CROCODILE GOLD CORP.
2014 Annual Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A"), dated March 16, 2015, addresses the financial condition and results of the consolidated operations of Crocodile Gold Corp. ("Crocodile Gold", or the "Company") for the year ended December 31, 2014. The consolidated financial statements and related notes of Crocodile Gold have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Additional information including the audited annual financial statements for the year ended December 31, 2014 and press releases have been filed electronically through the System for Electronic Document Analysis and Retrieval ("SEDAR") and are available online under the Crocodile Gold profile at www.sedar.com.

All results are presented in United States dollars ("$") unless otherwise stated. References in this document to "C$" are to Canadian dollars and references to "A$" are to Australian dollars.

This document contains forward-looking statements and should be read in conjunction with the risk factors described in the "Risk Factors" and the "Cautionary Statements" sections at the end of this MD&A.

COMPANY OVERVIEW

Crocodile Gold is a Canadian-listed gold mining and exploration company with three operating mines in Australia. The objective of Crocodile Gold is the continued safe, profitable and sustainable operating performance from its Fosterville and Stawell Gold Mines in the state of Victoria and the Cosmo Gold Mine in the Northern Territory. In the Northern Territory, the Company processes its ore at the wholly owned Union Reefs Mill, which has a capactiy of 2.4 million tonnes per year.

Our primary goal of sustainable operating performance is achieved through building confidence in our mine plans, continuing with prudent cost management practices and targeted exploration and resource development. Sustainable operating performance from our current assets is a critical step in supporting the future growth toward the five year strategy of Crocodile Gold.

Crocodile Gold's common shares, convertible unsecured debentures and share purchase warrants trade on the Toronto Stock Exchange ("TSX") under the symbols "**CRK**", "**CRK.DB**" and "**CRK.WT**", respectively. Further information about Crocodile Gold can be found in the Company's regulatory filings, including the Annual Information Form, available on SEDAR at www.sedar.com and on the Company's website at www.crocgold.com.

SUMMARIZED CONSOLIDATED RESULTS

Financial Results	**Q4 2014**	Q4 2013	**FY 2014**	FY 2013
Revenue ($)	**69,783,228**	73,277,197	**282,739,079**	300,825,156
Cost of operations, including depletion and depreciation ($)	**(56,510,956)**	(70,149,129)	**(241,457,959)**	(295,756,866)
Mine operating income ($)	**13,272,272**	3,128,068	**41,281,120**	5,068,290
Net income (loss) ($)	**10,759,442**	(23,304,791)	**19,951,933**	(92,766,331)
Net income (loss) per share ($/share)	**0.02**	(0.06)	**0.04**	(0.23)
Cash generated from operating activities ($)	**25,280,962**	20,532,491	**74,156,884**	67,462,666
Capital investment in mine development, property, plant and equipment ($)	**15,287,570**	15,048,558	**66,742,892**	72,760,548
Average realized gold price ($)	**1,202**	1,273	**1,268**	1,407
Average quoted gold price ($)	**1,201**	1,275	**1,266**	1,410
Operating cash costs per ounce sold ($)*	**793**	963	**905**	1,027
All-in sustaining cash costs per ounce sold ($)*	**1,098**	1,257	**1,236**	1,386

* Refer to non-IFRS measure disclosures discussion on page 19.

Operational Results	Q4 2014	Q4 2013	FY 2014	FY 2013
Ore Milled (t)	**648,581**	617,945	**2,610,223**	2,400,363
Grade (g/t Au)	**3.21**	3.36	**3.08**	3.18
Recovery (%)	**85.4**	86.4	**84.6**	84.4
Gold Oz Produced	**58,796**	58,276	**222,312**	210,696
Gold Oz Sold	**58,070**	57,503	**222,903**	212,723

Annual Highlights

- Record gold production of 222,312 ounces, up 5.5% compared to the prior year, in line with increased annual production guidance and the Company's second consecutive year of record consolidated gold production.
- The Company has achieved improvements in average grade and recoveries, on a consolidated basis, over four consecutive quarters, which has led to an increasing gold production profile in 2014.
- Record annual gold production for both Fosterville and Cosmo, with each mine producing 105,342 ounces and 77,740 ounces, respectively.
- Strong gold production of 39,230 ounces at Stawell in line with increased annual production guidance.
- The Company generated over $282.7 million in revenue based on 222,903 ounces of gold sold, and generated record annual operating cash flow of $74.2 million.
- Operating cash costs were $905 per ounce sold in 2014, a decline of 11.9% compared to the prior year, meeting the low end of 2014 guidance.
- All-in sustaining cash costs improved to $1,236 per ounce sold from $1,386 in the prior year, a decline of 10.8%, reflecting the Company's focus on cost reduction initiatives and a weakening Australian dollar.
- In March 2014, the Company made a payment of $4.96 million to fully settle its outstanding credit facility with Credit Suisse.

Crocodile Gold achieved another successful year both operationally and financially, with a particularly strong fourth quarter performance which resulted in a solid cash and gold bullion balance at December 31, 2014 of $37.1 million, and working capital of $12.6 million. Critically, this enabled the Company to fund the termination of the net free cash flow arrangement with AuRico Gold Inc. ("AuRico") without any addition of debt. This is a key step towards the Company's five year strategy of sustainability and growth and sets up Crocodile Gold for a very positive 2015.

The Company has also benefited from the significant drop in the Australian dollar exchange rate which has markedly increased the gold price in Australian dollar terms, which is the functional currency of its operations. The Australian dollar closed at $0.8171 on December 31, 2014, down 8.5% from the previous year-end, and has since weakened further to as low as $0.76 subsequent to year-end, a further 7% drop. Consequently, Australian dollar denominated gold has traded above A$1,500 per ounce consistently since mid-January, trading above A$1,600 for a period. The increased cash flow has enabled the Company to build up its treasury in Q1 and to allocate limited funds to growth projects that form part of its five year strategy. Furthermore, on March 6, 2015, the Company received notice of its successful appeal with respect to stamp duty assessed in 2009, which could result in the recovery of A$2.8 million in stamp duty, interest, and penalties. The decision from the Court in the Northern Territory is currently subject to a 28 day appeal period.

Termination of Net Free Cash Flow Sharing Arrangement with AuRico

On January 14, 2015, the Company announced that it had completed an agreement with AuRico to terminate the existing net free cash flow sharing arrangement between the two companies in exchange for a one-time payment of C$20.0M ($16.7M) and a grant of a 2% net smelter royalty on the Fosterville Gold Mine, effective as of January 14, 2015, and a 1% net smelter royalty over Stawell Gold Mines commencing January 1, 2016. The Company will now fully benefit and retain 100% of the strong free cash flows it expects to generate from our Fosterville and Stawell Gold Mines going forward.

Under the terms of the prior net free cash flow sharing arrangement, which was established when Crocodile Gold acquired the Fosterville and Stawell Gold Mines from AuRico in 2012, Crocodile Gold was entitled to cumulative net free cash flow from those mines of up to C$60 million. AuRico would then be entitled to 100% of the next C$30 million in net free cash flow, after which Crocodile Gold and AuRico would share the next C$30 million of net free cash flow on a 50/50 basis until C$120 million of cumulative net free cash flow was achieved, following which AuRico would then be entitled to 20% on an ongoing basis. As a result of closing the agreement, Crocodile Gold is released from the obligation to pay AuRico any further net free cash flow generated from the Fosterville and Stawell Gold Mines.

Annual Financial Review

Despite a continued challenging gold price environment, Crocodile Gold was able to achieve record gold production of 222,312 ounces, a 5.5% increase over 2013 and a significant increase from 2012 when the Company produced 155,523 ounces of gold. Total revenue of $282,739,079 was generated on 222,903 ounces of gold sold, a decrease in revenue of 6% from 2013. Although gold ounces sold were up 4.8% from the prior year, this was offset by a drop in the Company's average realized gold price of 9.9% to $1,268 per ounce.

