MacDonald Mines Exploration Ltd.

Management's Discussion and Analysis

For the years ended December 31, 2022 and 2021

(Expressed in Canadian Dollars)

This Management's Discussion and Analysis ("MD&A") of financial position and results of operations of MacDonald Mines Exploration Ltd. ("MacDonald Mines", "MacDonald" or the "Company") has been prepared based on information available to MacDonald Mines at May 1, 2023 the date of this MD&A, and should be read in conjunction with MacDonald Mines' financial statements and related notes for the years ended December 31, 2022 and 2021. The financial statements and MD&A are presented in Canadian dollars and have prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee. Information contained herein is presented as of May 1, 2023, unless otherwise indicated.

Readers are cautioned that this MD&A may contain forward-looking statements and that actual events may vary from management's expectations. Readers are encouraged to read the "Cautionary Statement on Forward-Looking Information" at the end of this MD&A and to consult MacDonald Mines' financial statements and related notes for the years ended December 31, 2022 and 2021, which are available on our website at www.macdonaldmines.com and under the Company's profile on SEDAR at www.sedar.com.

Company Overview

MacDonald Mines is a publicly listed corporation trading on the TSX Venture Exchange ("TSXV") under the symbol BMK. It is involved primarily in the identification, acquisition, and advancement of mineral properties, focusing on critical metals and gold exploration in Northern Ontario, Canada. The Company does not operate any mines.

MacDonald Mines' continued operations are dependent upon the Company's ability to obtain financing for the continued exploration of its mineral properties. The Company has not yet determined whether any of its mineral properties contain mineralization that is economically recoverable.

As of May 1, 2023, the Company had 3 employees and several independent contractors who provide certain professional, administrative and geological services to the Company. The independent contractors include corporations and individuals who may be officers or directors of MacDonald Mines.

The long-term business objectives of the Company are to:

- acquire mineral properties it considers prospective to strengthen its portfolio of properties;
- advance the geological knowledge of its mineral properties through successive exploration programs; and
- if deemed advantageous, continue development or dispose of its mineral properties.

The value of an exploration property is highly dependent upon the discovery of economically recoverable mineralization, the long-term preservation of the Company's ownership interest in the underlying mineral property, the ability of the Company to obtain the necessary funding to complete sufficient exploration activities on the property, and the prospects of any future profitable production therefrom, or the Company's ability to dispose of its property interests on an advantageous basis.

Risk factors considered in achieving the Company's business objectives include the risk that exploration activities may not result in the discovery of minerals or the definition of any mineral resources or reserves. Significant expenses could be required to define mineral reserves, while environmental, land title and competitive issues may prevent any mineral reserves development. Further, the Company may fail to generate adequate funding to develop mineral reserves.

The Company accepts the risks inherent to mineral exploration programs and the exposure to the cyclical nature of mineral prices. The Company relies on its management team's geological and industry expertise and engages sub-contractors to complete certain aspects of its exploration programs.

Recent Corporate Developments

On January 17, 2022, the Company announced the appointment of Mr. Gregory Romain as President and CEO. Mr. Romain was granted 125,000 stock options on a post-consolidation basis, of which half vested immediately and half on July 17, 2022. The options allow Mr. Romain to purchase the same number of common shares of the Company at a price of $0.50 per share for a period of five years.

On August 10, 2022, the Company announced the results of its annual meeting of shareholders held on August 9, 2022. At the Meeting, the shareholders elected Gregory Romain, Stuart Adair, Kevin Tanas, Amanda Fullerton and Steven Butler as directors of the Company, reappointed MNP LLP, Chartered Professional Accountants, as the Company's auditors, approved the continued use of the Company's stock option plan (the "Plan") as well as certain amendments to the Plan in accordance with TSXV policies and approved the consolidation of the outstanding securities of the Company on an up to one-for-ten basis with the actual exchange ratio to be determined by the Board of Directors. Effective August 10, 2022, the Company also granted 125,000 stock options under the Plan to a director of the Company on a post-consolidation basis. Each option is exercisable to purchase one common share of the Company at a price of $0.50 per share for a period of five years from the date of grant. 50% of the options vested immediately upon grant and the remaining 50% will vest on February 9, 2023.

On October 12, 2022, the Company announced that it intended to complete a non-brokered private placement financing of units (the "Unit Offering") and "flow-through" units (the "FT Offering", and together with the Unit Offering, the "Offering"). The Offering will consist of (i) up to a maximum of up to $500,000 of Units at a (post Consolidation) price of $0.10 per Unit, and (ii) up to $1,000,000 of flow-through units (the "FT Units") at a (post-Consolidation) price of $0.13 per Unit. Each Unit will consist of one Class A common share (a "Common Share") in the capital of the Company and one-half (1/2) of one Common Share purchase warrant (each whole Common Share purchase warrant, a "Warrant") of the Company. Each Warrant shall be exercisable to acquire one Common Share at a price of C$0.15 per share for a period of 24 months from the closing date of the Offering. Each FT Unit will consist of one Common Share to be issued on a "flow-through" basis and one-half of one Warrant. The Company will pay a 6.0% finders fee in respect of subscriptions for Units or FT Units by investors introduced to the Company by such finders. All securities issued pursuant to the Offering will be subject to a restricted period of four months and one day from the date of issuance. Closing of the Offering is subject to the approval of the TSX Venture Exchange (the "TSXV") and the receipt of all required regulatory approvals.

