Castle Mountain Mining Company Limited
Management's discussion and analysis
For the years ended December 31, 2014 and 2013

FORWARD-LOOKING STATEMENT

The following discussion of the results of operations, financial condition and cash flows of Castle Mountain Mining Company Limited and its wholly-owned subsidiaries (collectively the "Company") was prepared as at April 30, 2015 and should be read in conjunction with the Company's consolidated financial statements for the years ended December 31, 2014 and 2013prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts disclosed are in Canadian dollars unless otherwise stated.

Forward-Looking Statements

Statements contained in this Management Discussion and Analysis that are not historical facts are "forward-looking information" or "forward-looking statements" (collectively, "Forward-Looking Information") within the meaning of applicable Canadian securities legislation and the United States Private Securities Litigation Reform Act of 1995. Forward Looking Information includes, but is not limited to, disclosure regarding the drilling program; the timing and costs of future development and exploration activities on the Company's properties; success of development and exploration activities; time lines for technical reports and further studies, including a prefeasibility or feasibility study; and planned exploration and development of properties and the results thereof. In certain cases, Forward-Looking Information can be identified by the use of words and phrases such as "plans", "expects" or "does not expect", "is expected", budget", "scheduled", "suggest", "optimize", "estimates", "forecasts", "intends", "anticipates", "potential" or "does not anticipate", believes", "anomalous" 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". In making the forward-looking statements in this Management's Discussion and Analysis, the Company has applied several material assumptions, including, but not limited to, that the current development, exploration and other objectives concerning the Castle Mountain Project can be achieved and that its other corporate activities will proceed as expected; that the current price and demand for gold will be sustained or will improve; that general business and economic conditions will not change in a materially adverse manner and that all necessary governmental approvals for the planned exploration on the Castle Mountain Project will be obtained in a timely manner and on acceptable terms; the continuity of the price of gold and other metals, economic and political conditions and operations. Forward-Looking Information involves 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 Information. Such risks and other factors include, among others, operations and contractual obligations; changes in exploration programs based upon results of exploration; future prices of metals; availability of third party contractors; availability of equipment; failure of equipment to operate as anticipated; accidents, effects of weather and other natural phenomena and other risks associated with the mineral exploration industry; environmental risks, including environmental matters under U.S. federal and California rules and regulations; impact of environmental remediation requirements and the terms of existing and potential consent decrees on the Company's planned exploration on the Castle Mountain project; certainty of mineral title; community relations; delays in obtaining governmental approvals or financing; fluctuations in mineral prices; the Company's dependence on one mineral project; the nature of mineral exploration and mining and the uncertain commercial viability of certain mineral deposits; the Company's lack of operating revenues; governmental regulations and the ability to obtain necessary licenses and permits; risks related to mineral properties being subject to prior unregistered agreements, transfers or claims and other defects in title; currency fluctuations; changes in environmental laws and regulations and changes in the application of standards pursuant to existing laws and regulations which may increase costs of doing business and restrict operations; risks related to dependence on key personnel; and estimates used in financial statements proving to be incorrect; as well as those factors discussed in the Company's public disclosure record. Although the Company has attempted to identify important factors that could affect the Company and may cause actual actions, events or results to differ materially from those described in Forward-Looking Information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended; as well as those factors discussed in the Company's public disclosure record and annual information form for the year ended December 31, 2014 which is available on SEDAR at www.sedar.com. Although the Company has attempted to identify important factors that could affect the Company and may cause actual actions, events or results to differ materially from those described in Forward-Looking Information, 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 Information 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 Information. Except as required by law, the Company does not assume any obligation to release publicly any revisions to Forward-Looking Information contained in this Management's Discussion and Analysis to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

Cautionary Note to U.S. Readers Regarding Estimates of Indicated and Inferred Resources

This MD&A uses the terms "measured" and "indicated" mineral resources and "inferred" mineral resources. The Company advises U.S. investors that while these terms are recognized and required by Canadian securities administrators, they are not recognized by U.S. securities administrators. The estimation of "measured" and "inferred" mineral resources involves greater uncertainty as to their existence and economic feasibility than the estimation of proven and probable reserves. The estimation of "inferred" resources involves far greater uncertainty as to their existence and economic viability than the estimation of other categories of resources. It cannot be assumed that all or any part of a "measured", "inferred" or "indicated" mineral resource will ever be upgraded to a higher category.

Under Canadian rules, estimates of "inferred mineral resources" may not form the basis of feasibility studies, pre-feasibility studies or other economic studies, except in prescribed cases, such as in a preliminary economic assessment under certain circumstances. U.S. securities administrators normally only permits issuers to report mineralization that does not constitute "reserves" as in-place tonnage and grade without reference to unit measures. Under U.S. standards, mineralization may not be classified as a "reserve" unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. U.S. investors are cautioned not to assume that any part or all of a "measured", "indicated" or

"inferred" mineral resource exists or is economically or legally mineable. Information concerning descriptions of mineralization and resources contained herein may not be comparable to information made public by U.S. companies subject to the reporting and disclosure requirements of U.S. securities administrators.

Mineral resources that are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues. The quantity and grade of reported inferred resources in this estimation are uncertain in nature and there has been insufficient exploration to define these inferred resources as an indicated or measured mineral resource and it is uncertain if further exploration will result in upgrading them to an indicated or measured mineral resource category. The inclusion of inferred mineral resources are considered too speculative geologically to have the economic considerations applied to enable them to be categorized as mineral reserves. The mineral resources in this press release were reported using CIM Standards.

OVERVIEW

Castle Mountain Mining Company Limited ("Castle Mountain" or the "Company") was incorporated under the Business Corporations Act (Ontario) on December 16, 2009 and commenced activities as a capital pool company on January 29, 2010 under the name of Foxpoint Capital Corp. On April 25, 2013, the Company completed its Qualifying Transaction (the "Transaction") by way of amalgamation, with a subsidiary of the Company and Telegraph Gold Inc. ("Telegraph"). At the time of the Transaction, the Company changed its name from Foxpoint Capital Corp. The registered head office is located in Toronto, Ontario, Canada.

Subject to certain obligations, the Company has 100% of the right, title and beneficial interest in and to the Castle Mountain Venture, a California general partnership, which owns the Castle Mountain property in San Bernardino County, California. The Castle Mountain heap leach gold mine produced over one million ounces of gold from 1992 to 2001, when mining was suspended due to low gold prices.

The Castle Mountain Venture land holdings (7,458 acres total) include patented claims (1,298 acres), and unpatented claims (6,160 acres).