The Company however posted a significant increase in mine operating earnings to $41,281,120 in 2014, up from $5,068,290 for the 2013 year. Mine operating income was impacted by significantly lower depletion and depreciation, due to the impact of impairment charges from 2013 on book values. However, the Company also posted a reduction in operating cash costs from 2013 of $16,866,117, despite gold ounces sold being up 4.8% from 2013. As a result, the Company's operating cash cost per ounce sold dropped significantly to $905 per ounce, an 11.9% decrease from 2013 and at the lower end of the range for the Company's 2014 guidance. This represented the fourth consecutive quarter of decreasing operational cash costs, resulting from rigorous and continued focus on cost reduction and productivity initiatives, all the while tonnes mined and milled have increased. For fiscal 2014, the Company posted all-in sustaining cash costs per ounce sold of $1,236, a 10.8% decrease from $1,386 in 2013. The decrease is attributable to significantly lower operating costs (while maintaining production levels and the Company's gold ounce profile), lower capital spending while still maintaining sustainable operations, and record gold production leading to a 4.8% increase in gold sold. The Company ended 2014 with fourth quarter all-in sustaining cash costs of $1,098 per ounce sold, which is consistent with its 2015 guidance range.

Although the weakening Australian dollar did have an impact on operational and all-in sustaining cash costs per ounce, with the average annual rate decreasing 6.8% from 2013 to 2014, the larger percentage decrease in cash costs per ounce reflects the Company's efforts to reduce costs and improve productivity at an operational level in a sustainable way. The marked decrease of the Australian dollar at year end and the subsequent further drop will have a more pronounced impact comparatively on the Company's cash costs per ounce in 2015.

Net income for the year ended December 31, 2014 was $19,951,933 or $0.04 per share, a significant turnaround from the 2013 net loss of $92,766,331 or $0.23 per share. The current year positive net income is reflective of the strong operating results as noted above, while the 2013 net loss was impacted by a non-cash impairment charge of $177,125,774 as a result of the lower gold price environment, a corresponding gain of $19,886,069 from the revaluation of the AuRico contingent liability, and the gain from the close-out of the gold swap agreements with Credit Suisse. Net income for 2014 included a $8,358,933 reversal of impairment on the Fosterville Gold Mine, as a result of the increase in the resource reported in May 2014 and the increase in the projected gold price in Australian dollar terms. This was offset by a loss on the revaluation of the contingent liability with AuRico of $9,660,424, which was revalued based on the terms implied in the agreement to terminate the net free cash flow sharing arrangement (as discussed above this contingent liability was terminated subsequent to year end).

Net income in 2014 also included higher care and maintenance costs associated with the reclamation and processing of a low-grade stockpile in the Northern Territory and a write-down of $989,428 on financial deposits related to the stamp duty dispute. Finance costs are down significantly from 2013, due to significantly lower accretion on the credit facility which was paid off in March 2014.

In 2014, the Company reported record cash flow from operations of $74,156,884 despite the realized gold price being down 9.9% from the previous year. Lower revenues were largely offset by a $16,866,117 decrease in operating cash costs despite higher mine physical results, due to productivity improvements, reduced operating costs at Cosmo from new mining and drilling contracts, and general cost reduction initiatives. Care and maintenance expenditures were higher than 2013 due to reclamation work in the Northern Territory, however this was more than offset by a 25.3% decrease in corporate costs, which includes management salaries, consulting fees, and general and administrative costs. Cash generated by operating activities in 2013 of $67,462,666 was impacted by a negative working capital adjustment mainly due to increased prepaid expenses and lower accounts payable and accrued liabilities.

Of the total $70,995,956 used in investing activities in 2014, $59,437,465 represented investment into sustainable mine development and resource definition drilling at Fosterville and Cosmo. This is down significantly from the $67,577,907 in 2013, in particular at Cosmo where expenditures are down 32% from 2013 when it was ramping up operations. Development expenditures at Stawell are also down to $3,063,916 in 2014 compared to $5,113,996 in the prior year, as a result of the completion of much of the Big Hill feasibility study and permitting process. Investment in property, plant and equipment was $7,305,427, up from 2013 based on timing in the Company's fleet management program.

The Company also invested $5,080,751 into the acquisition of a minority interest in JDS Silver Inc. ("JDS Silver"), a private company that owns the Silvertip project in northern British Columbia. The Silvertip project is an attractive near-production, high grade silver and polymetallic project with a strong resource in a stable mining jurisdiction. It includes a developed access decline, full camp facilities, an access road, and JDS Silver also owns a full processing plant in excellent condition. As a result of this investment, the Company also received a seat on the Board of Directors of JDS Silver. The project boasts strong economics and provides Crocodile Gold with another exposure to precious metals, in addition to the benefit of base metal credits. Subsequent to year end, the Company invested a further $396,000 in JDS Silver to assist with permitting activities and production planning.

Investing cash flows in 2014 also included a $2,464,394 payment in June to AuRico under the net free cash flow sharing arrangement, based on the cumulative free cash flow of the Fosterville and Stawell operations; no such payments were made in 2013. The Company also received $2,957,920 from the release of restricted cash, mainly related to the release of a security bond for power and water as a result of a renegotiated contract, and the release of environmental bonds in the Northern Territory. The significant decrease of restricted cash in 2013 was due to the settlement of a significant part of the Company's credit facility and the subsequent release of the related debt service reserve account.

Cash flows from financing activity in 2014 included net proceeds of $15,494,409 from a private placement completed in February, where the Company issued common shares with one-quarter of one common share purchase warrants at a price of C$0.26 per unit. Financing activity also included a final payment of $4,962,285 for the settlement of the credit facility with Credit Suisse. In 2013, the Company made a payment of $61,879,563 against the existing outstanding credit facility using proceeds from the close-out of its gold swap and call option contracts. Other financing activity for 2014 included the receipt of loan proceeds for the funding of insurance premiums and the related repayments, and the repayment of existing and new capital lease obligations for mobile equipment.

Q4 Highlights and Financial Review

Crocodile Gold produced a record 58,796 ounces of gold from its three operating mines in the fourth quarter of 2014, marking its sixth consecutive quarter above 53,000 ounces of gold production. Fosterville achieved its highest gold production quarter for 2014 with 29,045 ounces, resulting from a second consecutive quarter of strong mill feed grade improvement to 5.26 g/t Au, and record mill recovery of 88.5%. Cosmo contributed 20,112 ounces on the back of one of its strongest quarters of mine production with 201,509 tonnes mined and a mill recovery of 90.9%. Stawell continues to deliver consistent results with gold production of 9,639 ounces in Q4.

The Company sold 58,070 ounces of gold in Q4 resulting in total revenues of $69,783,228, down from the corresponding quarter of 2013 as a 5.6% lower realized gold price offset the slightly higher ounces sold. However, mine operating income was up significantly for the quarter to $13,272,272, from $3,128,068 posted in Q4 2013, as a result of a 17.7% drop in operating cash costs from the prior year. Operating cash costs per ounce sold decreased to $793 per ounce sold in Q4 2014, compared to $963 in Q4 2014. A portion of the increase in mine operating earnings was also the result of lower depletion and depreciation due to the impact of impairment charges recognized in 2013 on carrying values.

The Company posted net income of $10,759,442 in the fourth quarter, or $0.02 per share, compared to a net loss in the corresponding quarter of 2013 of $23,304,791 or $0.06 per share. The significant increase in net income was impacted by the operational performance noted above, and also included the impact of a $8,358,933 reversal of impairment on the Fosterville Gold Mine, as a result of the increase in the resource reported in May 2014 and the increase in the projected gold price in Australian dollar terms. This was partially offset by a loss on the revaluation of the contingent liability with AuRico of $6,037,097, based on the terms implied in the agreement to terminate the net free cash flow sharing arrangement. Net income in the fourth quarter of 2013 was mainly impacted by an impairment charge of $25,499,499, resulting from a lower gold price environment.