On November 15, 2022, the Company announced that it had entered into a binding Sales and Purchase Agreement with Environmental Tailings Corporation ("ETC"), a private Ontario company incorporated for the purpose of undertaking reclamation of mine-site tailings. The Company has transferred to ETC a lease area of 63.9 hectares, which encompasses the historical Scadding Tailings ("Tailings"). The Company transferred the Lease which encompasses the Tailings to ETC for $1.00 but will retain the mineral and mining rights of the Lease unhindered. ETC will be responsible for all costs associated with the processing and rehabilitation of the Tailings as set out in the closure plan. ETC has granted MacDonald Mines a 4% net smelter return from the sale of any metal extracted from the Tailings. ETC will resell the Lease to MacDonald Mines for $1.00 once the Tailings have been processed and the site has been restored as set out in the closure plan. ETC covered all of MacDonald Mines costs associated in preparing this Agreement.

On December 8, 2022, the Company closed the first tranche of a non-brokered private placement offering for gross proceeds of $175,500 consisting of (i) 926,923 "flow-through" shares at a price of $0.13 each and (ii) 550,000 non-flow-through units at a price of $0.10 per Unit. Each Unit is comprised of one common share in the capital of the Company and one half of one common chare purchase warrant with each full Warrant being exercisable to acquire one common share at a price of $0.15 per share for a period of 24 months following the closing date of the offering. The fair value of the warrants issued under this tranche was $0.05 per non-flow-through warrant.

On December 22, 2022, the Company closed the second tranche of a non-brokered private placement offering for gross proceeds of $150,007 consisting of 1,153,900 "flow-through" shares at a price of $0.13 each.

In connection with both closings of the Offering, the Company paid finders' fees of $18,415 and issued 80,500 broker warrants to such finders under the non-brokered private placement. Each broker warrant entitles the holder to acquire units of the Company comprised of one common at a price of $0.10 per compensation option. The fair value of the compensation options issued under the financing was $0.06 per compensation option.

On December 12, 2022, the Company received $200,000 in connection with the Ontario Junior Exploration Program ("OJEP") as part of the Government of Ontario's first-ever Critical Minerals Strategy to enhance Ontario's mineral potential, and to support a made-in-Ontario electric vehicle supply chain. As part of this strategy, Ontario is investing $24 million over three years in OJEP.

On March 21, 2023, the Company announced the grant, under the Company's stock option plan, of 680,000 stock options to certain directors, officers, employees, and consultants of the Company. The options entitle the holders to purchase the same number of common shares of the Company at a price of $0.10 per share for a period of five years.

On March 30, 2023 Greg Romain resigned as CEO and director of the Company.

On April 5, 2023, Steven Butler resigned as a director of the Company.

On April 13, 2023, the Company announced that it has agreed to settle outstanding amounts owing to Mr. Romain through the issuance of common shares of the Company in accordance with applicable shares-for-debt policies of the TSXV. The Company and Mr. Romain have entered into a debt settlement agreement which provided that the aggregate amount of the debt owed to such executive is $12,500 and will be settled by the issuance of 178,572 common shares at a deemed price of $0.07 per common share (the "Shares for Debt Transaction"). The issuance of the common shares is subject to the receipt of all applicable regulatory approvals, including the TSXV. The common shares to be issued pursuant to the Shares for Debt Transaction will be subject to a four-month hold period.

On April 19, 2023, the Company announced Mike England had been appointed as Interim CEO and Director.

Exploration Update & Outlook

MacDonald Mines is a Canadian gold and base metal exploration company focused on exploring its 100%-owned, 19,720 ha (197 km^2) Scadding-Powerline-Jovan (“SPJ”) Project (see Figure 1), 20 km southeast of the prolific Sudbury Mining Camp in Northern Ontario. The Company’s focus is to locate what it theorizes to be large gold systems with high-grade gold surrounding the past producing Scadding Gold Mine and potential large gold and polymetallic structures surrounding Alwyn, Glade, MacLeod, and Norstar targets. The Company is also focusing on key critical metal systems surrounding Candore and Jerome within the SPJ Project to supply the renewable energy transition, particularly nickel, copper, and PGE’s. The demand and need for critical metals is at an all-time high, and MacDonald Mines’ believes the SPJ Property Area has the potential to be part of the supply solution.

