



**Golden Predator Mining Corp.**

**(An exploration stage company)**

**Management's Discussion and Analysis**

**For the three months ended March 31, 2016 and 2015**

## **GENERAL**

The following Management Discussion and Analysis ("MD&A") of Golden Predator Mining Corp. (the "Company" or "Golden Predator") has been prepared by management, in accordance with the requirements of National Instrument 51-102 ("NI 51-102") as of May 26, 2016 and should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three months ended March 31, 2016 and 2015 and the related notes contained therein which have been prepared under International Financial Reporting Standards ("IFRS"). The following should be read in conjunction with the audited annual consolidated financial statements for the year ended December 31, 2015 and all other disclosure documents of the Company. The information contained herein is not a substitute for detailed investigation or analysis on any particular issue. The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Company. The Company is presently a "Venture Issuer" as defined in NI 51-102. Additional information relevant to the Company's activities can be found on SEDAR at [www.sedar.com](http://www.sedar.com) and the Company's website at [www.goldenpredator.com](http://www.goldenpredator.com).

All financial information in this MD&A has been prepared in accordance with IFRS and all dollar amounts are quoted in Canadian dollars, the reporting and functional currency of the Company, unless specifically noted.

## **COMPANY BACKGROUND**

The Company was incorporated as Northern Tiger Resources Inc. ("NTR") under the Business Corporations Act (Alberta) on April 29, 2008, commenced operations on June 23, 2008 and continued into British Columbia from the jurisdiction of Alberta on October 21, 2015. The Company is a Canadian-based resource exploration company focused on gold and copper exploration in the Yukon and Nevada. The Company is a reporting issuer in British Columbia and Alberta and trades on the TSX Venture Exchange (symbol "GPY").

On April 17, 2014, the Company completed a merger with Redtail Metals Corp. (the "Merger") and other related transactions. With the completion of the Merger, NTR's name was changed to Golden Predator Mining Corp. and the Company's shares commenced trading as Golden Predator Mining Corp. on the TSX Venture Exchange.

## **HIGHLIGHTS**

In February 2016, the Company closed a private placement for 2,315,000 units (the "NFT Units") and 250,000 flow-through units (the "FT Units") at a price of \$0.10 per NFT and FT Unit for total proceeds of \$256,500. Each FT Unit consists of one common share (the "FT Shares") and one share purchase warrant (the "FT Warrants"). Each NFT Unit consists of one common share (the "NFT Shares") and one share purchase warrant (the "NFT Warrants"). Each NFT Warrant will entitle the holder to purchase one additional common share, exercisable at a price of \$0.15 per share for a period of two years from the date of issue of the NFT Warrants. Each FT Warrant will entitle the holder to purchase one additional flow-through common share, exercisable at a price of \$0.15 per share for a period of two years from the date of issue of the FT Warrants. The Company paid share issuance costs of \$7,783.

In March 2016, the Company completed a share purchase agreement with a third party. The Company acquired 50,000 shares of Till Capital Ltd. By way of consideration, the Company issued 1,875,000 units to the vendor. Each unit consists of one common share and one share purchase warrant, each warrant exercisable at \$0.15 cents for two years.

In April 2016, the Company issued 425,964 common shares at a deemed price of \$0.1425 per share to certain of its suppliers as payment for services provided.

In April 2016, the Company issued 135,000 common shares at a deemed price of \$0.15 per share to employees and contractors involved in the Company's bulk sample program on the 3 Aces property.

In May 2016, the Company closed a private placement for 21,350,000 units (the "NFT Units") and 5,650,000 flow-through units (the "FT Units") at a price of \$0.16 per NFT and FT Unit for total proceeds of \$4,320,000. Each NFT and FT Unit consists of one common share (the "Shares") and one share purchase warrant (the "Warrants"). Each Warrant will entitle the holder to purchase one additional common share, exercisable at a price of \$0.21 per share for a period of two years from the date of issue of the Warrants. The Company issued 1,274,000 finder's units at an exercise price of \$0.16 per finder's unit in relation to the private placement. Each finder's unit is comprised of one common share and one share purchase warrant (the "Unit Warrant"). Each Unit Warrant entitles the holder to purchase one common share at an exercise price of \$0.21 per share for a period of two years from the date of issue of the finder's units.