Cash generated from operating activities was $25,280,962 in Q4 2014, up 23.1% from Q4 2013 despite a lower realized gold price in the current quarter, with strong gold production performance complemented by a significant reduction in operating costs. The Company invested $13,586,763 in mine development during the quarter, largely at Fosterville and Cosmo, and further invested $1,700,807 into plant and equipment. Capital invested was consistent with the fourth quarter of 2013; however, due to a significant decrease in operating cash costs and robust gold production, all-in sustaining cash costs improved to $1,098 per ounce sold from $1,257 in Q4 2013, a 12.6% decrease reflecting the Company's focus on cost reduction initiatives and a weakening Australian dollar.

Cash flows from financing activities were limited to the interest payments on the convertible debentures and ongoing payments for capital leases and other borrowings. Finance cash flows in the fourth quarter of the prior year included payments against the Credit Suisse credit facility, which was settled in full in March 2014.

Company Outlook and Strategy

Fiscal 2014 was an important year for Crocodile Gold, as the Company established itself as a sustainable 200,000 ounce producer, committed to delivering results consistent with guidance and generating free cash flows. Despite another year of a challenging gold price environment, consistent production and effective management of costs enabled the Company to generate positive cash flows that strengthened the treasury to finish 2014 with a cash and gold bullion balance of $37,091,917. Crucially, the Company terminated the net free cash flow sharing arrangement with AuRico, allowing the Company to now fully benefit from the strong free cash flows expected from the Fosterville and Stawell Gold Mines going forward.

The Company achieved the lower end of its guidance on operating cash costs per ounce sold and through efforts in 2014 to reduce costs and strategically manage capital and discretionary expenditures, it was able to post its fourth sequential quarter of decreasing operating cash costs per ounce and record low all-in sustaining cash costs per ounce of $1,098 in the fourth quarter.

Crocodile Gold enters 2015 with strong momentum and confidence in the Company's plans to improve shareholder value through consistently delivering positive physical and financial performance from its operations. The Company's production and cost guidance for 2015, as follows, represents expected achievable and sustainable results from operations, which will support Crocodile Gold's five year strategy:

	Fosterville	Cosmo	Stawell	2015 Consolidated
Gold production (ounces)	**100,000-105,000**	**75,000-85,000**	**~30,000**	**205,000-220,000**
Operational cash cost per ounce sold	**$670-$750**	**$850-$930**	**$945-$1,025**	**$780-$860**
All-in sustaining cash costs per ounce sold				**$1,020-$1,100**

Fosterville will continue to focus on exclusively underground sources, particularly from the Lower Phoenix and Central Areas as the Harrier zone is expected to be depleted in the first half of 2015. This will likely result in lower tonnes compared to previous years, however grades are expected increase, especially in the Lower Phoenix zone. Capital expenditures in 2015 will include the construction of a tailings facility in the first half of the year at an estimated cost of $2.75 million, which will provide two years of storage capacity. Other plant and equipment will include a mine ventilation upgrade of approximately $1.2 million and component upgrades to its mobile fleet for $2.75 million.

Cosmo will continue to build on its successful 2014 year, which demonstrated sustainable production and rigorous cost management as a result of solid working relationships with its new mining and drilling contractor. Ongoing drill programs and resource definition have helped increase the confidence in the near-term mine plans. Mine development and resource definition expenditures will generally be consistent with the previous year as Cosmo works to maintain a sustainable production profile. Plant and equipment expenditures will include $1.1 million for ventilation upgrades in the second half of the year.

Stawell will continue to operate underground by focusing on the identification and development of remnant resources in the upper levels of the mine. It will look to build on the success of its 2014 drill program, announced February 19, 2015, which targeted the Federal-Albion South, U1, and Mariners areas in the strongly mineralized middle to upper portion of the Magdala system. Current and extensive historical mining of Magdala would allow target areas to be readily accessed in the future. These results have identified potential areas for potential resource growth and also provide upside for potential extension of the life of Stawell's underground operations. Capital expenditures will focus on maintaining its equipment fleet and the mill to support the mine plan.

Crocodile Gold is also committed to the advancement of the Big Hill Project at Stawell and is presently addressing issues raised by the Ministerial Advisory Panel in October 2014, where it recommended that the Project not be approved in the current form. The Company is working with the newly elected Victorian State Government and key agencies to determine the process required for responsible consideration of a modified project plan and the State Government will instruct the Company on the next steps of the process accordingly. A modified plan for the Big Hill Project would include several new initiatives, primarily relating to proximity buffering, additional noise mitigation and further controls for dust mitigation, with the intent to go above and beyond best practice and to also satisfy the Ministerial key recommendations and issues. The Company is confident in its ability to develop a modified Big Hill Project Plan and deliver it to State Government in the first half of 2015.

The Company has benefited from the early strength of the Australian dollar gold price in 2015; however, management appreciates the highly volatile nature of the gold market and continuously assesses its plans in light of prevailing conditions to ensure optimal use of capital.

FOSTERVILLE GOLD MINE RESULTS OF OPERATIONS

Operational Results

	Q4 2014	Q4 2013	**FY 2014**	FY 2013
Safety – Lost Time Injuries (LTI's)	**4**	-	**11**	2
Capital Development (m)	**992**	844	**4,364**	4,009
Operating Development (m)	**896**	983	**3,176**	3,202
Ore Mined – Underground (t)	**185,750**	219,713	**786,382**	826,768
Ore Mined – Head Grade (g/t Au)	**5.27**	4.82	**4.56**	4.61
Ore Milled (t)	**190,823**	200,140	**814,837**	792,166
Grade (g/t Au)	**5.26**	4.63	**4.62**	4.53
Recovery (%)	**88.5**	87.4	**86.4**	85.2
Gold Oz Produced	**29,045**	26,039	**105,342**	98,424
Gold Oz Sold	**28,703**	25,997	**103,538**	99,847

Safety and Environment – Fosterville ended the 2014 year with 4 LTI's in the fourth quarter for a total of 11 LTI's during the year, a significant increase over 2013. This resulted in a LTI frequency rate of 12.9 per million hours worked as of December 31, 2014. Most injuries were low consequence events (e.g. muscle strains), however did lead to lost time and will be the focus of preventative programs in 2015 with the aim to reverse the disappointing LTIFR trend.

There were no material environmental breaches of the mine license or work plan conditions during the final quarter of 2014; minor incidents were reported to regulators and impacts, if any, have been rectified. Fosterville continues to work through an incident from 2013 where overspray from a carbon-in-leach evaporation system caused salt damage on adjacent land; management has engaged with affected parties and regulatory bodies to progress a remediation plan. Fosterville engaged with both regulatory bodies and community members throughout the quarter on various safety and environmental matters and continues with its plan of progressive rehabilitation to reclaim areas of disturbance over time.

Mining – Mine production continued to perform strongly as the operation transitions from a lower contribution from the Harrier zone to a proportionately larger contribution from the Central and Phoenix lodes, including the higher grade Lower Phoenix area. Fosterville produced 185,750 tonnes of ore in Q4 2014, down from the corresponding period of 2013, however average grade was 9.3% higher compared to the same period. Grade performance continued to strengthen sequentially since the second quarter of 2014, when the mine experienced lower grades due to dilution challenges and model variations in higher transitional levels. Total ore mined for 2014 was 786,382 tonnes, down 4.9% from 2013 as the operation transitions to the Central and Phoenix lodes. Of total tonnes mined for the year, stoping activities have contributed 588,634 tonnes and 197,748 tonnes have been from operating development.