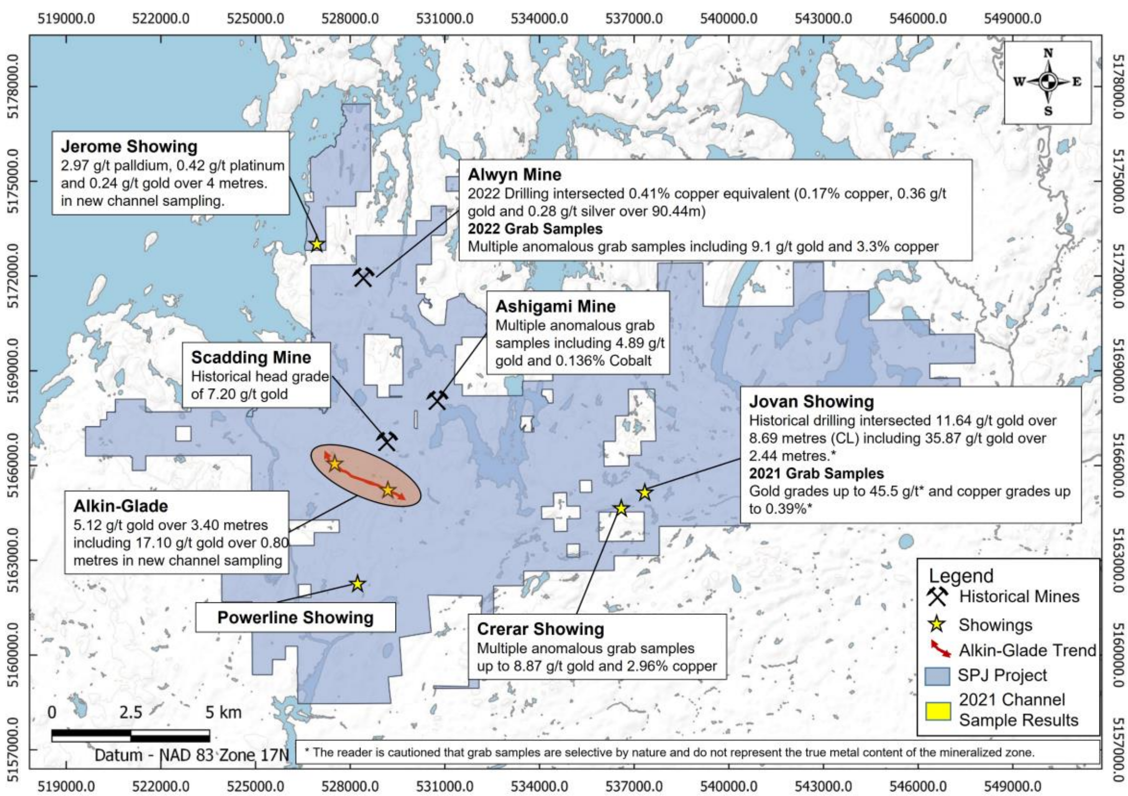

Figure 1 - SPJ Property

On May 3, 2022, the Company announced that GoldSpot Discoveries Corp. ("GoldSpot") had completed its work on the MacDonald Mines 100% owned SPJ Project. GoldSpot was engaged to apply their proprietary machine learning applications ("AI") and geoscience expertise to assist the Company in expanding discoveries and identifying new high-priority target areas. Highlights of the GoldSpot-MacDonald Mines collaboration were:

- 53 exploration targets were identified on the SPJ Project including five areas of high priority (see Figure 2)
- Three of the five high priority areas, Glade, Alwyn and McLeod, correspond to targets identified by the MacDonald Mines exploration team over the last year and a half for their gold ("Au") and polymetallic potential (Figure 2)
- GoldSpot's AI and geoscience work indicate that the Alwyn, Glade, and McLeod targets could extend over strike lengths of between 1 km and 3 km
- Two new areas were identified by GoldSpot as high priority areas, namely the Scadding Trend and Pine (Figure 2)
- The Company mobilized for an oriented drill program at Alwyn and Glade totalling 1,195 meters in May 2022

On September 1, 2022, the Company announced the results of its drilling program undertaken at the Alwyn Copper-Gold Trend ("Alwyn") on its 100% owned SPJ Property ("SPJ") near Sudbury, Ontario.

Highlights of Alwyn Drill Program totaling 693 m

- 0.41 % CuEq (0.17 % Cu, 0.36 g/t Au and 0.28 g/t Ag) over 90.44 m in hole AW-22-102 (Alwyn), within an untested area of Alwyn, including two zones of stronger mineralization
    - Upper zone: 41.53 m at 0.53 % CuEq (0.24 % Cu, 0.43 g/t Au and 0.41 g/t Ag) including 3.99 % CuEq (1.36 % Cu, 3.87 g/t Au and 3.05 g/t Ag) over 3.20 m
    - Lower zone: 13.00 m at 0.84 % CuEq (0.29 % Cu, 0.82 g/t Au and 0.33 g/t Ag)
- Identification of cobalt anomalies in most of the drill holes completed in the Alwyn system with the broadest intersection being 0.015 % Co over 26.50 meters in AW-22-101
- Copper-gold mineralization open in all directions and confirmed over a strike length of 115 m within the 2.5 km Alwyn Copper-Gold Trend interpreted in conjunction with the work of GoldSpot Discoveries ("GoldSpot")
- Supports the potential to further expand the Alwyn copper-gold system
- Metal equivalents are calculated based on metal prices in US dollars of $8,313/T Cu, $51,020/T Co, $18.84/oz Ag and $1,740/oz Au as reported on August 29th, 2022 by London Metals Exchange (copper and cobalt cash prices) and Kitco Metals (gold and silver).

On September 19, 2022, the Company announced the results of its ongoing drill program undertaken at the Glade Gold Trend ("Glade") on its 100% owned SPJ Property ("SPJ") near Sudbury, Ontario.

Highlights of Glade Drill Program totaling 502 m

- Intersections of broad and near-surface zones of gold mineralization starting between 6 and 100 m vertical depth
- Hole AG-22-103 – Multiple zones of near-surface gold mineralization within an untested area of the Glade gold trend, including one zone of stronger mineralization
    - Upper Zone – 0.47 g/t gold over 8.5 m
    - Middle Zone – 0.71 g/t gold over 10.35 m
    - Lower Zone – 0.82 g/t gold over 40.5 m including 7.76 g/t gold over 2.9 m
    - The lower zone of gold mineralization straddles the contact between the Glade Nipissing Diabase and the Espanola Limestone
    - In the Nipissing diabase, the mineralized alteration fronts occur as chlorite replacements that are comparable to alteration associated with gold in the Scadding Deposit located 800 m north.