## **MINERAL PROPERTIES**

### **1. Brewery Creek, Yukon**

On April 17, 2014, the Company completed a transaction in which Golden Predator acquired all the shares in Americas Bullion Royalty Corp. ("AMB"). As of this date, the assets of AMB were primarily the Brewery Creek project. The Brewery Creek project is a past producing heap leach gold mining operation that produced about 280,000 oz Au from seven near-surface oxide deposits along the property's Reserve Trend from 1996 through 2002, when the mine (operated by Viceroy Resource Corporation) shut down primarily due to low gold prices. The 200 km<sup>2</sup> property is located 55 km due east of Dawson City, and is accessible by paved and gravel roads from the junction of the North Klondike and Dempster Highways.

The Company owns 100% of the property, subject to various royalties, including:

- 2% NSR to Alexco Resources Corp. on the first 600,000 ounces of gold produced, increasing to 2.75% thereafter. The Company can purchase 0.625% of the increased NSR for \$2,000,000;
- A sliding scale royalty based on the price of gold on the first 21,000 ounces;
- 5% net profits royalty (NPR); and
- 2.5% NPR to the Tr'ondek Hwech'in First Nation ("THFN") on areas outside the existing mining permits (part of an Amended and Restated Socio and Economic Accord between the Company and THFN).

The Brewery Creek project contains Indicated Oxide Mineral Resources of 14.1 million tonnes at 1.27 grams per tonne gold (577,000 contained ounces) and Inferred Oxide Mineral Resources of 9.3 million tonnes at 0.93 grams per tonne gold (279,000 contained ounces) as disclosed in the January 10, 2014 NI 43-101 Technical Report which is filed on SEDAR.

The project is in receipt of all necessary permits required to conduct additional exploration. The Brewery Creek project holds a Type A Water License with an expiry date of December 31, 2021, subject to the restrictions and conditions contained in the Yukon Water Act and Regulations.

On November 12, 2014, the Company announced positive Preliminary Economic Assessment (PEA) results on its 100% owned Brewery Creek Project. The NPV of the project ranges from \$18.1 million at \$1,150 gold to \$114.5 million at \$1,500 gold with IRRs ranging from 12% to 45% with corresponding gold prices; these scenarios are pre-tax and assume a 5% discount rate. Total Life of Mine Capital is estimated to be \$89.4 million which includes initial capital, sustaining capital, indirect costs and owner costs.

Golden Predator is actively seeking a qualified operator as a joint venture partner for Brewery Creek.

### **2. 3 Aces, Yukon**

The Company owns 100% of the 3 Aces property, subject to the NSR described below.

The Company is obligated to make annual advance royalty payments of \$45,000 commencing on April 1, 2015 which continue until the commencement of commercial production. The first annual royalty payment of \$45,000 was paid on April 1, 2015. The vendor will retain a 2% NSR on the property. If a Resource Estimate in excess of 500,000 ounces at a grade greater than 5 grams per tonne gold ("g/t") is defined on the property (in compliance with the Canadian Securities Administrators' National Instrument 43-101 - "Standards of Disclosure for Mineral Projects" ("NI 43-101")), the vendor's NSR will increase to 2.5% and the vendor will receive a bonus payment of \$300,000 in cash or equivalent Golden Predator common shares. If a NI 43-101 compliant Resource Estimate in excess of 1,000,000 ounces at a grade greater than 5 g/t is defined on the property, the vendor's NSR will increase to 3% and the vendor will receive an additional bonus payment of \$300,000 in cash or equivalent Golden Predator shares. Each 1% of this NSR can be purchased for \$2,000,000. Till Capital Ltd. acquired an additional 1% NSR as part of the merger and acquisition transactions in April 2014.

The 3 Aces property consists of 1,118 contiguous quartz claims (23,000 ha) located in southeast Yukon. The property is located along the Nahanni Range Road which accesses the operational Cantung Mine located 40 km to the north.

The 3 Aces property contains a number of quartz veins and vein zones that cut Cambrian aged limestone, shale, quartz grits and chert pebble conglomerates of the Hyland Group. Previous sampling and exploration by Golden Predator has outlined extensive gold-in-soil anomalies over nine square kilometres, including numerous high grade gold showings. The Company drilled 11,410 meters of diamond drill core from 2010 - 2012 and has also conducted airborne and ground geophysical surveys.