Castle Mountain Mining Company Limited, through its wholly owned subsidiaries including Castle Mountain Venture, is focused on the exploration and, if warranted, development of gold deposits in San Bernardino County, California. The principal zones gold mineralization identified to date within the Project are below and surrounding historically mined pits on the property including the Oro Belle-Hart Tunnel, Jumbo, and Lesley Anne-Jumbo South Pits, as well as in the South Domes area.

The Company's common shares trade on the TSX Venture exchange under the symbol "CMM" and on the OTCQX under the ticker "CTMQF".

Canadian dollars	As at December 31, 2014	As at December 31, 2013
Statements of financial position		
Cash and cash equivalents and short-term investments	$ 5,342,622	$ 5,275,352
Total current assets	$ 5,431,715	$ 5,400,770
Total assets	$ 13,423,625	$ 13,292,862
Total current liabilities	$ 4,625,894	$ 739,911
Total liabilities	$ 6,835,901	$ 4,575,652
Total equity attributed to common shareholders	$ 6,587,724	$ 8,717,210
Total liabilities and equity	$ 13,423,625	$ 13,292,862

Candian dollars	For the years ended December 31,	
Statements of Operations	2014	2013
Exploration expenditures	$ (4,762,537)	$ (3,451,684)
Reverse take over	-	(3,264,226)
Share-based payment	(730,164)	(493,675)
Salaries	(750,121)	(713,341)
Depreciation	(19,219)	(12,841)
Professional and consulting fees	(341,674)	(292,375)
Filing fees and regulatory costs	(66,259)	(96,691)
Travel	(166,645)	(124,904)
Technology and telecommunications	(46,273)	(47,429)
Office and sundry	(125,158)	(67,522)
Other operating costs	(178,082)	(82,144)
Other income (expense)	(926,392)	(759,357)
Net loss	$ (8,112,524)	$ (9,406,189)
Net loss per share attributed to common shareholders		
Basic	$ (0.12)	$ (0.18)
Diluted	$ (0.12)	$ (0.18)

HIGHLIGHTS

- For the year ended December 31, 2014, the Company recorded a net loss of $8,112,524 or $0.12 per share compared with a loss of $9,406,189 or $0.18 per share for year ended December 31, 2013.
- On June 27, 2014, the Company completed a public offering of 8,855,000 units (the "Units"), at a price of $0.65 per Unit for gross proceeds to the Company of $5,755,750.
- On April 24, 2014, the Company announced the results of its Preliminary Economic Assessment ("PEA"), see below for additional details.
- On November 4, 2014, the Company qualified to begin trading on the OTCQX. The Company's ticker is CTMQF.
- On April 7, 2015, the Company announced that David Adamson had joined the Company as Chief Executive Officer and as a member of its Board of Directors and Ian Cunningham-Dunlop had joined as Vice President, Exploration. Additionally, David Reid and William Cavalluzzo had joined the Board of Directors.

- On April 17, 2015, the Company completed a non-brokered offering of 5,714,402 units ("Units") at $0.35 per Unit for aggregate gross proceeds of $2,000,040.70 ("Offering"). Each Unit consists of one common share of Castle Mountain ("Common Share") and one half of one Common Share purchase warrant (a "Warrant"). Each Warrant entitles the holder thereof to acquire one additional Common Share of Castle Mountain at an exercise price of $0.60 per Common Share until April 17, 2017.

- Subsequent to December 31, 2014, on January 19, 2015, the Company announced results from its 2014 drill campaign. Results from the campaign appear to have significantly expanded the unmined, high-grade Lucky John Zone along strike, and discovered a possible high-grade extension at depth. For additional details on the Company's 2014 drill campaign please see below and refer to the Company's January 19, 2015, press release available on the Company's website and www.sedar.com.

RESULTS OF OPERATIONS

During the second quarter of 2014, the Company commenced drilling at the Castle Mountain Property. Drilling was recently completed with the program consisting of 1,196 metres of PQ-sized core and 2,140 metres of HQ-sized core and 6,922 metres of reverse circulation drilling. Drilling has been focussed on the Oro Belle, Jumbo and JSLA pits and the immediate areas surrounding them with the goal of supporting the data which will be ultimately incorporated into a feasibility study. During the early part of 2014, the Company focussed on completing its PEA, the results of which are detailed below.

During the year ended December 31, 2013, the Company commenced its first drill program at Castle Mountain.

Exploration expenditures for the years ended December 31, 2014 and 2013 were $4,762,537 and $3,451,684, respectively.

The increase during the year ended December 31, 2014, compared with the year ended December 31, 2013, was due to a larger drill program was being completed in the current year. Additionally, the Company was impacted by the strengthening of the US dollar relative to the Canadian dollar.

A breakdown of the Company's exploration expenditures is noted in the table below.

	For the years ended December 31,	
	2014	2013
Personnel, contractor and consultant costs	$ 748,784	$ 332,007
Site administration	382,252	373,897
Drilling, assaying, field activities and property costs	3,631,501	2,957,025
Recovery of expenses	-	(211,245)
	$ 4,762,537	$ 3,451,684

Included in the personnel, contractor and consultant costs are costs related to the PEA and initial work towards a feasibility study, which primarily accounts for the significant increase in 2014 over 2013. The recovery of expenses relates to the settlement of an agreement reached with a vendor who was contracted to perform work on the Telegraph Claims.

On April 24, 2014, the Company announced the receipt of its PEA[i]. The study was completed by RPA Inc. with the collaboration of David Penswick, P. Eng., and the Castle Mountain technical team. The PEA considered a base case and two scenarios summarized in Table 1 below:

Table 1 – Project Summary

		Static	Base	Unconstrained
Recovered Au	000 oz	832	2,994	3,490
Annual Au	000 oz	119	176	291
All-In Sustaining Costs [2]	US$/oz	$919	$949	$801
Initial Capex	US$ MM	$98	$98	$421
Pre-Tax NPV 5% [1]	US$ MM	$173	$499	$831
Pre-Tax IRR [1]		38.9%	27.5%	29.1%
Post-Tax NPV 5% [1]	**US$ MM**	**$122**	**$352**	**$576**
Post-Tax IRR [1]		**29.7%**	**20.1%**	**21.7%**

Notes:

1. Assumes flat long term Au price of $1300/oz
2. All in Sustaining Costs is a non-GAAP measure presented as per WGC guidelines - includes allowance of $2 million per annum for corporate G&A. See Non-GAAP Measures.

The economic analysis contained in the PEA is based, in part, on Inferred Resources, and is preliminary in nature. Inferred Resources are considered too geologically speculative to have mining and economic considerations applied to them and to be categorized as Mineral Reserves. There is no certainty that economic forecasts on which the PEA is based will be realized.