Mine development also performed well in 2014, advancing at an average monthly rate of 628 metres for a total of 7,540 metres, 4.6% higher than the previous year. Of total development, 58% was related to capital development, of which 3,902 metres were for decline access and sub-level development in the Phoenix and Central areas. Development in 2015 will be exclusively focused in those areas, with a larger proportion focused on operational development.

Processing – In the fourth quarter of 2014 Fosterville processed 190,823 tonnes of ore at an average grade of 5.26 g/t, with grade up 13.6% over the corresponding period of 2013. This reflects the higher grades from of the Lower Phoenix area and decreasing contribution from Harrier. Tonnes milled for the 2014 year are up 2.9% to 814,837 tonnes, grade has improved 2% year over year, all reinforced by a record annual mill recovery of 86.4%. In the fourth quarter alone, average recovery was 88.5%, eclipsing the previous record high recovery rate of 87.4% in the fourth quarter of 2013. The full year record performance was driven by a focus on continuous improvement in all areas of the plant, in particular improved blending practices as a strategy to deal with carbonaceous ore and ongoing optimization of the leaching circuit.

The strong fourth quarter performance at Fosterville resulted in the highest 2014 quarterly gold production of 29,045 ounces, which also represented the highest quarterly total in three years and the third highest ever. This contributed to record annual gold production of 105,342 ounces, a 7% increase over the prior year.

Resource Definition and Exploration – During the fourth quarter of 2014, 12,232 metres of diamond drilling was achieved underground, for a total of 47,795 metres year to date. Drilling during the year was predominantly focused on resource definition in the Phoenix and Central resource, with significantly higher metres than plan as a result of strong productivity and good drill conditions.

In February 2015, the Company released the results for the 2014 Fosterville mine exploration program which included 138 holes totalling 31,550 metres (refer to February 2, 2015 press release "Crocodile Gold Reports Substantial High-Grade Drill Results Inclusive of Visible Gold at Fosterville Gold Mine"). The Company has continued drilling for down-plunge extensions of the Phoenix Fault and both down and up-plunge extensions of the Lower Phoenix Fault to assess the growth potential for Measured and Indicated mineral resources. Progressive geological modeling has also supported the extension of drill holes below the Lower Phoenix Fault to test other mineralized structures. In addition, drilling has focused on providing increased definition and confidence in the near term mine targets within and close to Indicated mineral resources.

Key intercepts and results reported include:

- New East Dipping Fault intercepts with 55.57 g/t Au over 8.5m (ETW 4.62m) in hole UDH1113(1), 42.09 g/t Au over 4.75m (ETW 2.49m) in hole UDH1029(1), 32.26 g/t Au over 3.10m (ETW 2.86m) in hole UDH0799(1) and 22.10 g/t Au over 2.0m (ETW 1.86m) in hole UDH1045. These drill intercepts are considered important because they confirm high-grade gold mineralization on east dipping structures.
- New Kestrel Structure intercepts with 12.06 g/t Au over 2.70m (ETW 2.06m) in hole UDH0841, 8.21 g/t Au over 4.50m (ETW 3.96m) in hole UDH0919A and 7.18 g/t Au over 3.95m (ETW 3.75m) in hole UDH0832, are considered important because they identify a high-grade mineralized region on the Kestrel Structure.
- Lower Phoenix Fault intercepts with 10.70 g/t Au over 16.05m (ETW 14.00m) in hole UDH0936(1) and 3.95 g/t Au over 10.40m (ETW 8.50m) in hole UDH0931, demonstrate significant mineralization down-plunge from mineral reserves. Importantly, intercept 9.67 g/t Au over 5.10m (ETW 3.43m) in hole UDH0820 confirms high-grade mineralization only 90m from current reserves that are already vertically accessed.
- Lower Phoenix Footwall Fault intercepts with 294.23 g/t Au over 1.85m (ETW 1.26m) in hole UDH1103(1), 123.10 g/t Au over 9.45m (ETW 3.99m) in hole UDH0928(1), 68.84 g/t Au over 2.85m (ETW 0.7m) in hole UDH0933(1), 51.34 g/t Au over 6.80m (ETW 6.0m) in hole UDH0935(1).
- Visible gold occurs in quartz-stibnite veins in eight of the above-mentioned holes. This visible gold is in addition to the Fosterville-style disseminated sulphide hosted gold mineralization intersected in these holes.

(1) Visible gold present in drill intercept, ETW - Estimated true width

The high-grade drill results confirm the continuity of a strongly mineralized system down-plunge of current mineral reserves. The presence of visible gold, which appears to represent a second gold event occurring within sulphide-gold mineralized structures, could dramatically increase gold grades. The two new mineralized structures identified at Fosterville have similar trends and are close to the Phoenix and Lower Phoenix mineralized faults. Furthermore, the confirmation of continuous mineralization along these new structures has the potential to provide multiple ore sources accessible from the already developed Phoenix decline.

Fosterville is in the process of updating its Mineral Reserve and Mineral Resource Estimate, which will incorporate the drill results from 2014, which it expects to release by the end of the first quarter of 2015. Heading into 2015, drill programs will continue to focus drilling the Phoenix, Lower Phoenix and Lower Phoenix Footwall, East Dipping, and Kestrel targets.

Financial Results

	Q4 2014	Q4 2013	**FY 2014**	FY 2013
Revenue	**34,276,999**	33,093,894	**130,447,296**	141,193,424
Operating costs including royalties	**(17,922,366)**	(19,835,642)	**(76,392,232)**	(82,786,741)
Depletion and depreciation	**(8,375,996)**	(10,642,758)	**(31,102,788)**	(47,770,515)
Mine operating income	**7,978,637**	2,615,494	**22,952,276**	10,636,168
Cash flow from operations	**16,894,284**	11,412,755	**55,220,547**	54,873,393
Capital investment in mine development and property, plant and equipment	**9,318,358**	9,247,619	**42,763,079**	39,205,726
Operating cash costs per ounce sold(1)	**624**	763	**737**	829
All-in sustaining cash costs per ounce sold(1) (2)	**975**	1,154	**1,186**	1,266

(1) *Refer to non-IFRS measure disclosures discussion on page 19*
(2) *Excludes corporate general and administrative expenses*

The significant decrease in the average realized gold price year over year has resulted in a decrease in annual revenues, plus 2,750 ounces of Fosterville's 2014 production was not sold and retained as part of the Company's treasury. However in the most recent quarter, Fosterville achieved slightly higher revenues compared to Q4 2013 due to higher grades and higher ounces sold. Higher grades have also contributed to lower operating cash costs per ounce sold, in addition to the impact of the lower Australian dollar. The lower depletion and depreciation expense year over year reflect the extension of the mine life on the depreciation rate, and the impact on book values of an impairment charge recognized in 2013. As a result of strong production physicals and lower costs, and despite a significantly lower average realized gold price, mine operating income for the quarter and year ended December 31, 2014 is higher compared to the corresponding periods of 2013.

There was considerable focus upon cost reduction initiatives throughout 2014 and this will continue into 2015. Particularly significant for Fosterville was the successful negotiation of a new power contract to take effect from January 2015 which will run for two years and result in an approximate 25% reduction in power costs (estimated annual reduction of $1,400,000). There was also a reduction in full-time equivalent employees of 6 (-2%) over the course of 2014.

Cash flow generated from operations has increased slightly year over year largely, with higher gold production being impacted by the lower realized gold price, and the banking of gold bullion. Capital investments in the year ended December 31, 2014 are up over the prior year due to key investments in higher tonnage trucks to increase productivity, upgrades to the ventilation system, and upgrades to the tailings facility. All-in sustaining cash costs per ounce sold in Q4 are significantly lower than the prior year due to the 10.4% increase in ounces sold over the comparative quarter in 2013.

