole amount was received in cash on December 31, 2018. The loan pays 7.5% simple interest per annum payable on or before the date of repayment of December 31, 2020. In consideration, the Director will receive 1,000,000 Bonus Shares priced at \$0.05 each.

On March 10, 2019, the Director loaned another \$250,000. The loan bears 7.5% simple interest per annum payable on or before the date of repayment of March 31, 2021. In consideration, the Director will receive 1,000,000 Bonus Shares priced at \$0.05 each.

On May 7, 2019, the Director loaned another \$250,000. The loan bears 7.5% simple interest per annum payable on or before the date of repayment of July 30, 2021. In consideration, the Director will receive 1,000,000 Bonus Shares priced at \$0.05 each.

On June 19, 2019, the Company entered into a loan agreement for \$250,000, which is due on July 30, 2021 and has a simple interest rate of 7.5% per annum. The Company will grant Bonus Shares to the creditor of this loan where the value of the Bonus Shares will equal 20% of the loan. A total of 1,000,000 bonus shares will be issued priced at \$0.05 each.

Convertible debentures

On November 26, 2019, the TSX-V approved the closing of a non-brokered private placement of convertible debentures announced on July 29, 2019.

Each unit is priced at \$1,000 and consists of 20,000 non-secured Convertible Debentures (the "Debentures") and 20,000 non-transferable Common Share purchase warrants ("Warrants"). Each Debenture bears an annual simple interest rate of 7.5% over its term of up to three years (the "Term") and the interest is to be calculated and paid annually in advance for each year. During the first year of the Term, the conversion price will be \$0.05 per share. During the second and third years of the Term, the conversion price will be \$0.10 per share. Each Warrant will entitle the holder to purchase one common share of the Company at an exercise price of \$0.075 per share during the Term.

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The Company received \$3,000,000 in August 2019 by issuing 3,000 units of convertible debentures. In November 2019, the Company issued 60,000,000 warrants to the debenture holders. The Company paid finders' fees of \$66,635, incurred legal and filing fees of \$41,257, and has an obligation to issue 560,000 finders' shares (estimated at \$25,200) at November 30, 2019.

Debt financing subsequent to the year end

On November 21, 2019, the Company entered into a loan agreement with Dr. Georg Pollert. The loan principal amount is \$2,435,542 (received on December 10, 2019). The loan has a term of three years and bears interest at 3% per annum. The proceeds of the loan will be used to replace the existing Ulu Property remediation security account of \$1,685,542 belonging to Mandalay and the funds deposited with the Kitikmeot Inuit Association with respect to the remediation of hydrocarbon contaminated soils of \$750,000. In relation to the loan, the Company intends to issue up to 7,871,084 bonus shares to Dr. Georg Pollert which was approved by TSX-V on November 26, 2019. Subsequent to November 30, 2019, the Company issued 1,217,771 bonus shares to Dr. Pollert related to the loan agreement.

Liquidity Outlook

At present, the Company's operations do not generate cash inflows and its cash position is highly dependent on the ability to raise cash through financings and the timing of expenditures on exploration programs. In order to finance the Company's evaluation and exploration programs and to cover administrative and other expenses, the Company raises money through equity sales, from the exercise of convertible securities and from optioning its exploration and evaluation assets. Many factors influence the Company's ability to raise funds, including the health of the resource market, the climate for mineral exploration investment, the Company's track record, and the experience and calibre of its management. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration activities.

Additional funds will be required to fulfil obligations under option agreements and cover general administrative and corporate operating requirements. Given volatility in equity markets, global uncertainty in economic conditions, cost pressures and results of exploration activities there can be no certainty equity funding will be available to the Company or if available funding will be on acceptable terms. Management believes it will be able to raise equity capital as required, but recognizes that there will be risks which may be beyond its control.

Capital Resources

The Company does not have sufficient capital at this time to fulfil its obligations under the current property agreements or to meet its administrative overhead expenses for the next twelve months and does not have any alternative funding arrangements in place. If the Company is unable to raise required capital it will not fulfil obligations under one or more of the property agreements or continue to operate at its current level of activity.