- Hole AG-22-105 – Broad zone of near-surface gold mineralization
    - 0.72 g/t gold over 37.45 m including 16 g/t gold over 1 m

- The results from the 2022 drilling program continue to support the potential of large gold mineralization trend at Glade.
  - The combination of channel sampling and diamond drilling confirmed the presence gold mineralization at Glade over a strike length of >350 m
  - Earthlabs Inc. ("Earthlabs") (formerly GoldSpot Discoveries Corp.) identified high- priority and moderate priority targets at Glade spanning a strike length of approximately 3 km

- Identification of PGM mineralization in the Glade Nipissing intrusion
  - 0.16 g/t Pd over 4.00 m in AG-22-103 with anomalous Cu and Ni at the contact(s) of the intrusion(s)
  - Results are indicative of a PGE-Cu-Ni bearing intrusive unit

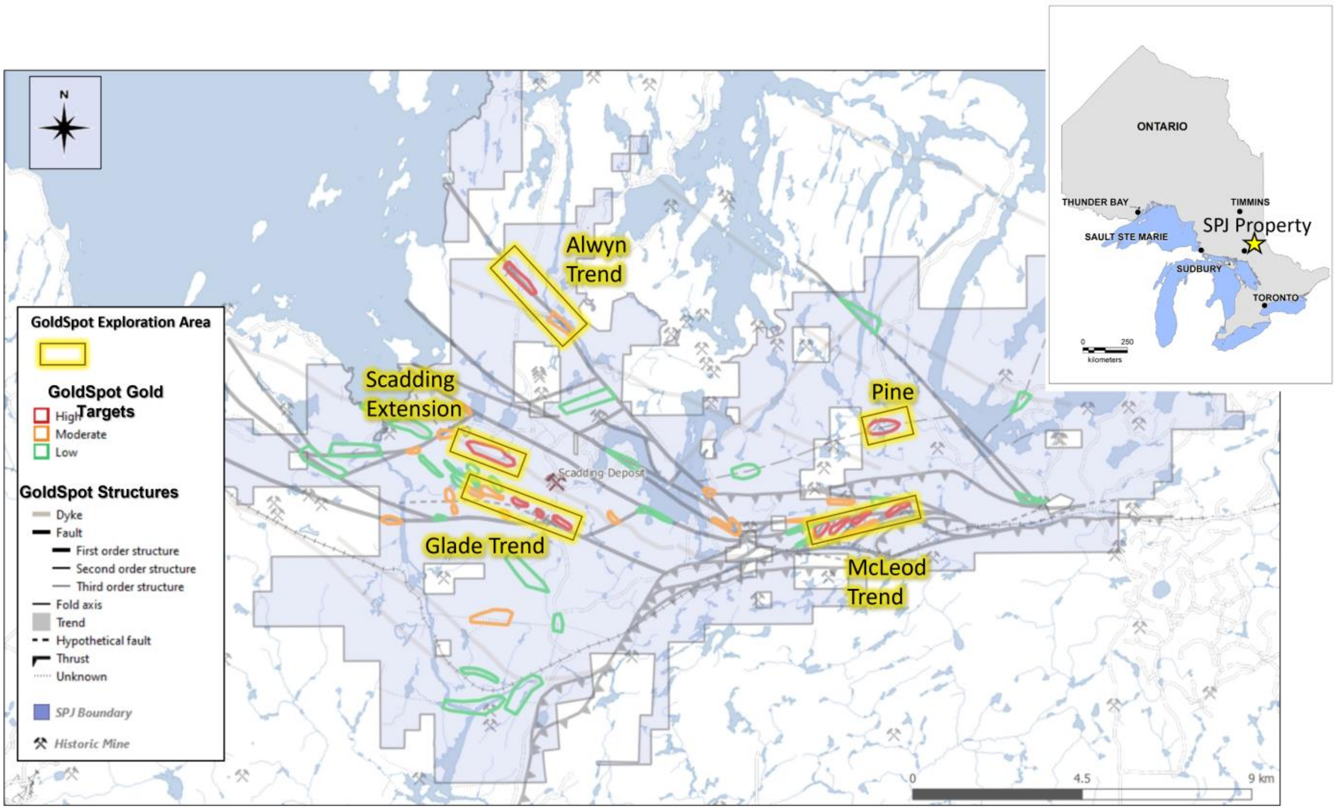

Figure 2: GoldSpot generated targets at the SPJ Property.

On March 3, 2023 the Company announced results from its' broad gravity survey completed over the Alwyn Copper-Gold ("Cu-Au") Trend ("Alwyn") on it's 100% SPJ property.

GoldSpot identified 5 high priority gravity targets potentially representing zones of iron-rich alteration associated along the prospective McLaren Lake Fault Zone ("MLFZ") by integrating MacDonald Mines' newly completed Alwyn gravity survey with regional magnetic surveys. All anomalous gravity high zones are spatially associated to the MLFZ, as well as intersections of structural lineaments that provide the primary plumbing for mineralizing fluids in this system. A 250 m long, northwest trending positive gravity target was identified immediately adjacent to the 2022 Alwyn drilling. Combined with observations of increasing iron enrichment at depth with the persistence of Cu mineralization in drilling, this anomaly supports the hypothesis for a zone of iron-rich alteration with potential to host Iron-Oxide-Copper-Gold ("IOCG") mineralization at Alwyn. Magnetic lows highlighted by ALS GoldSpot's MinusONE inversion methods outline possible regions of strong albitization associated with the MLFZ.