On December 2, 2014, the Company announced metallurgical tests that indicated 93.5% to 98.3% overall gold recovery at the 3 Aces project. Testing was completed on 3 large volume samples collected from the Sleeping Giant zone. Overall gold recoveries for the three samples were reported at 98.3%, 97.9% and 93.5%. The three samples were processed in their entirety in bulk fashion by gravity and gravity tail leaching. The final results of the metallurgical testing on the three samples showed that very high overall gold recoveries can be achieved by simple initial gravity methods followed by final cyanide leaching of the tails.

On September 14, 2015, the Company announced results from a tight spaced Rotary Air Blast (RAB) drill program confirming gold mineralization in advance of bulk sampling from the Sleeping Giant vein at the 3 Aces project. A total of 13 shallow holes totaling 150 ft (45.73m) were drilled in preparation for bulk sampling from the Sleeping Giant vein. Gold mineralization was intersected in all holes sampled at or near the surface, including:

- Hole 3ARAB15-11 with 2.5 ft from surface of 9.73 oz/t (333.50 g/t) gold;
- Hole 3ARAB15-05 with 2.5ft from surface of 6.84 oz/t (234.50 g/t) gold;
- Hole 3ARAB15-12 with 7.5ft from surface of 3.04 oz/t (104.39 g/t) gold; and
- Hole 3ARAB15-13 with 7.5 ft from surface of 4.64 oz/t (158.97 g/t) gold

On January 25, 2016 results from its preliminary process testing were completed in advance of the bulk sampling program. Gold recovery has been calculated at 90.8% from a 108kg composite rock sample processed through a conventional gravity recovery facility. A second sample consisting of 61.5kg of material composited from rejects from the RAB drilling returned a calculated gold recovery of 79.9%. The calculated head grades of these samples were 82.03 g/t Au and 40.49 g/t respectively. Further testing of the tails included rescreening to size with each resulting size fraction being assayed for gold. These results indicate that the initial crushing and grinding process may sufficiently grind the feed without the need for further classification or re-grinding.

After evaluation of the drilling results and process testing, the multi-phase 2016 bulk sample program was designed to accurately determine the grade, distribution of mineralization, and metallurgical aspects of the mineralization in the Sleeping Giant vein. The first phase of the bulk sampling program was designed to extract a minimum of 550 tons of high grade gold bearing-quartz from the Sleeping Giant vein, and was subsequently expanded by approximately 50% (to 750 tons) based on observations including vein continuity and the presence of visible gold. The exact tonnage will be determined upon weighing during the processing phase.

#### **Sleeping Giant Zone**

The Sleeping Giant Zone, accessible via an exploration dirt road, encompasses an area approximately 33,000 m<sup>2</sup> defined by float and outcrops of quartz veins. To date, it contains one of the 3 Aces property's two preferred continuous quartz veins offering potential for bulk sampling. The Sleeping Giant vein has now been exposed by bulk sampling and trenching over a 40 meter strike length. The vein remains open along strike in both directions and down dip. As the presence of coarse gold in vein systems makes assaying and sampling especially challenging, bulk sampling is required to accurately determine the gold grade in these types of systems. The bulk sampling has also resulted in an excellent exposure of the vein which has provided valuable information on the structural setting of the vein and gold mineralization.

#### **Reverse Circulation (RC) Drill Program**

Reverse Circulation (RC) drilling commenced on March 25, 2016, and is planned to test down dip and along strike of the bulk sampled portion of the Sleeping Giant vein. Trenching along strike to the north-east revealed a slightly offset portion of the vein which has been exposed over approximately 20 meters. Visible gold was noted in two locations within the north-eastern extension. The vein remains open to the north-east.

The drill program was initiated when visible gold mineralization was identified in the lowest bench of the bulk sample program and trenching exposed the vein along strike to the north-east. The drill program takes advantage of the road access provided by the ice bridge installed for bulk sampling resulting to significantly reduce costs.