Going Concern

The Financial Statements have been prepared on the basis of accounting principles applicable to a going concern, 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. Several material uncertainties may cast a significant doubt on the entity's ability to continue as a going concern. The Company continues to incur operating losses, has limited financial resources, no source of operating cash flow, and no assurances that sufficient funding, including adequate financing, will be available to conduct further exploration and development of its exploration and evaluation asset projects. The Company's ability to continue as a going concern is dependent upon its ability to obtain the financing necessary to complete its mineral projects by issuance of share capital or through joint ventures, and to realize future profitable production or proceeds from the disposition of its exploration and evaluation assets. As at November 30, 2019, the Company had an accumulated deficit of \$9,133,860 and had working capital deficiency of \$1,005,653. In the opinion of management, current working capital is insufficient to support the Company's general administrative and corporate operating requirements on an on-going basis for the next 12 months. Until additional funds are secured, the Company does not have resources to fund further exploration expenditures. Management plans

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to secure the necessary financing through the issuance of new equity instruments and/or entering into joint venture arrangements. However, there is no assurance that the Company will be successful in these actions.

If the going concern assumption was not appropriate for the Financial Statements, adjustments would be necessary in the carrying values of assets, liabilities, reported income and expenses and the statement financial position classifications used. Such adjustments could be material to the Financial Statements.

8. TRANSACTIONS WITH RELATED PARTIES

The amounts due to/from related parties are amounts due to the directors and officers. The balances are unsecured, non-interest bearing and have no specific terms for repayment. These transactions are in the normal course of operations and have been valued in the Financial Statements at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

The Company's related parties consist of officers and directors (and their related companies) as follows:

Name of Related Party	Position	Nature of transaction
Ken Yurichuk	Director	Director
Judy Baker	Director	Director
Robert Metcalfe	Director	Director
Klaus G. Schmid	Director	Director
Dr Georg Pollert	Director	Director
Stephen Wilkinson	President and CEO	Officer
Andrea Yuan	CFO	Officer
Zara Kanji	Former CFO	Officer
Allan J. Fabbro	Former Director	Director / consulting
Wayne Moorhouse	Former CFO / Director	Director / officer

As at November 30, 2019, \$376,185 (2018 - \$309,005) was due to directors and officers of the Company:

	November 30, 2019	November 30, 2018
Stephen Wilkinson	\$ 4,501	\$ 14,322
Zara Kanji*	5,000	3,000
Dr Georg Pollert	-	50,000
Allan J. Fabbro*	39,840	39,840
Wayne Moorhouse*	39,840	39,840
Bruce and Nancy Goad, Former director of subsidiary*	287,004	162,003
	\$ 376,185	\$ 309,005

*Directors and officers were related parties during the year ended November 30, 2019 or during previous fiscal years and amounts have not been paid as of November 30, 2019.

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During the years ended November 30, 2019 and 2018, the Company entered into the following transactions with related parties:

	Year ended November 30, 2019	Year ended November 30, 2018
Salary - CEO	\$ 102,000	\$ 99,840
Salary – former CFO**	-	56,160
Salary – former director**	-	56,160
Salary – former CFO*	60,000	10,000
Professional fee		
- to a firm owned by the former CFO*	14,310	6,375
Share based compensation		
- 6,300,000 options were granted to directors and officers	311,962	-
	<u>\$ 488,272</u>	<u>\$ 228,535</u>

*The Company's CFO during the year ended November 30, 2019 resigned subsequent to year end.

**The Company's CFO and a director resigned during the year ended November 30, 2018.

Loans and convertible debentures with Dr. Pollert

During the year ended November 30, 2019, the Company received the following loans from Dr. Georg Pollert, a director of the Company.

	Year ended November 30, 2019
December 19, 2018 - loan principal of \$250,000; interest at 7.5% per annum, payable at the maturity of December 31, 2020; additional 1,000,000 bonus shares issuable at the maturity.	\$ 250,000
March 10, 2019 - loan principal of \$250,000; interest at 7.5% per annum, payable at the maturity of March 31, 2021; additional 1,000,000 bonus shares issuable at the maturity.	\$ 250,000
May 7, 2019 - loan principal of \$250,000; interest at 7.5% per annum, payable at the maturity of June 30, 2021; additional 1,000,000 bonus shares issuable at the maturity.	\$ 250,000
August 16, 2018 - convertible debenture principal of \$2,200,000; interest at 7.5% per annum, payable in advance for each year, with conversion feature and additional warrants.	\$ 2,200,000
Accretion of interest in the year	\$ 164,415

Change of board members and officers

On December 17, 2018, Judy Baker, Klaus G. Schmid, and Dr. Georg Pollert were elected as directors of the Company, and Stephen Wilkinson stepped down as a director of the Company.

In December 2019, Zara Kanji resigned from CFO of the Company and Mike Stewart resigned from the Corporate Secretary of the Company. On January 1, 2020, Andrea Yuan was appointed as CFO and Jan Urata was appointed as Corporate Secretary of the Company.