COSMO GOLD MINE RESULTS OF OPERATIONS

Operational Results

	Q4 2014	Q4 2013	**FY 2014**	FY 2013
Safety – Lost Time Injuries (LTI's)	**1**	1	**7**	2
Capital Development (m)	**485**	630	**1,872**	2,283
Operating Development (m)	**596**	1,017	**2,454**	3,696
Ore Mined – Underground (t)	**201,509**	200,211	**793,156**	729,173
Ore Mined – Head Grade (g/t Au)	**3.08**	3.93	**3.30**	3.67
Ore Mined – Surface (t)	**-**	-	**-**	13,115
Ore Mined – Surface (g/t Au)	**-**	-	**-**	0.76
Ore Milled (t)	**225,601**	202,743	**868,399**	719,337
Grade (g/t Au)	**3.05**	3.74	**3.14**	3.57
Recovery (%)	**90.9**	89.9	**88.9**	89.6
Gold Oz Produced	**20,112**	21,915	**77,740**	74,106
Gold Oz Sold	**19,835**	21,131	**80,127**	73,451

Safety and Environment – In 2014, the Northern Territory operations worked to develop a robust safety culture through the implementation of updates to the health and safety management system and training of key personnel, which was particularly demonstrated during the mining contractor transition. During 2014, the operation posted a disappointing 7 LTI's, although most were minor in nature and of a short duration. This pushed the LTI frequency rate up to 9.1 per million hours worked at December 31, 2014.

Environmental performance continues to be strong with no material breach of mine license or work plan conditions. A small number of minor environmental incidents were reported to authorities during the year, each addressed appropriately and none with significant impact. Significant work was completed during the year to rehabilitate properties that are no longer in operation, which will assist in reduction of long-term reclamation liabilities and performance bonding requirements. Management in the Northern Territory continues to work closely with regulatory agencies with respect to safety and environmental issues, with current focus on water treatment at Cosmo and Brock's Creek, and the completion of updated closure plans and works.

Mining – Cosmo's mining operations have made significant gains since declaring commercial production in March of 2013, transitioning from a ramp-up operation to a sustainable producer through a focus on productivity and cost reductions. In 2014, Cosmo transitioned to a new mining contractor, Downer EDI, who quickly met or exceeded performance indicators with target run rates achieved by the third day after changeover. The new partnership has seen tonnes mined increase from the prior year, and record monthly and quarterly stoping tonnes in 2014. Furthermore, Cosmo has seen significant reduction in the cost of underground mining, in addition to increased flexibility and scalability.

Cosmo posted another strong quarter of mine production in Q4 2014, producing 201,509 tonnes of ore at an average grade of 3.08 g/t, slightly behind its record tonnage achieved in Q2 2014. Total ore mined for the year was 793,156 tonnes, an increase of 8.8% from 2013, of which 616,338 tonnes were from stoping activity. Mine grade was down from the prior year due to challenging ground conditions in the second half of the year resulting in stope dilution. The mine continues to focus on optimizing blast procedures and ground control to maximize mining recovery. Grade is expected to recover in the first quarter of 2015 as the mine progresses into the next mining block.

Development advanced at an average rate of 360 metres per month during the fourth quarter of 2014; a similar rate for the full year. This is down significantly from the 2013 advance rates when Cosmo was still ramping up its operations to establish the access required for 2014 and beyond, which in turn enables the current reduced rate while supporting the mine plan. Of total development in 2014, capital decline and level access accounted for 43% of the metres, with the remainder relating to operating development.

Processing – Ore in the Northern Territory is processed at the Union Reefs mill, a 2.4 million tonne per year carbon-in-leach processing plant with two parallel circuits. Mill utilisation for the quarter was approximately 52%, reflecting the availability of ore relative to the size of the mill. Ore continues to be treated at the Union Reefs Mill using a nine days on and five days off continual roster to reduce costs due to ore availability relative to mill capacity.

The mill processed 225,601 tonnes of ore during Q4 2014 at an average grade of 3.05 g/t Au, an increase in tonnes compared to Q4 2013, however at a lower grade due to mine recovery issues experienced in the fourth quarter of 2014. Mill recovery in Q4 was strong at 90.9%, compared to the first half of 2014 when recovery had fallen to 86%. Average recovery rates in the second half of 2014 were 91.7%, including a record rate of 92.8% in the third quarter, due to improved monitoring controls in the mill to react to changes in ore feed. Gold production in Q4 2014 was 20,112 ounces of gold, an 8.2% decrease from Q4 2013 due to the lower average feed grade, which was offset by increased tonnage.

The strong fourth quarter performance contributed to record gold production in 2014 of 77,740 ounces, a 4.9% increase over the prior year. Milled tonnes in 2014 were up 20.7%, driven by stronger underground mining production and the processing of an oxide stockpile in connection with rehabilitation work on a closed site in the first quarter of 2014.

Resource Definition and Exploration – After the changeover of diamond drill contractors in March 2014 and the associated mobilization period, Cosmo has been able to significantly increase its drill metre rates. Reduced drilling costs achieved with the new contract also allowed Cosmo to increase its drill programs in 2014 within its existing budget. There were three diamond drill rigs in operation at the Cosmo Gold Mine during the year, with programs focused on near-term targets with the aim of improving confidence in the mine plan and ensuring sustainable production through the conversion of mineral resources. In 2014, 39,099 metres of diamond drilling was achieved, with 54% of those metres focused on in-fill drilling and the remainder on resource definition.

On May 27, 2014, the Company filed a technical report prepared in accordance with NI 43-101 which updated its estimated mineral reserves and resources. As a result of the update, Cosmo reported a positive increase of 69% in the Measured mineral resources category and a total increase of 4% in the total Measured and Indicated mineral resources to 500,000 ounces. The mineral resources reported are contained within both the Eastern and Western Lodes of the deposit. Cosmo is in the process of updating its Mineral Reserve and Mineral Resource Estimate, which will incorporate the drill results from 2014 drill programs, which it expects to release by the end of the first quarter of 2015.

Financial Results

	Q4 2014	Q4 2013	**FY 2014**	FY 2013
Revenue	**24,003,540**	26,962,659	**101,841,442**	101,504,984
Operating costs including royalties	**(17,897,236)**	(23,877,621)	**(80,330,199)**	(85,322,060)
Depletion and depreciation	**(1,925,604)**	(3,628,798)	**(7,777,863)**	(15,165,745)
Mine operating income (loss)	**4,180,700**	(543,760)	**13,733,380**	1,017,179
Cash flow from operations	**5,575,331**	6,238,237	**18,806,315**	10,385,940
Capital investment in mine development and property, plant and equipment	**5,450,553**	4,534,196	**20,066,169**	28,223,134
Operating cash costs per ounce sold(1)	**900**	1,128	**1,000**	1,159
All-in sustaining cash costs per ounce sold(1) (2)	**1,185**	1,375	**1,263**	1,482

(1) *Refer to non-IFRS measure disclosures discussion on page 19*
(2) *Excludes corporate general and administrative expenses*

Revenue for the year ended December 31, 2014 was consistent with the prior year despite the decrease in the average realized gold price from 2013, as a result of the significant increase in gold produced and sold which is reflective of a full period of sustainable production in 2014 (Cosmo declared commercial production in Q1 2013). Cosmo has seen its operating cash costs drop significantly both in absolute terms and on a per ounce basis for both the three months and year ended December 31, 2014, largely due to cost savings achieved through new contracts for mining and diamond drilling and the consolidation of the operations' two camps. The mill also achieved per tonne savings through a reduction in cyanide consumption and other reagents, and further savings are expected in 2015 as the Company uses its group purchasing ability to negotiate contracts for supplies.

Reduced depletion and depreciation is the result of the impact on book values of a significant impairment charge recognized in 2013. All-in sustaining cash costs have improved significantly in comparison to 2013 due to the ongoing ramp up of the mine during the previous year, while key investments in 2014 include ventilation upgrades and resource definition drilling, which will support mine production into the future. The decrease in AISC per ounce was also driven by the key new contracts which impact development and resource definition costs.