Midnight Sun Drilling Inc., of Whitehorse, Yukon, has been contracted to conduct RC drilling using a 3.5 inch diameter drill hole and a Center Face Hammer drill bit which will collect large volume samples. A number of the drill holes will be closely spaced at 5 meter centers along strike and down dip of the vein to outline additional areas for potential bulk sampling. Future bulk

sampling will be required to estimate the actual grade of the vein compared with RC drill results given the complex nature of coarse gold distribution in the Sleeping Giant vein.

### **3. Marg, Yukon**

The Company owns 100% of the Marg property subject to a 1% NSR. The property consists of 402 quartz claims covering approximately 83 km<sup>2</sup> and is located 40 km east of Keno City, Yukon and is located within Class A settlement land owned by the Na-Cho Nyak Dun First Nation.

The Marg property hosts a volcanic-hosted massive sulphide (VMS) deposit with an indicated resource of 3.96 Mt of 1.57% copper, 1.92% lead, 3.90% zinc, 49.40 g/t silver, and 0.79 g/t gold, and an inferred resource of 7.78 Mt of 1.12% copper, 1.36% lead, 2.89% zinc, 34.88 g/t silver, and 0.52 g/t gold. A NI 43-101 technical report and mineral resource estimate on the project was completed by A.A. Burgoyne, P.Eng, M.Sc and G.W. Giroux, P.Eng, MASc. in 2011.

In March 2015, the Company announced a Joint Venture and Option Agreement (the "Agreement") on the Marg Project, Yukon. During the year ended December 31, 2015, the first \$50,000 cash payment and 1,539,643 shares at a fair value of \$32,332 were received. During the period ended March 31, 2016, the Company received an additional 5,656,777 shares at a fair value of \$55,573. Subsequent to the period end March 31, 2016, Minquest gave notice to withdraw from the Marg Project due to a change in business for Minquest. The notice terminated with immediate effect the Letter Agreement pursuant to their right to withdraw from the Project.

### **4. Sonora Gulch, Yukon**

The Sonora Gulch project is located in the Dawson Range gold district in west-central Yukon Territory, on a winter road and within 40 kilometres of Capstone Mining Corp.'s Minto copper-gold mine. The Company owns 100% of the property, subject to NSR's totaling 1%.

A nine square kilometre gold anomaly has been outlined on the property from 1,971 soil samples. Gold-in-soil values range from trace to 2,340 ppb averaging 56 ppb gold-in-soils. From 2006 to 2011, a total of 14,063 metres were drilled in 67 holes, with high grade gold being intercepted in the Amadeus, Nightmusic and Gold Vein zones.

Also contained within the broad gold anomaly is a copper-molybdenum anomaly, covering a two by one-kilometre area, that is being evaluated as a copper-gold-molybdenum porphyry system. Copper-in-soil values range from trace to 1,870 ppm (443 samples with an average grade of 145 ppm) and molybdenum-in-soil values range from trace to 231 ppm (443 samples with an average grade of 11 ppm).

A NI 43-101 Technical Report was completed in March 2011 by Watts, Griffis and McOuat Limited. A 16,400 metre drill program was recommended. Targets include both structurally or lithologically controlled gold-silver mineralization and bulk tonnage porphyry mineralization.

### **5. Grew Creek, Yukon**

The Grew Creek Project is located 32 km southwest of Faro and 24 km northwest of Ross River, Yukon. The property's 135 square km encompass 666 quartz claims, extending along both sides of the Robert Campbell Highway for approximately 27 km, with power lines traversing the project area.

The Company owns 100% of the Grew Creek property, subject to a 4% NSR.

### **6. Castle West, Nevada**

In August 2014, the Company entered into a Mining Lease and Sublease Agreement (the "Agreement") with Platoro West Inc. ("Platoro") on its Castle West property in Esmeralda County, Nevada. The Castle West property consists of 74 unpatented claims leased from Platoro and two subleases of an additional 10 claims. The Agreement requires payments to Platoro totaling US\$175,000 over six years, with annual payments of US\$35,000 commencing on the seventh anniversary. Payments to two underlying lessors total US\$113,000 over 5 years, with annual payments of \$36,000 thereafter. All payments are to be credited against future royalty obligations. Platoro retains a sliding-scale net smelter royalty ("NSR") of 2.0% to 5.0%. Two underlying

lessors have NSR's from 2% to 3% on portions of the property. Platoro's NSR will be reduced by royalty payments to the underlying lessors to a floor of 0.5%. In February 2016, the Company made an option payment of US\$2,500.