On March 21, 2023 the Company announced results from new surface exploration results from the Ashigami Cu-Au occurrence ("Ashigami"), 4.5 Km SE of Alwyn, both located along/adjacent to the McLaren Lake Fault Zone ("MLFZ") on its 100% owned SPJ property.

New grab samples from Ashigami blast pit containing 1.00 to 6.45 g/t gold, 3.11 to 5.55 % copper and 133 to 211 ppm cobalt. The reader is cautioned that grab samples are selective by nature and do not necessarily represent the true metal content of the mineralized zones. Mineralization consists primarily of chalcopyrite with pyrite within dense multidirectional networks of quartz-carbonate veins, hosted in Gowganda formation sediments. Very comparable to veining and mineralization observed in the Alwyn Cu-Au trend. Located 4.5 km southeast of the historic Alwyn Mine and adjacent to the prospective MLFZ, Ashigami Cu-Au occurrence may represent a extension of the mineralized system observed along the Alwyn Cu-Au trend drilled in 2022.

Significant Events

Capital

Fiscal 2022

On January 18, 2022, the Company issued 150,000 shares pursuant to the Jovan Powerline property acquisition agreement with a fair value of $60,000.

On January 17, 2022, the Company granted 125,000 stock options to the Company's CEO at an exercise price of $0.5 per common share. 50% of the options vested immediately upon grant, while the remaining 50% will vest on July 17, 2022. The fair value of the stock options granted was estimated to be $42,791.

On August 10, 2022, the Company granted 125,000 stock options to a director of the Company at an exercise price of $0.5 per common share. 50% of the options vested immediately upon grant, while the remaining 50% will vest on February 10, 2023. The fair value of the stock options granted was estimated to be $9,750.

On December 8, 2022, the Company closed the first tranche of a non-brokered private placement offering for gross proceeds of $175,500. The Company issued 926,923 flow-through shares at a price of $0.13 each and 550,000 Units at a price of $0.10 each (see further details under "Recent Corporate Developments" above).

On December 22, 2023, the Company closed the second tranche of a non-brokered private placement offering for gross proceeds of $150,007. The Company issued 1,153,900 flow-through shares at a price of $0.13 each (see further details under "Recent Corporate Developments" above).

Fiscal 2021

On February 15, 2021, the Company entered into an agreement to acquire a 100% interest in four claims (the "Claims") located on the Jovan property. Total consideration for the purchase of the mining claims was $150,000, of which $75,000 was paid in cash on the signing of the agreement and $75,000 was paid in common shares of the Company based on the previous 5-day VWAP. In total 107,143 common shares were issued on April 21, 2021 with a fair value of $0.70 each.

On September 17, 2021, the Company issued 25,000 shares pursuant to the Loney property acquisition with a fair value of $1,250.

On November 9, 2021, the Company closed the first tranche of a non-brokered private placement offering for gross proceeds of $1,418,651. The Company issued a total of 1,894,780 “flow-through” units at a price of $0.45 each and 1,415,000 non “flow-through” units at a price of $0.40 each.

On November 15 2021, the Company closed the second tranche of a non-brokered private placement offering for gross proceeds of $393,500. The Company issued 70,000 “flow-through” units at a price of $0.45 each and 905,000 non “flow-through” units at a price of $0.40 each.

On November 25, 2021, the Company granted 750,000 stock options to directors, employees, officers and consultants at an exercise price of $0.50 per common share. These five-year options vested immediately upon grant and had a fair value of $254,288.

Exploration Activities and Property Acquisitions and Dispositions

Scadding-Powerline-Jovan Property

The SPJ property consists of the Scadding, Powerline, Jovan, Blueberry, Loney and Golden Copper properties located east of Sudbury in Northern Ontario.

On April 24, 2019, the Company signed definitive agreements with both Northern Sphere Mining Corp. ("Northern Sphere") and Currie Rose Resources Inc. ("Currie Rose") to purchase a 100% interest in the leases comprising the Scadding Mine, as well as additional mineral claims that surround the permitted Scadding Mine site (collectively, the "Scadding Mine"). The Scadding Mine is located in Scadding Township near the Wanapitei – Ashigami Lakes district, 40 kilometres east of Sudbury, Ontario. Northgate Exploration initially mined the site in the 1980s.

To acquire Northern Sphere's 51% interest in the Scadding Mine and 100% interest in the surrounding claims, the Company:

- issued 1,000,000 of the Company's common shares upon transfer of title (the shares were issued on September 10, 2019, with a fair value of $900,000);
- made a $100,000 cash payment (the $100,000 was paid on the closing of the transaction); and
- incurred $300,000 in eligible exploration expenditures in the 12 months following the acquisition of the Scadding Mine.

To acquire Currie Rose's 49% interest in the Scadding Mine, the Company:

- issued 800,000 of the Company's common shares (the shares were issued on September 4, 2019, with a fair value of $640,000);
- made a $50,000 cash payment on transfer of title (the $50,000 was paid on the closing of the transaction); and
- incurred $1.5M of eligible exploration expenditures on the leases partially comprising the Scadding Mine.