A full year of full production and a focus on cost savings have resulted in higher cash flows generated from operations in 2014 despite lower gold prices compared to the previous year. Sustaining capital expenditures are focused on ongoing decline and sub-level development and resource definition, with the decrease from 2013 attributable to the ongoing ramp up of the mine during the previous year.

STAWELL GOLD MINES RESULTS OF OPERATIONS

Operational Results

	Q4 2014	Q4 2013	**FY 2014**	FY 2013
Safety – Lost Time Injuries (LTI's)	**1**	1	**1**	1
Capital Development (m)	**-**	-	**-**	-
Operating Development (m)	**658**	689	**2,852**	2,131
Ore Mined – Underground (t)	**144,991**	157,708	**560,815**	553,681
Ore Mined – Head Grade (g/t Au)	**2.72**	2.39	**2.58**	2.50
Ore Milled (t)	**232,157**	215,062	**926,987**	888,860
Grade (g/t Au)	**1.67**	1.81	**1.67**	1.66
Recovery (%)	**77.6**	82.3	**78.8**	79.5
Gold Oz Produced	**9,639**	10,322	**39,230**	38,166
Gold Oz Sold	**9,532**	10,375	**39,238**	39,425

Safety and Environment – Stawell recorded one LTI early in the fourth quarter of 2014, its only LTI in the year and first LTI recorded since November 2013. Prior to that point, it had achieved almost 900 days of LTI-free operations, all demonstrative of a strong safety culture. The LTI frequency rate was 7.1 per million hours worked at December 31, 2014.

There were no material breaches of the mine license or work plan conditions during the quarter ended December 31, 2014. Stawell received various community complaints during the quarter relating to blast vibration, however all surface vibration levels continue to be within mine license requirements. In Q2 2014, Stawell completed an environmental audit relating to the off lease detection of thiocyanate in ground water immediate to its tailings facility. Stawell continues to implement its ground water management plan initiated in 2009 as a result of the off-lease detection and is currently working with government agencies to implement recommendations from the audit, including the installation of water monitoring bores. Stawell continues to work closely with regulatory bodies and the community to manage both environmental and social matters relating to the transition from underground mining and the development of the Big Hill Project (discussed below).

Mining – Stawell continues to operate by focusing on the identification and development of remnant resources in the upper levels of the mine. The Company continues to invest limited expenditures into diamond drilling activity and sustaining development in order to maintain the viability of the operations while also looking for additional zones of mineralization to sustain underground operations into future quarters. The success of this multi-targeted underground drilling exploration program undertaken throughout 2014 is discussed in detail below.

In Q4 2014, Stawell produced 144,991 tonnes of underground ore from the upper levels of the mine at an average grade of 2.72 g/t Au, with the mine plan presenting the first of the U1 production. Remnant ore sources from the Magdala zones also continued to contribute to production, as the Mariners mining was completed. Although tonnage is down from Q4 2013, grade is up 13.8%. Total ore mined in 2014 was 560,815 tonnes at an average grade of 2.58 g/t Au, with both increasing from the prior year as remnant mining activities have become much better defined than was the case on completion of the main production fronts at depth at Q1 2013. Current grades and recoveries reflect the lower-grade nature of the upper levels, however the tonnes continue to be economic due to cost reduction activities and the downsizing of the underground operations.

Operating development for the final quarter of 2014 was 658 metres, down from 750 metres in Q3 2014 when the focus was on access development into the U1 area. Diamond drilling was concentrated on exploring three main target areas, Federal-Albion South, U1, and Mariners, in the middle to upper portion of the Magdala system where underground mining is currently in progress. Results are discussed below.

Processing – During Q4 2014, Stawell processed 232,157 tonnes of ore at an average grade of 1.67 g/t, with underground ore being supplemented by lower grade oxide stockpiles. Tonnage was higher compared to Q4 2013, however average grade was slightly lower due to a higher proportion of lower-grade oxide feed. Total ore processed in 2014 at Stawell was 926,987 tonnes, a 4.3% increase over 2013 due to both higher underground ore contribution and higher oxide throughput. The average recovery rate for 2014 was 78.8%, down slightly from 2013. Gold production for 2014 was 39,230 ounces, similar to 2013 as lower recoveries were offset by higher throughput.

The mill continues to maintain its throughput in periods of low underground ore availability with stockpiled oxide material as a result of modifications to the leaching circuit. Drilling programs have confirmed approximately 1,000,000 tonnes of viable oxide material mill feed.

Resource Definition and Exploration – In 2014, Stawell completed a multi-targeted underground drilling exploration program which focused on the upper levels of the mine between 180m and 705m levels below the surface, comprising 33 drill holes totalling 4,261 metres. Drilling concentrated on exploring three main target areas, Federal-Albion South, U1, and Mariners, which are located in the middle to upper portion of the Magdala system, a strongly mineralized system where underground mining is currently in progress (which would allow target areas to be readily accessed in the future).

In February 2015, the Company released the results for the Stawell drill program, which included 14 high-grade intercepts from the 22 drill holes (refer to February 19, 2015 press release "Crocodile Gold Achieves Exploration Success on High-Grade Drill Results Reported at Stawell Gold Mines").

Key highlights of the drill program include:

- High-grade drill intercepts for the Federal-Albion South Target on two mineralized lodes: the Extended lode (15.75(1)g/t Au over 2.70m [ETW 1.50m]) and Central Lode (5.66 g/t Au over 9.20m [ETW 7.60m]).
- High-grade intercepts for the U1 Target on three mineralized lodes: the Dukes lode (9.29(1)g/t Au over 2.40m [ETW 1.70m]), Stockworks #1 lode (9.00 g/t Au over 7.55m [ETW 7.1m]) and Central Lode (5.74 g/t Au over 3.75m [ETW 1.8m]).
- New high-grade drill intercept ending in mineralization above the Mariners Target area (13.15(2)g/t Au over 0.40m [ETW 0.3m]).
- Confirmation of continuous gold mineralization in the Mariners Target area where five parallel lodes extend down-plunge from previous Mariners underground mining.

(1) Visible gold present in drill intercept, (2) End of hole drill intercept, ETW - Estimated true width

The positive results demonstrate the strong potential for finding and growing additional underground mineral resources, provide confidence in the geological models, and also provide the potential to add mineral resources and extend the life of underground mining at Stawell. Stawell is in the process of updating its Mineral Reserve and Mineral Resource Estimate, which it expects to release by the end of the first quarter of 2015.

Financial Results

	Q4 2014	Q4 2013	**FY 2014**	FY 2013
Revenue	**11,502,689**	13,220,644	**50,450,341**	58,126,748
Operating costs including royalties	**(10,320,489)**	(11,781,803)	**(45,311,734)**	(50,791,481)
Depletion and depreciation	**(69,265)**	(382,507)	**(543,143)**	(13,920,324)
Mine operating income (loss)	**1,112,935**	1,056,334	**4,595,464**	(6,585,057)
Cash flow from operations	**2,008,973**	1,204,933	**4,094,921**	5,304,780
Capital investment in mine development and property, plant and equipment, including the Big Hill Project	**518,659**	1,266,743	**3,913,644**	5,331,688
Operating cash costs per ounce sold(1)	**1,080**	1,132	**1,151**	1,284
All-in sustaining cash costs per ounce sold(1) (2) (3)	**1,129**	1,164	**1,193**	1,352

(1) Refer to non-IFRS measure disclosures discussion on page 19
(2) Excludes corporate general and administrative expenses
(3) Excludes Big Hill expenditures which relate to a growth project and are therefore not sustaining expenditures of the existing operation

Revenue has decreased in 2014 from 2013, due to the impact of lower realized gold prices. Operating costs now reflect the smaller scale operation required to ensure the viability of the underground operations. Also, given the short time frame to production all related drilling and development costs have been expensed as operating costs. The operating cash costs per ounce are lower for the quarter and year ended December 31, 2014 as a result of better defined remnant mining plans and less drilling activity, a continued focus on cost rationalization, and the impact of the weakening Australian dollar. Depletion and depreciation have reduced significantly as the remaining book values relating to the underground resource and equipment are minimal.