Platoro is owned by a director of the Company and therefore the lease is considered a related party transaction.

During the year ended December 31, 2015, the Company decided not to pursue certain properties and accordingly recorded an impairment of \$1,128,241 (Lucky Joe: \$73,287; Bond: \$328,326; Del: \$250,798; Korat: \$13,632; Deet: \$145,868; Babine: \$269,760; Other: \$46,570).

*Mr. Mike Burke, P. Geo, a Qualified Person as defined by National Instrument 43-101 and the Chief Geologist for the Company, has reviewed, verified and approved disclosure of the technical information contained in this MD&A.*

## **SELECTED QUARTERLY FINANCIAL INFORMATION**

The following is a summary of the results from the eight previously completed financial quarters:

		<b>March 31, 2016</b>		<b>December 31, 2015</b>		<b>September 30, 2015</b>		<b>June 30, 2015</b>
Mineral properties	\$	7,061,186	\$	7,050,017	\$	7,315,136	\$	7,299,7947
Derivative asset		-		-		-		2,753,955
Total assets		8,109,381		7,979,058		8,340,790		11,232,902
Promissory note		3,612,625		3,488,915		3,398,436		3,229,159
Exploration expenses		713,343		45,665		161,016		105,229
Loss for the period		(1,045,992)		(416,027)		(3,090,154)		(1,320,451)
Loss per common share		(0.03)		(0.01)		(0.10)		(0.04)
		<b>March 31, 2015</b>		<b>December 31, 2014</b>		<b>September 30, 2014</b>		<b>June 30, 2014</b>
Mineral properties	\$	8,233,498	\$	8,228,599	\$	8,287,426	\$	8,241,787
Derivative asset		3,729,767		4,019,436		3,430,002		2,926,777
Total assets		13,248,097		13,787,297		13,506,406		13,656,917
Promissory note		4,264,278		4,189,333		4,226,458		4,081,334
Exploration expenses		67,860		223,320		421,949		344,916
Income (loss) for the period		(589,985)		159,951		(222,408)		187,871
Income (loss) per common share		(0.02)		0.01		(0.01)		0.01

The Company's income (loss) includes quarterly general and administrative expenses that can fluctuate significantly and are influenced by the timing of exploration, conferences, financing and investor relations activities.

Exploration expenses also fluctuate greatly during the period, depending on the scope and timing of exploration programs. Field exploration expenses are typically highest in the second and third quarters of the year due to the climate of the geographic location of the majority of the Company's properties. During the period ended March 31, 2016, the Company completed a bulk sampling program on the 3 Aces property.

The change in quarterly net income is primarily the result of mineral property impairment charges and the revaluation of the derivative asset associated with the Company's promissory note. During the period ended September 30, 2015, the terms of the promissory note were amended. Accordingly, the Company expensed the derivative asset in the amount of \$2,952,405.

The Company's net income (loss) may vary significantly in future quarters depending on the scope of the Company's exploration activities and the timing and amounts of any non-cash expenses such as stock-based compensation and impairments.

## **RESULTS OF OPERATIONS**

### **Three Months ended March 31, 2016**

The Company had a net loss of \$1,045,992 for the three months ended March 31, 2016 compared to a net loss of \$589,985 in the same period of the prior year, an increase of \$456,007.

Exploration expenses were \$713,343 for the three months ended March 31, 2016 compared to \$67,860 in the prior period, an increase of \$645,483. The increase in net loss is primarily the result of the exploration expenses associated with the Company's bulk sampling program on the 3 Aces property in the current period.

General and administrative expenses were \$124,037 for the three months ended March 31, 2016, compared to \$116,691 in the prior period, a slightly increase of \$7,346 and is comparable over the two periods.