Summary of Study

The PEA considered three cases:

- Base Case: This scenario is based on a low capital start-up with a subsequent capital investment and expansion to 8.1 Mtpa in year three of operation. The Base Case remains within the boundaries of the 3,910 acre Environmental Impact Statement (EIS), but requires an amendment of the current mine and operations plan during operations.
- Static Case: This scenario is limited to the current mine and operations plan, which provides for a disturbance area of 1,375 acres. It is based on a low initial capital requirement for 6.4 Mtpa of leaching, no expansion capital, and no amendments to the current mine permit.
- Unconstrained Case: This Scenario is unconstrained by either capital or the current mine and operations plan. The Unconstrained Case assumes an amendment of the mine permit to 18 Mtpa before the commencement of production. This case remains within the boundaries of the 3,910 acre EIS/EIR. This case includes increased capital spending in order to minimize the operating cost structure.

Table 2 – Summary Metrics for PEA Cases

		Static	Base	Unconstrained
Process Feed	000 tonnes	40,240	132,137	209,271
Waste	000 tonnes	173,530	912,135	835,001
Strip Ratio	waste : ore	4.31	6.90	3.99
Grade	g/t	0.84	0.85	0.62
Contained Au	000 oz	1,082	3,599	4,166
Recovered Au	000 oz	832	2,994	3,490
Recovery [1]		76.9%	83.2%	83.8%
Mine Life [2]	years	7	17	12
Annual Au	000 oz	119	176	291
All-In Sustaining Costs [3]	$/oz	$919	$949	$801
Initial Capex	$ MM	$98	$98	$421
Expansion Capex	$ MM	$0	$173	$0
Sustaining Capex	$ MM	$90	$250	$339
Closure[4]	$ MM	$6	$22	$30
Total Investment	$ MM	$194	$543	$790

Pre-Tax NPV 0% [5]	$ MM	$239	$953	$1,366
Pre-Tax NPV 5% [5]	$ MM	$173	$499	$831
Pre-Tax IRR [5]		38.9%	27.5%	29.1%
Post-Tax NPV 0% [5]	$ MM	$177	$728	$1,012
Post-Tax NPV 5% [5]	**$ MM**	**$122**	**$352**	**$576**
Post-Tax IRR [5]		**29.7%**	**20.1%**	**21.7%**
Simple Payback - Initial Capital [5]	months	31	31	59
Simple Payback - Expansion Capital [5]	months	n/a	46	n/a

1. Includes recovery of 76.9% for crushed leach material and 95% for milled material
2. Excludes 3 years of rinsing pads following completion of mining activities
3. All in Sustaining Costs is a non-GAAP measure presented as per WGC guidelines - includes allowance of $2m pa for corporate G&A. See Non-GAAP Measures
4. Net of salvage values of $2.7m (Static), $4.8m (Base) and $6.9m (Unconstrained)
5. Assumes flat long term Au price of $1300/oz

The information presented above is based on preliminary mine designs and processing criteria drawn from previous operating performance. Mineral Resources are based on NI 43-101 Mineral Resource estimate filed by the Company on SEDAR on December 11, 2013. Financial returns have been forecasted using an assumed long term gold price of $1300/oz. All currency amounts in Tables 1 and 2 and associated footnotes are denominated in US dollars ($) unless otherwise noted.

Opportunities to Improve Results

Opportunities to improve upon the results presented above that will be investigated as the project is advanced include:

- A significant tonnage of material currently classified as waste within the pit shells has, in fact, not yet been drilled. The presence of mineralization in these areas has the potential to increase the tonnage of mineralization included in the mine plan and/or materially reduce the strip ratio.
- The historic cut-off of approximately 0.5 g/t is well above the current cut-off of 0.24 g/t for the Base Case (and 0.13 g/t for the Unconstrained Case). Material below the historic cut-off was used to backfill the JSLA Pit and will be excavated early in the mine plan. There is potential to process and economically recover gold from this material, which is currently classified as waste.
- It may be possible to recover additional gold from the existing leach pad. There are plans to test this, with a focus on the cells that were developed initially, where higher grade material was not milled or treated with the gravity circuit. In addition, it may be possible to use the leached material as construction aggregate – particularly for lining the new leach pads – and thus reduce capital expenditures.
- It may be possible to steepen wall slopes beyond the 48° overall slope angles that have been assumed, which would reduce the stripping ratio. The previously mined pits achieved inter-ramp slope angles well in excess of 50° throughout the majority of pits and most walls remain in excellent condition, more than 13 years later. Geotechnical studies have been planned for the next round of work.

Risks associated with the project

- **The metallurgical performance of different process feeds**. The Base Case mine plan includes processing of 3,599 koz contained gold. Of this total, 1,791 koz (50%) is located within the Jumbo, Oro-Belle and JSLA pits previously mined and above the deepest horizon of historic activity, 158 koz (4%) is located within the same pits but below the deepest horizon of historic activity, 482 koz (13%) is located within the Hart Tunnel pits that are immediately adjacent to the three previously mined pits and the remaining 1,188 koz (33%) is located within the South Domes pit that is offset from the other five by approximately 500 m. There is some confidence that the 50% of material located in the pits and horizons mined previously will perform similar to material processed previously. There is less confidence regarding the metallurgical performance of the remaining material. The next round of work will include metallurgical testing that aims to improve the confidence in recovery estimates for all material planned to be processed.

- A sustained and significant reduction in gold prices. As noted above, financial returns are sensitive to the gold price. To an extent, downside risk is mitigated by the plan that includes mining of six discrete pits, which provides operators with considerable flexibility in responding to short term fluctuations in price.
- Capital cost overruns. As with all mining projects, financial returns are sensitive to capital costs. For Castle Mountain, risks associated with capital costs are mitigated by the relative simplicity of the design (the initial project intends to essentially replicate the previous successful design). Risks associated with capital costs are also mitigated by the permitting status – subject to obtaining the requisite project finance, construction will be able to start in the near term - and the current non-inflationary environment within the mining industry.
- Operating cost overruns. The project is more sensitive to operating costs. For Castle Mountain, risks associated with operating costs are mitigated by following the historic design, which proved the viability of operating concepts. Risk will be further mitigated by the current non-inflationary environment within the mining industry and expected short path to production. In particular, it is expected that skilled personnel are available to staff the project.
- Water. Historically the operation successfully processed approximately 3.6 million tons per year over a ten year period with continued leaching for several years after mining ceased. This PEA projects a higher processing rate which will require more water and the work has not yet been done to show there is enough water for the projected rate. The Company has started hydrogeological work on the project.
- Permitting. While the Company has the key Mining and Reclamation permit required for operation, other permits are still required. There are no assurances that these permits will be granted. The Base and Unconstrained Cases also envision using land which while inside the approved EIS/EIR boundary is outside of the area currently permitted for disturbance. There are no assurances the Company will be able to amend the Mine Plan to include additional areas of disturbance.
- Mineral Resources. This PEA is based on MI&I Resources, there are no assurances that this material will all be converted to Reserves Further risk factors are set out in the Company's continuous disclosure documents filed on SEDAR.