Cash flows generated from operations are down for 2014 versus the prior year mainly as a result of the decrease in realized gold prices. Capital investment since Q3 2013 relates mainly to the advancement of the Big Hill Project with related expenditures of $3,063,916 incurred during 2014. Stawell is limiting Big Hill expenditures at this point to those required to advance the permitting process and allow for timely transition to production should the Project be developed.

GROWTH AND BUSINESS DEVELOPMENT

Crocodile Gold has a significant and prospective land package in the Northern Territory and the State of Victoria. The Company will focus on projects with strong and demonstrated returns on investment. Exploration programs are continuously evaluated to ensure focus is on near-term targets that generate confidence in the mine plans, and ensure sustainable production levels into the future. The Company also continues to focus on the divestment of non-core assets to reduce related carrying costs, while also looking to maintain upside in prospective property through earn-in rights, royalties and other similar arrangements.

The Big Hill Enhanced Development Project ("The Big Hill Project")

Crocodile Gold continues to progress the Big Hill Project at Stawell, an important growth opportunity for the Company and the community of Stawell. The Big Hill Project is the up-dip extension of the Stawell Magdala system, which is currently being mined from underground. On June 6, 2014, the Company released a positive Feasibility Study prepared in accordance with NI 43-101 which defined a reserve for the project and robust project economics. The Feasibility Study outlines an open pit operation, with modified mining practices adopted to mitigate environmental and social impacts, recognizing the proximity to the Stawell community. The Feasibility Study demonstrates an economically robust project with a pre-tax IRR of 125% and NPV of A$38.5 million, based on a discount rate of 8%, a gold price of A$1,415 per ounce and recovered gold of 131,000 ounces.

Full details of the Feasibility Study can be found in the Company's press release dated June 4, 2014 or in the Technical Report titled "Technical Report - Big Hill Enhanced Development Project At Stawell Gold Mine" dated June 2014 and prepared by Dean Basile, B.Eng. in Mining Engineering, GDipAppF&I, MAusIMM CP(Min), RPEQ, Manager Mining for Mining One consultants of Melbourne, Victoria and Stuart Hutchin BSc, Applied Geology, MAIG, MAusIMM, Geology Manager for Mining One consultants of Melbourne, Victoria, Australia. The Technical Report can be found at SEDAR and the Company's website at www.crocgold.com.

In March 2014, the Company released of the Environmental Effects Statement (EES) for the Big Hill Project, which was followed by a full Feasibility Study in June 2014. Formal Panel Hearings for the Project with government department representatives concluded in July 2014; subsequent to which the Panel reported its recommendations to the Minister. On October 30, 2014, the Company received the Ministerial assessment and Panel Report on the Big Hill Project. The Panel has provided a number of key recommendations for the Project, and at this time has also advised the statutory decision-makers that the Project should not proceed in the current form.

Stawell Gold Mines is presently addressing issues raised on the Big Hill Project by the Ministerial Advisory Panel. In early 2015, the newly elected Victorian State Government acknowledged Stawell Gold Mines' willingness to address the Ministerial issues raised. The State Government also advised that key agencies are in consultation over the process required for responsible consideration of a modified project plan and will instruct Stawell on the next steps of the process accordingly. A modified plan for the Big Hill Project would include several new initiatives, primarily relating to proximity buffering, additional noise mitigation and further controls for dust mitigation, with the intent to go above and beyond best practice and to also satisfy the Ministerial key recommendations and issues. Stawell Gold Mines is confident in its ability to develop a modified Big Hill Project Plan and deliver it to State Government in the first half of 2015.

Growth Pipeline

A series of growth projects have been identified by the Company which have been ranked based on expected returns and potential contribution to the strategy of sustainable production, and can be initiated when cash flows allow for the investment. This growth pipeline includes: a Maud Creek feasibility study, regional mapping and drilling at Esmeralda (an inferred surface resource near the Union Reefs Mill), surface exploration at Stawell and continued underground exploration at all operations.

As a result of the significantly higher than forecasted gold price in Australian dollar terms in early 2015, the Company has already initiated a limited amount of expenditure for these growth projects, including drilling at Esmeralda, Fosterville exploration drilling in the Benu South area, and exploratory drilling in the Stawell underground (in addition to sustainable drilling already planned for in Stawell's 2015 plan).

Strategic Investments and Partnerships

JDS Silver Inc. ("JDS Silver")

In 2014, Crocodile Gold acquired a minority interest in JDS Silver, a private company that owns the Silvertip project in northern British Columbia. The Silvertip project is an attractive near-production, high grade silver and polymetallic project with a strong resource in a stable mining jurisdiction. Indicated resources are 2.2M tonnes of silver at 341 g/t, 6.53% lead and 9.12% zinc. Capital requirements to achieve production are low as the project includes a developed access decline, full camp facilities, an access road, and JDS Silver also owns a full processing plant in excellent condition.

The project boasts strong economics and provides Crocodile Gold with another exposure to precious metals, in addition to the benefit of base metal credits. JDS Silver is currently in the final steps of the permitting process and is advanced on funding structures for construction and ramp-up, with the potential to be in production by the end of 2015. Subsequent to year end, the Company invested a further $396,000 into JDS Silver to assist with permitting activities and production planning.

Navarre Mineral Limited ("Navarre Minerals")

Navarre Minerals is an ASX listed explorer based in Stawell, Victoria, focused on exploration in the Stawell Corridor within close proximity of the Company's Stawell Gold Mine operation. In 2014, Crocodile Gold invested $279,868 in Navarre Minerals to advance certain projects and in February 2015 it invested a further $135,000. The funds will be used to accelerate exploration at its Tatyoon Gold Project in Western Victoria where significant gold potential has been identified for immediate testing. Shallow 'drill ready' targets have been identified, with the gold style believed to be similar in style to Stawell Gold Mines.

Phoenix Copper Limited ("Phoenix Copper")

In 2014, Crocodile Gold entered into a sale agreement with Phoenix Copper, an ASX listed exploration company, to sell 100% of the Iron Blow and Mount Bonnie massive sulphide deposits for a 2% royalty in respect of any gold and silver production from the related tenements, while retaining a buy back option on the Iron Blow and Mount Bonnie properties.

Crocodile Gold also entered into an Option (Farm-In) agreement with Phoenix Copper, which allows Phoenix Copper the ability to earn up to a 90% interest in the nearby Burnside, Moline and Maud Creek base metal and gold exploration projects through a commitment to spend a total of A$4 million in exploration expenditures over the next four years. Crocodile Gold will retain the option to acquire 90% of any gold and silver deposit discoveries on any of the properties. Crocodile Gold continues to retain 100% ownership of the Maud Creek deposit and surrounding prospects on Mineral Licence ML30260, which contains an Indicated mineral resource of 7.7 Mt @ 3.50 g/t Au for 871,000 ounces of gold and an Inferred mineral resource of 4.2 Mt @ 2.55 g/t Au for 343,600 ounces of gold.