## **FINANCIAL CONDITION**

### **Liquidity and Going Concern**

At March 31, 2016, the Company had cash of \$23,228 (December 31, 2015 - \$174,797) and working capital deficiency of \$1,270,812 (December 31, 2015 - \$906,587). The Company has no source of operating cash flows and operations to date have been funded primarily from the issue of share capital. As a result, the Company's ability to continue as a going concern is contingent on its ability to monetize assets, obtain additional financing from loans or equity financing, or through other arrangements.

In February 2016, the Company closed a private placement for 2,315,000 units (the "NFT Units") and 250,000 flow-through units (the "FT Units") at a price of \$0.10 per NFT and FT Unit for total proceeds of \$256,500. Each FT Unit consists of one common share (the "FT Shares") and one share purchase warrant (the "FT Warrants"). Each NFT Unit consists of one common share (the "NFT Shares") and one share purchase warrant (the "NFT Warrants"). Each NFT Warrant will entitle the holder to purchase one additional common share, exercisable at a price of \$0.15 per share for a period of two years from the date of issue of the NFT Warrants. Each FT Warrant will entitle the holder to purchase one additional flow-through common share, exercisable at a price of \$0.15 per share for a period of two years from the date of issue of the FT Warrants. The Company paid share issuance costs of \$7,783.

In May 2016, the Company closed a private placement for 21,350,000 units (the "NFT Units") and 5,650,000 flow-through units (the "FT Units") at a price of \$0.16 per NFT and FT Unit for total proceeds of \$4,320,000. Each NFT and FT Unit consists of one common share (the "Shares") and one share purchase warrant (the "Warrants"). Each Warrant will entitle the holder to purchase one additional common share, exercisable at a price of \$0.21 per share for a period of two years from the date of issue of the Warrants. The Company issued 1,274,000 finder's units at an exercise price of \$0.16 per finder's unit in relation to the private placement. Each finder's unit is comprised of one common share and one share purchase warrant (the "Unit Warrant"). Each Unit Warrant entitles the holder to purchase one common share at an exercise price of \$0.21 per share for a period of two years from the date of issue of the finder's units.

The Company is seeking joint venture partners to participate in advancing the Company's advanced projects into production while minimizing corporate expenditures. The Brewery Creek project is a past producing heap leach gold mine with expanded current oxide resources and several new discoveries. Positive results from a preliminary economic assessment of the Brewery Creek project was announced on November 12, 2014. The Company continues to delineate and test the high-grade 3 Aces project in the Yukon. A joint venture and option agreement was announced for the Marg polymetallic massive sulfide deposit in the Yukon and the Company has begun evaluation of the recently acquired Castle West project in Nevada.

## **RELATED PARTY TRANSACTIONS**

### **Key management compensation**

There was no compensation paid or payable to key management for management services provided in the periods ended March 31, 2016 and 2015.

Share-based compensation includes stock options granted to directors and officers recorded at a fair value of \$39,966 (2015 - \$7,498).

### **Other transactions**

Accounting, consulting, administrative and corporate communications services were formerly provided to the Company by a subsidiary of the controlling shareholder. During the period ended March 31, 2016, the Company recorded professional fees of \$nil (2015 - \$15,272), corporate communications expenses of \$nil (2015 - \$3,499), and consulting fees of \$nil (2015 - \$21,314) related to these services.

These services were incurred in the normal course of operations for general corporate matters, attendance at committee and board meetings, as well as evaluating business opportunities. All services were made on terms substantially equivalent to those that prevail with arm's length transactions.

**Balances outstanding**

There was \$nil due to related parties recorded in accounts payable and accrued liabilities at March 31, 2016 and December 31, 2015.

**Loans payable**

During the period ended March 31, 2016, the Company received loan proceeds from a director. Subsequent to March 31, 2016, the loans were repaid in full and the interest was waived by the director.

**DISCLOSURE OF OUTSTANDING SHARE DATA**

At the date of this report, the Company has 63,671,214 common shares outstanding.

During the period ended March 31, 2016, the Company issued 2,565,000 common shares in relation to a private placement in February 2016; 1,875,000 common shares in relation to a share purchase agreement; 425,964 common shares to certain of its suppliers as payment for services provided; 135,000 common shares in relation to shares for services; and 27,000,000 common shares in relation to a private placement in May 2016.