On August 20, 2014, the Company announced the results of the first three holes of its Phase 2 drill program.

The drill holes, results of which are presented below, targeted areas of known mineralization to supply material for the Company's ongoing metallurgical test program and associated feasibility study.

Drill Hole	Location	Interval (metres)	From (metres)	To (metres)	Au (g/t)	Cyanide Recovery Au (g/t)	Au/CN* Ratio
CMM-012	Jumbo Pit	42.7	232.9	275.5	0.53	0.45	75.0%
CMM-013	Jumbo Pit	19.8 53.3 48.9	0 175 233.6	19.8 228.3 282.5	0.42 0.59 0.54	0.40 0.44 0.45	95.9% 77.8% 72.0%
CMM-014 Including	JSLA Pit	102.1 48.8	94.2 147.5	196.3 196.3	7.46 14.69	4.47 8.46	78.1% 73.9%

* Au fire assays below 0.20 g/t were not analyzed for cyanide solubility and were not included in the calculation of the Cyanide Recovery average grade or Au/CN ratio.

Drill hole CMM-014 targeted the highwall of the JSLA Pit, an area currently being considered for the initial phase of mining, given above average gold grades, and relatively low strip requirements. Drill holes CMM-012 and CMM-013 targeted material below, and adjacent to the Jumbo Pit, and in doing so, generated above cut-off grade results in areas currently being categorized as waste material in the PEA-based mine plan.

Core underwent cyanide solubility testing as the first phase of an extensive metallurgical test program, and showed notably high recoveries in the high grade samples. These tests are being followed up with further studies including column tests that are currently underway.

Additionally, during 2014, the Company drilled four holes for metallurgical testing purposes, designated CMM-012, CMM-013, CMM-014, and CMM-017. All four holes provided samples across different lithologies and alterations in the known mineral resources. CMM-012 and CMM-013 were drilled into the Jumbo mineral resource zone, CMM-014 was drilled into the Lucky John mineral resource zone, and CMM-17 was drilled into the South JSLA mineral resource zone. From these four holes a total of 19 composites were developed. For details on the Company's metallurgical testing please refer to the Company's March 11, 2015 press release available on the Company's website and www.sedar.com.

On January 19, 2015, the Company announced results from its 2014 drill campaign. Results from the campaign appear to have significantly expanded the unmined, high-grade Lucky John Zone along strike, and discovered a possible high-grade extension at depth.

Additionally, drilling around the margins of the proposed JSLA pit continues to intersect broad intervals of gold mineralization increasing the likelihood that the strip ratio around this pit can be substantially reduced from that initially outlined in the Company's preliminary economic assessment entitled "Technical Report on the Preliminary Economic Assessment for the Castle Mountain Project, San Bernardino County, California" dated May 30, 2014 (the "PEA"). As well, initial testing of the backfill material in the previously mined out portions of the JSLA pit indicated broad intervals of backfill which are above the cut-off grades contemplated in the PEA, including 56.4 metres grading 0.65 g/t gold in hole CMM-048, which may allow portions of the backfill to be leached, and again decrease the strip ratio for the project.

Highlights from most recent Phase of the 2014 Drill Campaign include:

- 74.4 m of 9.11 g/t including 35.1 m of 18.97 g/t in hole CMM-060
- 33.3 m of 30.31 g/t including 10.6 m of 94.04 g/t in hole CMM-054
- 137.8 m of 1.5 g/t including 16.8 m of 3.07 g/t in hole CMM-018
- 79.2 m of 0.89 g/t including 23.8 m of 1.48 g/t in hole CMM-040

For details on the Company's 2014 drill campaign refer to the Company's January 19, 2015, press release available on the Company's website and www.sedar.com.

[i] The details regarding the PEA were extracted from the Company's press release on April 24, 2014, for more details please see the Company's press release available on the Company's website and the Company's Technical Report filed on www.sedar.com.

Reverse take over

On April 25, 2013, the Company completed its Qualifying Transaction by way of amalgamation, with a subsidiary of the Company and Telegraph. As the former Telegraph shareholders ended up owning the majority of the Company upon completion of the Transaction, the transaction was deemed to be a reverse takeover.

In accordance with IFRS 3, Business Combination, the substance of the transaction is a reverse takeover of a non-operating company. The transaction does not constitute a business combination as the Company does not meet the definition of a business under the standard. As a result, the transaction is accounted for as a capital transaction with Telegraph being identified as the acquirer and the equity consideration being measured at fair value.

Transactions costs incurred prior to January 1, 2013, have been expensed in the statement of loss and comprehensive loss.

Share-based payment expense

During the years ended December 31, 2014 and 2013, the Company incurred share-based payment expense of $730,164 and $493,675, respectively. The increase was due to the recognition of share-based payments expense for options that were granted during 2014.

Salaries

For the years ended December 31, 2014, salaries expense was $750,121 compared with $713,341 for the year ended December 31, 2013. Salaries expense was higher in the current year period compared with the prior year period due to a higher headcount as the Company had hired additional employees as part of the reverse take over, described above.

Depreciation

The Company recorded depreciation of $19,219 and $12,841, respectively, for the years ended December 31, 2014 and 2013. Depreciation was higher for the year ended December 31, 2014, as a result of the purchase of a vehicle during the early part of 2014.

Professional and consulting fees

For the years ended December 31, 2014, professional fees were $341,674 compared with $292,375 for the year ended December 31, 2013. The increase in professional fees is due to a higher level of corporate activity for during 2014.

Filing fees and regulatory costs

During the year ended December 31, 2014 the Company incurred $66,259 in filing fees and regulatory costs compared with $96,691 for the year ended December 31, 2013. Filing fees and regulatory costs in 2013 reflects costs associated with the Company's reverse take-over and listing on the TSX Venture Exchange.

Travel

The Company incurred travel costs of $166,645 for the year ended December 31, 2014, higher than the travel costs of $124,904 for the year ended December 31, 2013. Travel costs were higher due to certain travel related to marketing as well as trips to site.

Technology and telecommunications

Technology costs of $46,273 for the year ended December 31, 2014 was consistent with the technology and communication costs for the year ended December 31, 2013.

Office and sundry expenses and other operating costs

Other operating costs include the cost of supplies, rent and miscellaneous items. These amounts were higher for the years ended December 31, 2014 compared with December 31, 2013 as a result of an increase in corporate activity.

Other operating costs

Other operating costs were higher for the year ended December 31, 2014 compared with the year ended December 31, 2013 due to additional costs incurred for marketing and conventions during the year.