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9. FINANCIAL INSTRUMENTS AND RELATED RISKS

The Board, through the Audit Committee, is responsible for identifying the principal risks facing the Company and ensuring that appropriate risk management systems are developed and implemented. The Company manages its exposure to financial risks, including liquidity risk, foreign exchange rate risk, interest rate risk and credit risk in accordance with its risk management framework.

Financial Instruments

Please refer to Note 3(g) and 5 of the Financial Statements for the year ended November 30, 2019.

Related Risks

Liquidity Risk – Liquidity risk is the risk the Company cannot meet its financial obligations. The Company attempts to manage liquidity risk by maintaining sufficient cash balances or through additional financings to ensure there is sufficient capital to meet short term obligations. As at November 30, 2019, the Company had a cash balance of \$94,725 (2018 – \$15,137) to settle current liabilities of \$1,450,850 (2018 - \$382,128). The Company received additional loan proceeds of \$2,435,542 in December 2019. The Company’s current working capital is insufficient to support the Company’s near term general administrative and corporate operating requirements on an on-going basis.

Interest rate risk – The Company’s loans and convertible debentures all have fixed interest rate at 7% - 7.5% per annum with additional consideration of bonus shares.

Currency Risk - As at November 30, 2019 and 2018, all the Company’s cash was held in Canadian dollars, the Company’s functional and reporting currency.

Credit risk - Concentration of credit risk exists with respect to the Company’s cash, as substantially all amounts are held at major financial institutions. The credit risk associated with cash is minimized by ensuring that these financial assets are placed with financial institutions with investment-grade ratings by a primary ratings agency.

Finance Risk - The Company has no source of operating cash flow and no assurance that additional funding will be available to it for further exploration and development of its projects when required. Although the Company has been successful in the past in obtaining financing through the sale of equity securities or joint ventures, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of the Company’s properties.

10. RISKS AND UNCERTAINTIES

The Company’s business is the exploration and development of mineral properties. As a result, the Company’s operations are speculative. The Company has no history of profitable operations and its present business is at an early stage. As such, the Company is subject to many risks common to such enterprises, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders’ investment and the likelihood of success must be considered in light of its early stage of operations.

Whether a mineral deposit will be commercially viable depends on a number of factors, which include, receipt of adequate financing; correct interpretation of geological data; feasibility and other studies; the particular nature of the mineral deposit, such as size grade, metallurgy and physical structure; expected and real metal recoveries; proximity to infrastructure and labour; the cost of water and power; climactic conditions; metal prices; fluctuations in currency exchange rates and metal prices; timely granting of necessary permits; government regulations and taxes; and environmental protection and regulations. The effect of these factors cannot accurately be predicted, but in combination these risk factors may adversely affect the Company’s business.

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The risks and uncertainties described in this section are not inclusive of all risks and uncertainties to which the Company may be subject. Furthermore, the Company may face additional risks and uncertainties not presently known to the Company and its management or risks currently seen as immaterial may impair the Company's business in the future.

Early Stage – Need for Additional Funds - The Company has no history of profitable operations and its present business is at an early stage. As such, the Company is subject to many risks common to such enterprises, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations.

Location - The Company's property interests are located in remote, undeveloped areas and the availability of infrastructure such as surface access, skilled labour, fuel and power at an economic cost, cannot be assured. These are integral requirements for exploration, development and production facilities on exploration and evaluation assets.

Exploration and Development Risks - Resource property acquisition, exploration, development, and operation are a highly speculative business that involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of precious metals and other minerals may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish economically viable mineral deposits, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the acquisition, exploration or development programs planned by the Company will result in a profitable commercial mining operation. The potential for any project to eventually become an economically viable operation depends on numerous factors including: the quantity and quality of the minerals discovered if any, the proximity to infrastructure, metal and mineral prices (which vary considerably over time) and government regulations. The exact effect these factors can have on any given exploration property cannot accurately be predicted but the effect can be materially adverse.

Environmental Risk – Current or future environmental laws and regulations may affect the operations of the Company. These laws and regulations set various standards regulating certain aspects of health and environmental quality. They provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are or were conducted. Furthermore, the permission to operate could be withdrawn temporarily where there is evidence of serious breaches of health and safety, or even permanently in the case of extreme breaches. Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damages caused by previous owners of acquired properties or non-compliance with environmental laws or regulations. The Company intends to minimize these risks by taking steps to ensure compliance with environmental, health and safety laws and regulations and operating to international environmental standards.

Commodity Prices - The market price of precious metals and other minerals is volatile and cannot be controlled.

Conflicts - The Company's directors and officers serve as directors or officers, or may be associated with other reporting companies or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the transaction.