The following table provides a summary of the Company's stock options outstanding at the date of this report:

	Number	Exercise Price (\$)	Expiry Date
Stock options	875,000	0.20	August 1, 2017
	450,000	0.10	November 17, 2017
	40,000	0.12	March 23, 2018
	125,000	0.12	June 22, 2018
	345,000	0.14	October 1, 2018
	940,000	0.17	February 25, 2019
	40,000	0.25	May 2, 2019
	400,000	0.43	May 24, 2019
	<u>3,215,000</u>		

The following table provides a summary of the Company's warrants outstanding at the date of this report:

	Number	Exercise Price (\$)	Expiry Date
Warrants	2,565,000	0.15	February 25, 2018
	1,875,000	0.15	March 3, 2018
	27,000,000	0.21	May 24, 2018
	<u>1,274,000</u>	0.16	May 24, 2018 (finder's units)*
	<u>32,714,000</u>		

\*The finder's units are exercisable into one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one common share at an exercise price of \$0.21 share until May 24, 2018.

**ANALYSIS OF EXPLORATION COSTS**

During the three months ended March 31, 2016, a total of \$713,343 (2015 - \$67,860) was incurred on exploration of mineral properties.

**Three months Ended March 31, 2016:**

	<b>Sonora Gulch</b>	<b>Brewery Creek</b>	<b>3 Aces</b>	<b>Marg</b>	<b>Grew Creek</b>	<b>Other Properties</b>	<b>Total</b>
Geological consulting and salaries	\$ —	\$ —	\$ 279,898	\$ —	\$ —	\$ —	\$ 279,898
Depreciation	—	8,557	26,010	—	—	—	34,567
Environment	—	—	14,378	—	—	—	14,378
Trenching and sampling	—	—	130,522	—	—	—	130,522
Camp and accommodations	—	—	74,942	—	—	—	74,942
Geochemistry	—	—	34,974	—	—	—	34,974
Transportation and travel	—	—	103,264	—	—	—	103,264
Helicopter	—	—	3,609	—	—	—	3,609
Other exploration costs	—	—	37,189	—	—	—	37,189
<b>Balance, March 31, 2016</b>	<b>\$ —</b>	<b>\$ 8,557</b>	<b>\$ 704,786</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 713,343</b>

**Three months Ended March 31, 2015:**

	<b>Sonora Gulch</b>	<b>Brewery Creek</b>	<b>3 Aces</b>	<b>Marg</b>	<b>Grew Creek</b>	<b>Other Properties</b>	<b>Total</b>
Geological consulting and salaries	\$ —	\$ 727	\$ 35,459	\$ —	\$ —	\$ —	\$ 36,186
Depreciation	950	56,641	23,156	—	—	—	80,747
Permitting	—	11,662	—	—	—	—	11,662
Sampling	—	14,076	156	—	—	—	14,232
Camp and accommodations	—	—	526	—	—	—	526
Geochemistry	—	—	(43,130)	—	—	—	(43,130)
Tax credits	—	(7,888)	(4,013)	—	—	—	(11,901)
Disposal of fixed assets	—	(20,462)	—	—	—	—	(20,462)
<b>Balance, March 31, 2015</b>	<b>\$ 950</b>	<b>\$ 54,756</b>	<b>\$ 12,154</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 67,860</b>

Please refer to the unaudited condensed interim consolidated financial statements for the period ended March 31, 2016 for an analysis of the Company's Deferred Acquisition Costs.

**RECENT ACCOUNTING POLICIES**

Please refer to the March 31, 2016 condensed interim consolidated financial statements on [www.sedar.com](http://www.sedar.com).

**FINANCIAL INSTRUMENTS**

Please refer to the March 31, 2016 condensed interim consolidated financial statements on [www.sedar.com](http://www.sedar.com).

**OFF BALANCE SHEET ARRANGEMENTS**

The Company has no off-balance sheet arrangements.

**PROPOSED TRANSACTIONS**

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

**CONTINGENCIES**

There are no contingent liabilities.

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS**

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

## **INTERNAL CONTROLS OVER FINANCIAL REPORTING**

### **Changes in Internal Control over Financial Reporting ("ICFR")**

In connection with National Instrument 52-109, Certification of Disclosure in Issuer's Annual and Interim Filings ("NI 52-109") adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis. The Venture Issue Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI52-109.