As part of the agreement, Currie Rose retains a 3% Net Smelter Return ("NSR") on the property. Upon reaching commercial production, the Company agrees to pay Currie Rose $2,000,000 to reduce the NSR to 2.5%. An additional 1% of the NSR can be bought back for $1,000,000. 514 Finance Inc. acted as an arms-length advisor to the Company for this transaction and received 200,000 common shares of the Company for its services.

On July 9, 2019, the Company announced the expansion of its SPJ Property. The Company staked 14 claims and purchased an additional 130 claims from Blueberry Development. To acquire a 100% interest in the claims owned by Blueberry Development, MacDonald paid the seller $50,000 in cash and issued 300,000 common shares. The deal closed on August 15, 2019, and the fair value of the common shares issued was $15,000. On August 6, 2020, the Company made a cash payment of $66,000 and on September 14, 2020, the Company issued 40,909 common shares with a fair value of $45,000 in accordance with the agreement. On July 15, 2021, the Company made a cash payment of $26,000 and paid the remaining balance owing of $50,000 on January 11, 2022. The Company also issued 150,000 common shares on January 11, 2022, with a fair value of $60,000 in accordance with the agreement. All obligations to acquire 100% interest in the claims have now been fulfilled and the claims have been transferred over to the Company.

On September 2, 2019, the Company agreed to acquire a 100% interest in 151 claims from Klondike Bay Resources (Loney Property). The claims are contiguous to MacDonald's property and cover future extensions of the gold-rich potential Iron-Oxide-Copper-Gold ("IOCG") system identified at the Scadding Mine. The consideration payable by the Company was as follows:

- $20,000 and 20,000 common shares on the signing of the agreement;
- $30,000 and 30,000 common shares on or before the first anniversary of the agreement; and
- $30,000 and 25,000 common shares on or before the second anniversary of the agreement.

The Company made a cash payment of $20,000 upon signing the definitive agreement. On November 8, 2019, the Company issued 20,000 common shares, the fair value of which was $20,000. The 30,000 common shares due on the first anniversary of the agreement were issued on September 30, 2020, with a fair value of $33000, while the $30,000 cash payment was made on November 3, 2020. The 25,000 common shares due on the second anniversary were issued on September 17, 2021 with a fair value of $12,500, while the cash payment of $30,000 was made on September 24, 2021.

On October 2, 2019, the Company purchased from Golden Copper Corp. a 100% interest in 38 mining claims located 35 kilometres from Sudbury, Ontario. The Company made a cash payment of $5,000 upon signing of the definitive agreements. On November 8, 2019, the Company issued 187,500 common shares, the fair value of which was $187,500.

The new claims add to MacDonald's large SPJ Property package and cover prospective extensions of the potential IOCG system identified at the Scadding Mine. The Scadding Mine produced 29,000 oz of gold from 127,000 tonnes of mineralized material grading 7.2 g/t (OFR 5771) and the large land package surrounding the mine has also yielded multiple discovery areas to explore, including significant showings of copper, cobalt, nickel and silver in addition to high-grade gold.

On February 15, 2021, the Company entered into an agreement to acquire a 100% interest in four claims located on the Jovan property. This acquisition added 36 hectares to the Company’s land position. Total consideration for the purchase of the mining claims was $150,000, of which $75,000 was paid in cash on the signing of the agreement and $75,000 was paid in common shares of the Company based on the previous 5-day VWAP. In total 107,143 common shares were issued on April 21, 2021, with a fair value of $0.70 each.

In April of 2022, 9 mining claims were staked in both Scadding and Street townships. The claims were either within or directly adjacent to the SPJ Property.

The following table summarizes the cumulative exploration and evaluation and property acquisition expenditures the Company has incurred on its SPJ Project:

	$
Balance, December 31, 2020	**7,386,581**
Exploration expenditures & property acquisition costs	2,252,049
Balance, December 31, 2021	**9,638,630**
Exploration expenditures & property acquisition costs	870,021
Balance, December 31, 2022	**10,508,651**

2022 Phase 1 Drill Program

As mentioned above, during the first week in May, the Company mobilized for the Phase 1 drill program for 2022. Please see page 5 under "Exploration" for details on the drill program.

Results of Operations

Fourth Quarter ended December 31, 2022 (Q4 2022)

The Company realized a net loss in the fourth quarter of 2022 of $127,624 (Q4 2021 - net loss $747,786) mainly due to exploration activities and salaries, professional and consulting fees during the three months ended December 31, 2022.

The Company incurred $198,394 in exploration expenditures in Q4 2022 (Q4 2021 - $338,958) comprising exploration activity expenditures on the SPJ property. The Company's spending on exploration activities tends to fluctuate based on the availability of flow-through financing during the year.

Salaries, professional and consulting fees for the fourth quarter of 2022 were $91,528 (Q4 2021 - $133,741). The decrease in 2022 is due to timing of certain legal and regulatory activities compared to the prior year comparable period.

Shareholder communication expenses in the current quarter increased to $43,851 (Q4 2021 - $99,187) which included filing and listing, transfer agent and investor relation fees. The decrease is due to lesser shareholder and investor relation-related activities and campaigns compared to the prior year comparable period.

Fiscal year ended December 31, 2022 (YTD 2022)

The Company realized a net loss for the year ended December 31, 2022 of $1,605,295 (2021 – net loss of $3,095,646) mainly due to exploration activities, property acquisition activities and salaries, professional and consulting fees during the year.

The Company incurred $870,021 in exploration and property acquisition expenditures during 2022 (2021 - $2,252,049) in exploration activity on the SPJ property.