Other income (expense)

Other income (expense) was higher for the year ended December 31, 2014 compared with the year ended December 31, 2013, primarily as a result of the accretion on the Company's long-term liability.

Net loss

For the year ended December 31, 2014, the Company recorded a net loss of $8,112,524 or $0.12 per share compared with a loss of $9,406,189 or $0.18 per share for year ended December 31, 2013.

OUTLOOK

At the time of filing of this report the gold price has been extremely volatile and gold equities have been sharply depressed. In this difficult environment Management, under the guidance of the Board of Directors of the Company, are reassessing our plans with a view to preserving financial flexibility, while preserving essential work to optimize project value. The Company expects to provide further guidance on its plans in the near future.

Quarterly review

Summarized quarterly information for the past eight quarters is as follows:

Three Month Periods Ended	Net Revenues ($)	Total assets	Net loss attributable to common shareholders	
		($)	Total ($)	Per Share ($)
2014 – December 31	-	13,423,625	(3,375,745)	(0.05)
2014 – September 30	-	14,880,164	(2,316,509)	(0.03)
2014 – June 30	-	16,505,309	(1,398,525)	(0.02)
2014 – March 31	-	12,181,284	(1,021,745)	(0.02)
2013 – December 31	-	13,292,862	(1,646,414)	(0.03)
2013 – September 30	-	9,871,213	(1,018,983)	(0.02)
2013 – June 30	-	10,404,057	(5,406,197)	(0.14)
2013 – March 31	-	12,586,391	(1,334,595)	(0.03)

The Company's quarterly results have been impacted by the level of exploration activity taken.

Impacting results for the fourth quarter of 2014 was exploration costs as the Company was in the process of its Phase II drilling campaign. The net loss in the first and second quarters of 2014 reflects a lower level of exploration as the Company was not actively drilling and focussed on initial work towards a PEA.

Impacting results for the fourth quarter of 2013, was share-based payment expense, salaries and professional fees.

Impacting results for the second quarter of 2013 was the costs incurred related to the Qualifying Transaction. Additionally, exploration expenditures incurred at the Castle Mountain project are reflected in the quarterly results for 2013.

The net loss attributable to common shareholders for the quarters prior to June 30, 2013, have been revised as a result of the change in accounting policy with respect to exploration and evaluation expenditures.

Liquidity and Capital Resources

As at December 31, 2014, the Company had cash and cash equivalents and short-term investments of $5,342,622 compared with $5,275,352 at December 31, 2013.

The Company's primary source of additional liquidity is financing transactions. The Company's primary use of cash to December 31, 2014 included exploration and evaluation expenses as well as general and administrative expenses.

At December 31, 2014, the Company had a positive working capital balance of $805,851 compared with $4,660,859 at December 31, 2013. While the cash requirements are largely dependent on the Company's level of activity, the Company believes it has sufficient cash on hand to meet its obligations for the next twelve months. Should activity increase, the Company may seek additional funds through financing transactions. It is not possible to predict whether financing efforts will be successful or sufficient in the future.

Operating Activities

For the years ended December 31, 2014, and 2013, the cash used in operating activities was $5,111,747 and $6,179,827, respectively. The primary use of cash was exploration, general and administrative and other operating expenses incurred. The decrease in cash used in operating activities compared with the same period in 2013, was largely the result of the lower net loss for 2014 and an increase in account payable and accrued liabilities.

Investing Activities

During the year ended December 31, 2014, the Company invested $45,470 in equipment and acquired claims, which were previously leased in the amount of $55,065. During the year ended December 31, 2013, the Company invested $134,759 in the form of a reclamation bond. This was offset to some extent by $71,122 of cash acquired as a result of the reverse take-over.

Financing Activities

During the year ended December 31, 2014, the Company generated $5,252,874 in cash from financing activities, largely as a result of the issuance of units. Additionally, the Company received $74,688 as a result of the exercise of options. During the year ended December 31, 2013, the Company raised $4,742,296 through the issuance of shares. Additionally, a total of $110,957 was received as a result of additional capital that was contributed and $15,000 was received as a result of the exercise of options.

Outstanding Share Data

As at April 30, 2015, the Company had 77,605,820, common shares issued and outstanding. Additionally, the Company had 8,733,750 stock options and 7,284,701 common share purchase warrants outstanding. If all warrants and options, were exercised and issued, it would bring the fully diluted issued common shares to a total of 93,624,271 and would generate cash of approximately $10.9 million.

Share capital and warrants

On June 27, 2014, the Company completed a public offering (the "Offering") of 8,855,000 units (the "Units"), at a price of $0.65 per Unit for gross proceeds to the Company of $5,755,750.

Each Unit consists of one common share (a "Common Share") and one half of one Common Share purchase warrant (a "Warrant") of the Company. Each Warrant expires twenty four (24) months from the date of issuance and will entitle the holder thereof to purchase one Common Share (a "Warrant Share") at a price of $1.00 per Warrant Share. A breakdown of the net proceeds from the Offering is noted in the table below.

8,855,000 units issued	$	5,755,750
Fair value of warrants		(756,517)
Transaction costs		(577,564)
Total	$	4,421,669

Planned Use of Proceeds as Previously Disclosed	Actual Use of Proceeds to December 31, 2014
Of the net cash raised of $5.2 million, $3.8 million was to be used for for exploration, drilling, metallurgical testwork and hydrogeological, metallurgical and other studies, with the balance to be used for general corporate working capital purposes.	Approximately $2.0 million was used for exploration and studies and corporate working capital up to December 31, 2014. Additionally, another $0.1 million was used for the purchase of equipment and additional claims. Subsequent to December 31, 2014, the Company, began another drill program for a total of 3,490 metres from the funds raised.

During the year ended December 31, 2014, the Company issued 331,250 shares as a result of the exercise of options.

On December 31, 2013, the Company issued 9,091,000 common shares through a bought deal financing through a syndicate of underwriters at a price of $0.55 per share raising gross proceeds of $5,000,050. The funds are to be used for further exploration as well as general corporate and administrative purposes.

Planned Use of Proceeds as Previously Disclosed	Actual Use of Proceeds to December 31, 2014
Of the $4.7 million net cash raised, $4.4 million was to be used for exploration, drilling and other engineering studies with the balance to be used for general corporate working capital purposes.	As of December 31, 2014, all funds have been used from this offering.

During the year ended December 31, 2013, founders of Telegraph returned an aggregate of 2,500,000 common shares of the Company for no consideration. An adjustment of $776,156 was made to paid up capital. Additionally, as part of the Transaction, certain Telegraph shareholders contributed an additional $110,957 in the capital of the Company. A total of 75,000 shares were issued as a result of the exercise of options.