## **OTHER MD&A REQUIREMENTS**

Additional disclosure of the Company's technical reports, material change reports, news releases and other information can be obtained on SEDAR at [www.sedar.com](http://www.sedar.com).

## **FORWARD-LOOKING INFORMATION**

This Management Discussion and Analysis contains "forward-looking information" which include, but is not limited to, information about the transactions, statements with respect to the future financial or operating performances of the Company and its projects, the future price of gold, the estimation of mineral reserves and resources, the realization of mineral reserve estimates, the timing and amount of estimated future production revenues, margins, costs of production, capital, operating and exploration expenditures, costs and timing of the development of new deposits, costs and timing of future exploration, cost and timing of plant and equipment, requirements for additional capital, government regulation of mining operations, environmental risks, reclamation and rehabilitation expenses, title disputes or claims, limitations of insurance coverage and the timing and possible outcome of pending litigation and regulatory matters. Often, but not always, forward-looking information statements can be identified by the use of words such as "proposes", "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes", or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might", or "will" be taken, occur or be achieved.

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, general business, economic, competitive, political and social uncertainties; the actual results of current exploration activities and feasibility studies; assumptions in economic evaluations that may prove inaccurate; fluctuations in the value of the Canadian or US dollar; future prices of gold; possible variations of ore grade or recovery rates; failure of plant or equipment or failure to operate as anticipated; accidents; labour disputes or slowdowns or other risks of the mining industry; climatic conditions; political instability; or arbitrary decisions by government authorities.

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 to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this Management Discussion and Analysis based on the opinions and estimates of management, and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, estimates or opinions, future events or results or otherwise. 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.

## **RISKS AND UNCERTAINTIES**

Prior to making an investment decision, investors should consider the investment risks set out below and those described elsewhere in this document, which are in addition to the usual risks associated with an investment in a business at an early stage of development. The directors of the Company consider the risks set out below to be the most significant to potential investors in the Company, but are not all of the risks associated with an investment in securities of the Company. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the Directors are currently unaware, or which they consider not to be material in relation to the Company's business, actually occur, the Company's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of the Company's securities could decline and investors may lose all or part of their investment.

### Availability of financing

There is no assurance that additional funding will be available to the Company for additional exploration or for the substantial capital that is typically required in order to bring a mineral project to the production decision or to place a property into commercial production. 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 favourable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of its properties.

### Title matters

While the Company has performed its diligence with respect to title of its properties, this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements of transfer or other adverse land claims, and title may be affected by undetected defects.

### Management

The Company is dependent on a relatively small number of key personnel, the loss of any of whom could have an adverse effect on the Company.

### Economics of developing mineral properties

Mineral exploration and development involves a high degree of risk and few properties which are explored are ultimately developed into producing mines.

With respect to the Company's properties, should any mineral resource exist, substantial expenditures will be required to confirm that mineral reserves which are sufficient to commercially mine exist on its current properties, and to obtain the required environmental approvals and permits required to commence commercial operations. Should any resource be defined on such properties, there can be no assurance that the mineral resources on such properties can be commercially mined or that the metallurgical processing will produce economically viable, merchantable products. The decision as to whether a property contains a commercial mineral deposit and should be brought into production will depend upon the results of exploration programs and/or feasibility studies, and the recommendations of duly qualified engineers and/or geologists, all of which involves significant expense. This decision will involve consideration and evaluation of several significant factors including, but not limited to: (i) costs of bringing a property into production, including exploration and development work, preparation of production feasibility studies and construction of production facilities; (ii) availability and costs of financing; (iii) ongoing costs of production; (iv) market prices for the minerals to be produced; (v) environmental compliance regulations and restraints (including potential environmental liabilities associated with historical exploration activities); and (vi) political climate and/or governmental regulation and control.

The ability of the Company to sell and profit from the sale of any eventual mineral production from any of the Company's properties will be subject to the prevailing conditions in the global minerals marketplace at the time of sale. The global minerals marketplace is subject to global economic activity and changing attitudes of consumers and other end-users' demand for mineral products. Many of these factors are beyond the control of the Company and therefore represent a market risk which could impact the long term viability of the Company and its operations.