Salaries, professional and consulting fees for the year ended December 31, 2022 increased to $452,513 (2021 - $406,940). The increase in 2022 was due to severance payments owing to a former CEO.

Shareholder communication expenses in the year totaled $233,371 (2021 – $316,197) which included filing and listing, transfer agent and investor relation fees. The decrease is due to lower shareholder and investor relation-related activities and campaigns compared to the prior year.

Summary of Quarterly Information *(Expressed in Canadian dollars)*

		Q4 2022		Q3 2022		Q2 2022		Q1 2022
Statement of Loss and Comprehensive Loss								
Exploration and property acquisiton expenditures	**$**	**198,394**	$	128,153	$	346,505	$	196,969
Share-based payments		**2,484**		8,198		10,786		30,071
Net loss		**(127,624)**		(251,902)		(635,416)		(590,353)
Basic and diluted loss per share	**$**	**(0.00)**	$	**(0.00)**	$	**(0.00)**	$	**(0.00)**
Statement of Financial Position								
Cash & cash equivalents	**$**	**403,379**	$	66,027	$	237,587	$	727,496
Total assets		**585,613**		283,643		474,533		1,113,046
Total liabilities		**835,664**		537,861		485,048		498,930
Shareholders' equity (deficiency)	**$**	**(250,051)**	$	(254,218)	$	(10,515)	$	614,116

		Q4 2021		Q3 2021		Q2 2021		Q1 2021
Statement of Loss and Comprehensive Loss								
Exploration and property acquisiton expenditures	$	338,958	$	269,774	$	434,492	$	1,208,825
Share-based payments		254,488		-		-		-
Net loss		(747,786)	$	(411,972)	$	(599,966)	$	(1,335,922)
Basic and diluted loss per share	$	(0.00)	$	(0.00)	$	(0.01)	$	(0.01)
Statement of Financial Position								
Cash & cash equivalents	$	1,080,484	$	226,555	$	292,590	$	705,061
Total assets		1,729,525		543,730		784,768		1,420,286
Total liabilities		615,127		551,825		419,393		529,947
Shareholders' equity (deficiency)	$	1,114,398	$	(8,095)	$	365,375	$	890,339

Mineral Properties

SPJ Property

On February 15, 2021, the Company entered into an agreement to acquire a 100% interest in four claims (the “Claims”) located on the Jovan property. This acquisition added 36 hectares to the Company’s land position. Total consideration for the purchase of the mining claims was $150,000, of which $75,000 was paid in cash on the signing of the agreement and $75,000 was paid in common shares of the Company based on the previous 5-day VWAP. In total 107,143 common shares were issued on April 21, 2021, with a fair value of $0.70 cents each.

See details of cash and share payments in respect of the property acquisitions above and in Note 10(a) to the Company's financial statements for the year ended December 31, 2022.

Please see pages 7 to 9, "Exploration Activities and Property Acquisitions and Dispositions", for detailed terms of the purchase consideration for the properties comprising the SPJ Property.

Liquidity and Capital Management

Cash flow (used in) / provided by operating, investing and financing activities for the years ended December, 2022 and 2021 was as follows:

		2022		2021
Net cash used in operating activities	**$**	**(991,915)**	$	(3,178,057)
Net cash provided by investing activities		**49,115**		738,011
Net cash used in financing activities		**265,695**		1,636,570
Decrease in cash balance	**$**	**(677,105)**	$	(803,476)

As of December 31, 2022, the Company had cash and cash equivalents of $403,379 (December 31, 2021 – $1,080,484) and a working capital deficit of $266,169 (December 31, 2021, working capital surplus - $1,066,086), respectively.

There were no changes in the Company's approach to capital management during the year ended December 31, 2022.

In managing liquidity, the Company's primary objective is to ensure that it can continue as a going concern while raising additional funding to meet its obligations as they fall due. The Company's operations to date have been funded by issuing equity.

The Company's investment policy is to invest excess cash in very low-risk financial instruments such as term deposits or holding funds in high yield savings accounts with major Canadian banks. Financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk and interest rate risk.

The Company's mineral property interests are all in the exploration stage. As such, the Company is dependent on external financing to fund its exploration activities and administrative costs. Management continues to assess the merits of mineral properties on an ongoing basis and may seek to acquire new properties or increase ownership interests if it believes there is sufficient geologic and economic potential.

Management mitigates the risk and uncertainty associated with raising additional capital in adverse economic or stock market conditions through cost control measures that minimize discretionary disbursements and reduces exploration expenditures that are deemed of limited strategic value.

The Company manages its capital structure (consisting of shareholders' equity or deficit) on an ongoing basis and makes adjustments in response to changes in economic or stock market conditions and its underlying assets' risk characteristics. Adjustments to the Company's capital structure may involve the issuance of new shares, debt, acquisition or disposition of assets, or adjustments to the amounts held in cash, cash equivalents and short-term investments. The Company is not subject to any externally imposed capital requirements other than flow-through spending obligations.

Related Party Transactions

The Board of Directors and the executive management team have authority and responsibility for planning, directing and controlling the Company's activities. The executive management team comprises the Company's: (i) President and Chief Executive Officer; and (ii) Chief Financial Officer. Compensation for key management personnel of the Company for the years ended December 31, 2022, and 2021 was as follows:

	2022	2021
Short-term benefits(1)	**363,750**	286,000
Share-based payments(2)	**51,539**	195,971
	415,289	481,971

(1) Comprises management and consulting fees

(2) Represents the expense of stock options vested during the period.