Dependence on Key Personnel - The Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company.

Competition - The mineral industry is intensely competitive in all its phases. The Company competes with many other mineral exploration companies who have greater financial resources and technical capacity.

Political Risk - The Company's operations and investments may be affected by local political and economic developments including: expropriation; nationalization; invalidation of governmental orders; permits or agreements

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pertaining to property rights; failure to enforce existing laws; failure to uphold property rights; political unrest; labour disputes; inability to obtain or delays in obtaining necessary mining permits; opposition to mining from local, environmental or other non-governmental organizations; government participation; royalties, duties, rates of exchange, high rates of inflation, price controls, exchange controls, currency fluctuations; taxation and changes in laws, regulations or policies; as well as by laws and policies of Canada affecting foreign trade, investment and taxation.

11. OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

12. SUBSEQUENT EVENTS

Long-term loan

On November 21, 2019, the Company entered into a loan agreement with Dr. Georg Pollert. The loan principal amount is \$2,435,542 (received on December 10, 2019). The loan has a term of three years and bears interest at 3% per annum. In relation to the loan, the Company intends to issue up to 7,871,084 bonus shares to Dr. Georg Pollert which was approved by TSX-V on November 26, 2019.

The proceeds of the Loan will be used to replace the existing Ulu Property remediation security account of \$1,685,542 belonging to Mandalay and the funds deposited with the Kitikmeot Inuit Association with respect to the remediation of hydrocarbon contaminated soils of \$750,000.

Share Issuance

Subsequent to year end, the Company issued 1,217,771 bonus shares to Dr. Pollert related to the Loan described above and 560,000 common shares related to the Company's obligation to issue finder's shares.

Ulu option agreement

In December 2019, the Company completed the transfer of the Ulu Property and associated permits by making the final payment of \$450,000 under the Option Agreement with Mandalay. All of Mandalay's rights to the remediation security and obligations for remediation transferred to the Company. Using the proceeds from the loan agreement with Dr. Georg Pollert described above, the Company paid \$1,685,542 to Crown-Indigenous Relations and Northern Affairs Canada, in relation to the Ulu Water License issued by the NWB for the reclamation liability of the mining license.

On February 5, 2020, pursuant to the Amended Option Agreement, Mandalay paid \$1,685,542 to the Company which is to assume the estimated environmental liabilities as of the date of transferring the Ulu Property.

13. COMMITMENTS

Leases

The Company leased premises under a lease agreement expiring April 30, 2020. Minimum annual lease payments required for the year ending November 30, 2020 is \$26,735.

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14. DISCLOSURE OF OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of shares without par value. The table below presents the Company's common share data as of the date of this report:

	Number of securities
Common shares	131,378,075
Stock options	12,925,000
Warrants	60,000,000

The purchase of the Company's securities involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks. The Company's securities should not be purchased by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in the Company's securities should not constitute a major portion of an investor's portfolio.

15. CRITICAL ACCOUNTING ESTIMATES

For a detailed summary of the Company's significant accounting policies, the readers are directed to Note 2 and 3 of the Financial Statements that are available on SEDAR at www.sedar.com.

16. DIVIDENDS

The Company has no earnings or dividends granted and is unlikely to pay any dividends in the foreseeable future as it intends to employ available funds for mineral exploration. Any future determination to pay dividends will be at the discretion of the Board of Directors of the Company, and will depend on Company's financial condition, results of operations, capital requirements and such other factors as the Board of Directors deem relevant.

17. ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS

Additional disclosure concerning the Company's general and administrative expenses and exploration and evaluation assets expenditures is provided in the Company's Financial Statements.

18. APPROVAL

The Board of Directors oversees management's responsibility for financial reporting and internal control systems through an Audit Committee. This Committee meets periodically with management and annually with the independent auditors to review the scope and results of the annual audit and to review the financial statements and related financial reporting and internal control matters before the financial statements are approved by the Board of Directors and submitted to the shareholders of the Company. The Board of Directors of the Company has approved the financial statements and the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

19. FORWARD LOOKING STATEMENTS

Forward-looking statements relate to future events or future performance and reflect management's expectations or beliefs regarding future events and include, but are not limited to, statements with respect to the estimation of mineral reserves and resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, success of operations, environmental risks, permitting risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is

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expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks related to actual results of current exploration activities; changes in project parameters as plans continue to be refined; future prices of resources; possible variations in mineral resources, grade or recovery rates; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; as well as those factors detailed from time to time in the Company's interim and annual financial statements which are filed and available for review on SEDAR at www.sedar.com. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.