On June 2, 2014, the Company's shareholders approved the adoption of a shareholder rights plan agreement (the "Rights Plan"), entered into with Equity Financial Trust Company, as rights agent, effective December 3, 2013.

The Rights Plan was adopted to provide adequate time for the Board and the Company's shareholders to assess any unsolicited take-over bid (a "Bid") which might be received, to provide the Board with sufficient time to explore and develop alternatives for maximizing shareholder value and to provide the Company's shareholders with an equal opportunity to participate in the Bid and protect them from unfair or coercive tactics. The Rights Plan was not adopted as a result of any pending or suspected unsolicited Bid to acquire control of the Company.

The Rights Plan is intended to encourage any Bid to satisfy certain minimum standards designed to promote fairness. If a Bid fails to satisfy these minimum standards, the Rights Plan provides that holders of the Company's common shares, other than the bidder, will be able to purchase additional common shares at a substantial discount to the market price.

Subsequent to December 31, 2014, on April 17, 2015, the Company completed a non-brokered offering of 5,714,402 units ("Units") at $0.35 per Unit for aggregate gross proceeds of $2,000,040.70 ("Offering"). Each Unit consists of one common share of Castle Mountain ("Common Share") and one half of one Common Share purchase warrant (a "Warrant"). Each Warrant entitles the holder thereof to acquire one additional Common Share of Castle Mountain at an exercise price of $0.60 per Common Share until April 17, 2017.

The proceeds from the Offering will be used to fund ongoing activities and for working capital purposes. The Offering remains subject to the final approval of the TSX Venture Exchange.

Options

During the year ended December 31, 2014, 56,250 options with an exercise price of $0.35 were exercised. Additionally, a total of 275,000 options with an exercise price of $0.20 were exercised. During the year ended December 31, 2013, a total of 75,000 options with an exercise price of $0.20 were exercised.

During the year ended December 31, 2014, a total of 50,000 options with an exercise price of $0.35 expired. Additionally, a total of 100,000 options with an exercise price of $0.20 expired.

On January 17, 2014, the Company issued a total of 800,000 options to directors, an officer, and consultants at an exercise price of $0.60 for a period of 5 years and vesting over a one year period. The grant date fair value of $295,200 was assigned to the stock options as estimated using the Black-Scholes valuation model with the following assumptions, expected dividend yield of 0%, a volatility of 75% based on comparable companies, a risk-free rate of return of 1.69% and an expected maturity of 5 years.

On February 24, 2014, the Company issued a total of 200,000 options to consultants at an exercise price of $0.89 for a period of 5 years and vesting over a one year period. The grant date fair value of $111,600 was assigned to the stock options as estimated using the Black-Scholes valuation model with the following assumptions, expected dividend yield of 0%, a volatility of 77% based on comparable companies, a risk-free rate of return of 1.70% and an expected maturity of 5 years.

On August 6, 2014, the Company issued a total of 870,000 options to officers and consultants at an exercise price of $0.68 for a period of 5 years and vesting over a one year period. The grant date fair value of $361,589 was assigned to the stock options as estimated using the Black-Scholes valuation model with the following assumptions, expected dividend yield of 0%, a volatility of 75%, based on comparable companies, a risk free rate of return of 1.30% and an expected maturity of 5 years.

Subsequent to December 31, 2014, the Company granted an aggregate of 2,200,000 stock options, with 1,200,000 options granted at a price of $0.40 per option, 500,000 granted at a price of $0.50 per option and 500,000 at a price of $0.60 per option. Additionally, as the number of Common Shares reserved for issuance under the options is in excess of the number available under the Company's current rolling stock option plan, the Company has adopted a new fixed stock option plan to provide for the grant of the additional options. 650,000 options were granted under the Company's current rolling stock option plan and in accordance with the policies of the TSX Venture Exchange. The remaining 1,550,000 options were granted under the new fixed option plan that has been approved by the board of directors of the Company but remains subject to TSX Venture Exchange and shareholder approval. The grant of options under the new stock option plan contain provisions prohibiting their exercise until such time as the requisite shareholder and TSX Venture Exchange approval is obtained for the new stock option plan and the grant of option thereunder.

Related Party Transactions

Compensation of Directors and management

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

In accordance with IAS 24, key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

For the years ended December 31, 2014, and 2013, the Company recorded $1,119,236 and $869,230, respectively, in salaries and consulting costs to Officers of the Company.

A total of $679,433 and $463,246 in share-based payment expense was recognized in respect of options granted to Officers and Directors of the Company for the years ended December 31, 2014 and 2013.

The Company has reimbursed a consultant and former Director of the Company for rent and other office costs incurred on the Company's behalf. For the years ended December 31, 2014 and 2013 the re-imbursement was $79,400 and $36,000, respectively.

Commitments

Compliance with laws and regulations
The Company's exploration and evaluation activities are subject to various federal, provincial and state laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

Site preparation and drift rehabilitation
The Company had an agreement with J.S. Redpath Ltd. ("Redpath") to perform site preparation and drift rehabilitation on the Telegraph Site (the "Redpath Agreement"). Under the agreement, the Company would reimburse Redpath for all of the costs associated with the work, which includes a fixed fee of 11%, plus an overhead fee of 9.5% of actual costs as well as a general insurance fee of 1.5% of the invoiced expenditures applied after considering all costs including fees.

Due to the decision to stop exploration activities on the Telegraph Claims, the Company and Redpath entered into a settlement agreement dated effective February 22, 2013. The agreement set out the parties rights, responsibilities and obligations following the termination of the Redpath Agreement. The Company recognized a recovery of exploration costs of $211,245 during the year ended December 31, 2013.

Management Contracts
The Company has entered into a management contract with the CEO whereby upon the occurrence of a change of control, the Company is required to pay 24 months salary and a bonus equal to that of all bonuses received over the past 12 months. Additionally, the Company has entered into contracts with other officers whereby upon the occurrence of a change of a control and a triggering event the Company is required to pay up to a maximum of 18 months salary and a bonus equal to the bonus paid in the prior year. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements. The total that would have been owed to officers of the Company in the event of a change of control and triggering event would be approximately $1.4 million at December 31, 2014. The Company is committed to pay has also entered into management contracts whereby the Company is committed to pay annual salaries or fees up to $873,000.

During the year ended December 31, 2014, the Company paid $80,187 in severance to a former officer of the Company. Subsequent to December 31, 2014, as a result of the departure of several officers, the Company paid severance of $527,917.

BUSINESS ENVIRONMENT AND RISKS

The Company has exposure to liquidity risk and foreign currency risk. The Company's risk management objective is to preserve and redeploy the existing treasury as appropriate and, ultimately protect shareholder value. Risk management strategies, as discussed below, are designed and implemented to ensure the Company's risks and the related exposure are consistent with the business objectives and risk tolerance.