At December 31, 2022, included in accounts payable and accrued liabilities is an amount of $11,300 (December 31, 2021 - $nil) due to a company controlled by the Chief Financial Officer and $28,250 (December 31, 2021 - $nil) due to a company controlled by the then Chief Executive Officer.

Outstanding Share Data

MacDonald Mines is authorized to issue an unlimited number of common shares.

As of May 1, 2023, the date of this MD&A, the number of common shares outstanding or issuable under other outstanding securities of the Company was as follows:

Common Shares	Num
Outstanding	28,527,157
Issuable upon the exercise of share purchase warrants(1)	2,497,890
Issuable upon the exercise of stock options(2)	2,752,000
Issuable upon the exercise of compensation options(3)	434,273
Fully diluted common shares	34,211,320

(1) 2,497,890 common share purchase warrants were outstanding with exercise prices ranging from $0.10 to $0.70 per common share.
(2) There were 2,752,000 stock options under the Company's Stock Option Plan outstanding to directors, officers and consultants with exercise prices ranging from $0.10 to $1.00 per common share.
(3) There were 289,515 compensation options issued as finder's fees under a November 2021 private placement with an exercise price of $0.50. Each compensation option consists of one common share and one half of one share purchase warrant.

Critical Accounting Estimates

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting periods. Judgements, estimates and assumptions are continuously evaluated and are based on management's best knowledge of the relevant facts and circumstances, having regard to previous experience. However, actual outcomes may differ from the amounts included in the financial statements.

The Company's significant accounting policies and estimates are disclosed in Note 3 to the Company's financial statements for the years ended December 31, 2022 and 2021.

New Accounting Standard Adopted by the Company

Certain pronouncements have been issued by the IASB that are effective for annual periods beginning on or after January 1, 2022. The Company has assessed the amendments and determined that there is no material impact on the accounting and presentation of the financial statements.

Certain pronouncements have been issued by the IASB that are applicable for accounting periods after December 31, 2022. There are currently no pronouncements that are expected to have a significant impact on the Company's financial statements upon adoption.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements, including any arrangements that would affect liquidity, capital resources, market risk support, credit risk support, or other benefits.

Dividends

The Company has neither declared nor paid any dividends on its common shares. The Company intends to retain its earnings, if any, to finance growth and expand its operations and does not anticipate paying any dividends on its common shares in the foreseeable future.

Internal Controls Over Financial Reporting

The Company has established procedures and internal control systems to ensure the timely and accurate preparation of financial, management and other reports. The Chief Executive Officer and Chief Financial Officer certify financial reports. Disclosure controls are in place to ensure all reporting meets statutory reporting requirements. The Company's management is responsible for establishing and maintaining adequate internal controls. These controls have been designed to provide reasonable, but not absolute, assurance concerning the Company's financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Internal controls, however well-conceived, will provide only reasonable and not absolute assurance that the objectives of the internal controls over financial reporting will be met. It should not be expected that the internal controls would prevent all errors or fraud.

Due to the small size of the Company's finance department, there are a limited number of personnel handling accounting and financial matters, and as a result, there is a lack of segregation of duties. Management believes that it has designed sufficient compensating internal controls to mitigate these limitations, including dual signatories on all cheques. Additional internal controls include audit committee and senior management review and oversight.

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable, but not absolute, assurance that all material information is obtained, analyzed and reported to senior management on a timely basis for management to make reasonable public disclosure decisions.

The Company’s certifying officers, the Chief Executive Officer and the Chief Financial Officer, have reviewed the effectiveness of the design and operation of the Company’s disclosure controls and procedures. Based on their review, they have concluded that the Company’s disclosure controls and procedures, as defined in National Instrument 52-109 (Certification of Disclosure in Issuers’ Annual and Interim Filings of the Canadian Securities Regulators), were effective as of December 31, 2022. They provide reasonable assurance that information required to be disclosed in interim, annual and special filings are submitted under Canadian securities laws and are recorded, processed, summarized and reported in a timely fashion.

Other Information

Additional information relating to the Company is available on its website at www.macdonaldmines.com and under its profile on SEDAR at www.sedar.com.

Cautionary Statement of Forward-Looking Information

Forward-looking information is broadly defined as disclosures regarding possible events, conditions, or financial performance based on assumptions about future economic conditions and courses of action. It includes future-oriented financial information concerning future financial performance, financial position, or cash flows presented either as a forecast or a projection.

This MD&A contains forward-looking information and forward-looking statements, including statements relating to going concern and capital raising and capital requirements, subject to several known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated. In some cases, you can identify forward-looking statements by terminology such as "may", "should", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "potential" or "continue" or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors that may cause the Company's or its industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Factors that could cause such differences include changes in commodity prices, changes in equity markets, changes in costs and supply of materials relevant to the exploration and mine development, changes in governments, changes to government mining regulations, and numerous other risk factors.

Readers are cautioned not to place undue reliance on forward-looking statements contained within this document, which speak only to the date of this MD&A or as of the date otherwise specifically indicated herein. Due to risks and uncertainties, actual events may differ materially from stated expectations. Although the Company believes its expectations are reasonable, results may vary, and the Company cannot guarantee future results, levels of activity, performance or achievements.

Although the Company believes that the assumptions and factors used in preparing the forward-looking information in this MD&A are reasonable, undue reliance should not be placed on such information, which only applies as of the date of this MD&A. The Company disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, other than as required by law.