Liquidity Risk: Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages its liquidity by ensuring that there is sufficient capital to meet short and long-term business requirements, after taking into account cash requirements from operations and the Company's holdings of cash, cash equivalents, and short-term investments. The Company also strives to maintain sufficient financial liquidity at all times in order to participate in investment opportunities as they arise, as well as to withstand sudden adverse changes in economic circumstances.

The Company's primary source of additional liquidity is financing transactions. The Company's primary use of cash to December 31, 2014 was exploration and evaluation expenses as well as general and administrative expenses.

Additionally, the Company has certain payments related to its agreement with Sprott, which can be settled at the Company's option in cash or shares.

Management forecasts cash flows for its current and subsequent fiscal years to predict future financing requirements. Future requirements may be met through a combination of credit and access to capital markets. The Company's cash requirements are dependent on the level of operating activity, a large portion of which is discretionary. Should management decide to increase its operating activity more funds than what is currently in place would be required. It is not possible to predict whether financing efforts will be successful or sufficient in the future. At December 31, 2014 the Company had $5,342,622, (December 31, 2013 - $5,275,352) in cash and cash equivalents and short-term investments.

The following are the maturities, excluding interest payments, reflecting undiscounted future cash disbursements of the Company's financial liabilities based on the year ending December 31, 2014.

	2015	2016 and later
Accounts and other payables	$ 2,047,978	$ —
	$ 2,047,978	$ —

The Company has a liability, related to certain payments owed to Sprott Resource Lending Corp. ("Sprott") as a result of the acquisition of the Castle Mountain property on September 6, 2012

The details of the payments are as follows:

i. On the business day that is the earlier of three years from the date of closing and the completion of a feasibility study at the sole discretion of the Company:
   (a) $3,000,000 or
   (b) the number of common shares of the Company that is equal to $3,000,000 divided by the market price of the shares, provided the Company is listed on a recognized stock exchange.

ii. On the business day that is the earlier of six years from the date of closing and the commencement date of commercial production at the mine at the sole discretion of the Company
   (a) $5,000,000 or
   (b) the number of common shares of the Company that is equal to $5,000,000 divided by the market price of the shares, provided the Company is listed on a recognized stock exchange

The discounted long-term liability was estimated to be $4,787,922 as at December 31, 2014 (December 31, 2013 - $3,835,741) assuming payments will be made in 2015 and 2018.

The total undiscounted amount of cash flows required to settle the long-term liability is $8,000,000 as at December 31, 2014, (December 31, 2013 – $8,000,000). A discount rate of 25% was used to calculate the fair value of the long-term liability. Determination of the undiscounted liability and the timing of these obligations were based on internal estimates using the information currently available.

The Company does have at its option, the ability to settle the liability in the form of shares. The maximum number of shares that can be granted in connection with the payments noted above is 16,115,601.

Currency risk: The Company's expenditures are incurred in Canadian and US dollars. The results of the Company's operations are subject to currency transaction risk. The Company mitigates foreign exchange risk through forecasting its foreign currency denominated expenditures and maintaining an appropriate balance of cash in each currency to meet the expenditures. As the Company's reporting currency is the Canadian dollar, fluctuations in US dollar will affect the results of the Company. A 10% fluctuation in the Canadian to US dollar exchange rate would have an immaterial impact on the statement of loss and comprehensive loss as a result of the revaluation of US dollar denominated balances.

Credit risk: Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. As at December 31, 2014, the Company's credit risk is primarily attributable to cash and short-term investments. At December 31, 2014, the Company's cash was held with reputable Canadian chartered banks.

Interest rate risk: Interest rate risk is the risk borne by an interest-bearing asset or liability as a result of fluctuations in interest rates. Financial assets and financial liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company's most significant interest rate risk arises from its investments in short-term investments. As at December 31, 2014, the Company had $521,367 (December 31, 2013 - $514,662) in a guaranteed investment certificate. Fluctuations in the interest rate would have an immaterial impact.

Unforeseen liabilities from acquisitions*:* There may be liabilities that the Company has failed to discover or has underestimated in connection with previous acquisitions. In addition, there may be capital expenditure requirements that the Company has failed to discover or underestimated in connection with these acquisitions, which amounts may be material. Any such liabilities or capital expenditure requirements could have a material adverse effect on the Company's business, financial condition or future prospects.

Exploration and Development Risks: The exploration for and development of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. There is no certainty that the Company will identify recoverable reserves and resources in the areas in which it operates. There is no certainty that the expenditures made by the Company towards the search and evaluation of mineral deposits will result in discoveries of commercial quantities of ore. As is common with all exploration and development ventures, there is uncertainty and therefore risk associated with the Company's operating parameters and costs which can be difficult to predict and are often affected by factors outside the Company's control.

Major expenses may be required to locate and establish mineral reserves and resources and to develop metallurgical processes. It is impossible to ensure that the exploration or development programs planned will result in a profitable commercial mining operation. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and mineral prices which are highly cyclical; and government regulations, including those relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination thereof may result in not achieving an adequate return on invested capital.

Exploration and development activities generally involve a high degree of risk. The Company's operations are subject to all the hazards and risks normally encountered in the exploration and development of minerals, including unusual and unexpected geologic formations, seismic activity, rock bursts, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimize risk will be taken, exploration and development is subject to hazards, such as equipment failure or other failures, which may result in environmental pollution and consequent liability.

Uncertainty and Reliability of Mineral Resources and Resource Estimates: Mineral resources that are not mineral reserves do not have demonstrated economic viability. Due to the uncertainty which may attach to mineral resources, there is no assurance that mineral resources will be upgraded to mineral reserves as a result of continued exploration. Further, until a deposit is actually mined and processed, the quantity of mineral resources and grades must be considered as estimates only. Resource estimates are expressions of judgment based on knowledge, experience and industry practice. Fluctuations in commodity prices, results or drilling, metallurgical testing and the production of studies, reports and plans subsequent to the date of any estimate may require revision. In addition, there can be no assurance that recoveries in small scale laboratory tests will be duplicated in a larger scale test under on-site conditions or during production.

Estimates, which were valid when made, may change significantly upon new information becoming available. In addition, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Should the Company encounter mineralization or formations different from those predicted by past sampling and drilling, resource estimates may have to be adjusted and exploration and development plans may have to be altered in a way which could have a negative effect on the Company's

operations. The Company currently does not have any mineral reserves and there is no assurance that mineral reserves will be established. A mineral resource is not the equivalent of a commercially mineable ore body or a mineral reserve.

Commodity Prices: Factors beyond the control of the Company may affect the marketability of any mineral products mined and processed, even if exploration efforts prove successful. The prices of mineral resources have historically fluctuated widely and are affected by numerous factors beyond the Company's control.

Current Global Financial Conditions: Current global financial conditions have been subject to increased volatility and as a result, access to financing may be negatively impacted. These factors may further impact the ability of the Company to obtain additional capital in the future. If these increased levels of volatility continue, the Company's operations could be adversely impacted.

Negative Operating Cash flows*:* The Company currently does not have any revenues and as a result the Company has experienced negative operating cash flow. There can be no assurance that significant additional losses will not occur in the near future or that the Company will be profitable in the future. The Company's operating expenses and capital expenditures may increase in subsequent years as needed.

The Company expects to continue to incur losses unless and until such time as its properties enter into commercial production and generate sufficient revenues to fund its continuing operations. There can be no assurance that the Company will generate any revenues or achieve profitability nor can there be any assurance that the underlying assumed levels of expenses will prove to be accurate.

Government Regulations*:* The exploration and development activities of the Company are subject to various laws governing prospecting, development, taxes, mine safety, toxic substances, land use and water use, and other matters.

Although the Company believes that its exploration, development and reclamation activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail development or future potential production. Amendments to current laws and regulations governing exploration, development and remediation could have a substantial adverse impact on the Company.

The Mojave Desert Preserve established in 1994 surrounds the Company's patented and unpatented land. In addition, there is an approximately 22,000 acre "buffer zone" surrounding the Company's lands. During 2015, a United States Senator introduced a new bill which would include the "buffer zone" as part of the Mojave Desert Preserve. The bill is expected to be introduced to the Senate Committee on Energy and Natural resources in the second quarter of 2015. The Company has been in discussions with Senate and Congress staff to ensure any provisions will not impede the Company's ability to operate.

Reliance on Limited Number of Properties: Currently, the Company relies on a limited number of property interests. As a result, unless the Company acquires additional property interests, any adverse developments affecting any of the current properties could have a material adverse effect upon the Company and would materially and adversely affect the potential mineral resource production, profitability, financial performance and results of operations.

Key Executives and Directors*:* The Company is dependent on the services of its Executives and Directors. Due to the relatively small size of the Company, the loss of these persons or the Company's inability to attract and retain additional highly skilled people may adversely affect its business and future operations.

Conflicts of Interest*:* Certain of the directors and officers of the Company may serve from time to time as directors, officers, promoters and members of management of other companies involved in natural resource exploration and development and therefore it is possible that a conflict may arise between their duties as a director or officers of the Company and their duties as a director, officer, promoter or member of management of such other companies.

The directors and officers of the Company are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosures by directors of conflicts of interest and the Company will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors or officers. All such conflicts will be disclosed by such directors or officers in accordance with the *Business Corporations Act* (Ontario) and the directors and officers will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law.

CRITICAL ACCOUNTING ESTIMATES AND ACCOUNTING CHANGES

The Company's consolidated financial statements are prepared in accordance with International Financial Reporting Standards. In preparing these statements, management must make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. The estimates and assumptions are believed to be reasonable under the circumstances and are based on historical experience and current conditions. The use of other assumptions could result in different estimates, and actual results may vary from results based on these estimates. As events occur and additional information is obtained, these estimates may be subject to change. Estimates are deemed critical when the Company's financial condition or results of operations could be materially impacted by a change in estimate. The areas where management has made significant judgements include, but are not limited to, mineral interests, provision for income taxes, share-based payments, decommissioning liabilities, and long-term liability.

The Company's significant accounting policies and changes in accounting policies are discussed in its consolidated financial statements for the years ended December 31, 2014 and 2013.

DISCLOSURE CONTROLS AND PROCEDURES

Management is responsible for the design and effectiveness of disclosure controls and procedures to provide reasonable assurance that material information related to the Company, including its consolidated subsidiaries, is made known to the Company's certifying officers. The Company has considered the effectiveness of the Company's disclosure controls and procedures as at December 31, 2014 and have concluded that these controls and procedures are effective, given the Company's size. It should be noted that while the Company believes that the design of the Company's disclosure controls and procedures provide a reasonable level of assurance that they are effective, they do not expect that the disclosure controls and procedures or internal controls over financial reporting will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management is responsible for the design of internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements in accordance with International Financial Reporting Standards. Based on a review of its internal control procedures at the end of the period covered by this management's discussion and analysis, management believes, given the size of the Company, that its internal controls and procedures are appropriately designed as at December 31, 2014.

Non-GAAP Measures

"All-in sustaining costs" per ounce are presented in accordance with the guidance announced in 2013 from the World Gold Council, Castle Mountain believes this non-GAAP measure provides further transparency into costs associated with producing gold and will assist analysts, investors and other stakeholders of the Company in assessing the project's expected operating performance, ability to generate free cash flow and its overall value. This data is furnished to provide additional information and is a non-GAAP measure. All-in

sustaining costs presented do not have a standardized meaning under GAAP and may not be comparable to similar measures presented by other mining companies. It should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP and is not necessarily indicative of operating costs presented under GAAP.

Sampling Procedures and Quality Assurance
The scientific and technical information regarding the results of the Phase 2 drill program in this MD&A has been reviewed and approved by Kevin Kunkel, CPG, Castle Mountain Project Manager, who is a Qualified Person as defined by NI 43-101. The exploration activities at Castle Mountain were carried out under the supervision of Mr. Kunkel.

All gold assays are by a 30 g Fire Assay charge followed by an atomic absorption finish (with a 0.0005 g/t lower reporting limit). Cyanide solubility assays are determined by agitating the sample in a dilute cold cyanide solution for 30 minutes. Samples reporting values > 10 g/t are re-analyzed using a 30 g Fire Assay charge followed by a gravimetric finish. All composites utilize a 0.2 g/t cut off and may include internal waste. Some intervals may not add or subtract correctly due to rounding, but are deemed insignificant. Analyses are carried out by McClelland Laboratories, Inc. in Sparks, Nevada laboratory. McClelland Laboratories is independent of Castle Mountain Mining Limited and any of its subsidiaries. Blank and standard samples are sued for quality assurance and quality control and a review of the results of analyses of the blanks, standards and duplicates by the Company's Qualified Person indicates values are within normal and acceptable ranges. Mr. Kunkel has verified the data underlying the results contained in this news release. Mr. Kunkel experienced no limitations in his verification process and is of the opinion that there are no material factors that could affect the reliability of the results.

The scientific and technical information contained in the discussion regarding the PEA in this management's discussion and analysis was reviewed by Jason Cox, P.Eng., of RPA Inc., who is an independent "Qualified Person" under National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101").