CONSOLIDATED FINANCIAL RESULTS

Consolidated Mine Operating Results

	Q4 2014	Q4 2013	**FY 2014**	FY 2013
Revenue	**69,783,228**	73,277,197	**282,739,079**	300,825,156
Cost of operations				
Operating expenses, including royalties	**(46,140,091)**	(55,495,066)	**(202,034,165)**	(218,900,282)
Depletion and depreciation	**(10,370,865)**	(14,654,063)	**(39,423,794)**	(76,856,584)
Total cost of operations	**(56,510,956)**	(70,149,129)	**(241,457,959)**	(295,756,866)
Mine operating income	**13,272,272**	3,128,068	**41,281,120**	5,068,290

Total revenue for the three months ended December 31, 2014 was $69,783,228 compared to $73,277,197 in the corresponding quarter of 2013. Despite the slight increase in gold sold over Q4 2013, the average realized gold price for the current quarter was $1,202 per ounce, down 5.6% from Q4 2013. Similarly, annual revenues in 2014 are down from the prior year despite higher gold ounces sold due to a 9.9% lower average realized gold price. In addition, the Company banked 2,750 ounces of gold bullion in its metal account at the Perth Mint. Despite higher production, operating expenses are lower quarter over quarter and operating cash costs per ounce sold are down to $793 from $963 in Q4 2013, due to the impact of lower costs at Cosmo, general cost reduction initiatives, and the weakened Australian dollar.

Mine operating income for the fourth quarter of 2014 was $13,272,272, a significant increase from the corresponding period in 2013 as a result of lower operating costs and lower depletion and depreciation expenses, which were impacted by a drop in depreciation and depletion at Fosterville and Cosmo due to the significant impairment recognized during the year ended December 31, 2013. The decrease in depletion and depreciation also resulted in significantly higher annual mine operating income, as lower revenues were largely offset by the Company's strong cost performance.

Consolidated Expenses

	Q4 2014	Q4 2013	**FY 2014**	FY 2013
Impairment (reversal) charge	**(8,358,933)**	25,499,499	**(8,358,933)**	177,125,774
Exploration and evaluation	**567,413**	278,074	**2,538,278**	2,445,764
Care and maintenance	**490,723**	119	**1,886,554**	764,499
Professional, consulting and management fees	**1,316,180**	1,035,001	**3,983,923**	5,125,312
Other general and administrative expenses	**203,127**	251,318	**725,896**	1,175,979
Share-based compensation	**193,339**	71,386	**368,165**	921,464
Other losses (gains)	**6,025,416**	(4,373,652)	**10,166,248**	(21,199,171)

For the year ended December 31, 2014, the Company recognized an $8,358,933 reversal of impairment on the Fosterville Gold Mine asset, as a result of the increase in the resource reported in April 2014 and the increase in the projected gold price in Australian dollar terms. The impairment charge recognized in 2013 reflects the significant drop in the gold price that occurred in the previous year and the impact of the reduction in the Company's estimates of future metal prices on future cash flows.

Care and maintenance in the year ended December 31, 2014 was impacted by the processing of low-grade stockpiles in the Northern Territory for reclamation purposes in the first quarter of 2014, as well as the increase in the rehabilitation liability for certain non-core assets in the fourth quarter of 2014.

Professional, consulting and management fees have increased in Q4 2014 over Q4 2013, largely due to legal fees associated with the appeal hearing relating to the stamp duty tax dispute and the termination of the net free cash flow sharing arrangement with AuRico. Overall, corporate overhead, including management salaries and general and administrative expenses, have decreased 25.3% from 2013 as a result of cost cutting initiatives.

Share-based compensation in Q4 2014 was $193,339 compared to $71,386 in Q4 2013, with the current period being higher due to the stock options granted in December 2014, while no stock options were granted in the comparative period. Higher annual share-based compensation costs in 2013 reflect the higher fair value of the options vesting at the time.

Other losses (gains) in Q4 2014 includes a $6,037,097 loss from the revaluation of the contingent liability, based on the valuation implied by the terms of the termination agreement between the two parties. The revaluation of that liability for 2014 reflects a year to date loss of $9,660,424 and as noted above, this contingent liability was terminated subsequent to year-end. Other losses for the year ended December 31, 2014 also includes a loss of $989,428 relating to a portion of the financial deposits for the Company's ongoing stamp duty tax appeal in the Northern Territory which will not be recovered. The significant gains in the corresponding periods of 2013 were mainly related to the contingent liability, as the decreased gold price considerably reduced management's estimate of the potential future liability.

Finance Items and Income Tax

	Q4 2014	Q4 2013	**FY 2014**	FY 2013
Finance income	**(224,787)**	(306,707)	**(1,029,269)**	(1,469,992)
Finance costs	**1,897,506**	1,970,527	**7,968,150**	11,304,151
Credit facility costs (income)	**-**	231,315	**-**	(84,207,441)
Income tax expense	**402,846**	1,775,979	**3,080,175**	5,848,282

Finance costs for the quarter and year ended December 31, 2014 relate predominantly to the ongoing accretion of the contingent liability and the convertible unsecured debentures. Higher finance costs in 2013 reflect the impact of the accretion of the Credit Suisse facility, which was paid out in full in Q1 2014. Credit facility income in 2013 reflects the revaluation of the derivative liability in light of lower gold prices and the proceeds from the close-out of the gold swap agreements.

The Company's income tax expense mainly reflects the estimated use of tax pools by the Victorian assets during the periods against taxable income. Lower deferred tax expense in the current year is largely reflective of the lower gold price environment and its impact on estimates of taxable income.

Net Income (Loss)

Net income for the year-ended December 31, 2014 was $19,951,933 or $0.04 per share, a significant turnaround from the 2013 net loss of $92,766,331 or $0.23 per share. The current year positive net income is reflective of the strong operating results as noted above, while the 2013 net loss was impacted by a non-cash impairment charge of $177,125,774 as a result of the lower gold price environment; a corresponding gain of $19,886,069 from the revaluation of the AuRico contingent liability, and the gain from the close-out of the gold swap agreements with Credit Suisse. Net income for 2014 also included an $8,358,933 reversal of impairment on the Fosterville Gold Mine, as a result of the increase in the resource reported in May 2014 and the increase in the projected gold price in Australian dollar terms. This was offset by a loss on the revaluation of the contingent liability with AuRico of $9,660,424, also due to those items which lead to the reversal of the impairment at Fosterville, and also impacted by the strong performance of Fosterville and Stawell in the fourth quarter of 2014 (as discussed above the contingent liability was terminated subsequent to year end).

Foreign Exchange

The reporting currency of Crocodile Gold is the US dollar. In the consolidated financial statements, all assets and liabilities are translated into the US dollar at the rate of exchange on the balance sheet date and all revenue and expense items are translated at the average rate of exchange for the period. Gains and losses on translation are included in equity as a separate component of other comprehensive income (loss).

	Q4	**Q3**	**Q2**	**Q1**	**2014 Average**	2013 Average
Average US dollars per Australian dollar	0.8553	0.9244	0.9329	0.8968	**0.9018**	0.9674
Average US dollars per Canadian dollar	0.8803	0.9184	0.9173	0.9059	**0.9051**	0.9708

The closing value of the Australian dollar at December 31, 2014 was $0.8171 (December 31, 2013 – $0.8928) and the Canadian dollar was worth $0.8620 (December 31, 2013 – $0.9402). For the year ended December 31, 2014, the Company recorded an unrealized loss on foreign currency translation of $10,953,842 compared to a loss of $45,137,254 during 2013. The unrealized losses on foreign currency translation have been a result of an 8% and 14% depreciation of the Australian dollar relative to the US dollar during 2014 and 2013, respectively.

LIQUIDITY AND CAPITAL RESOURCES

Crocodile Gold undertakes a detailed budgeting process each year, which is supplemented by a continuous detailed cash forecasting process. The Company is committed to managing liquidity by achieving positive cash flows from each of its operations to fund capital requirements and development projects. The Company monitors the expected settlement of financial assets and liabilities on an ongoing basis; there are no significant accounts payable, capital lease obligations or other payments that are outstanding past their due dates.

Working Capital

	December 31, 2014	December 31, 2013
Cash and cash equivalents	$ 33,775,417	$ 27,591,430
Gold bullion	2,441,661	-
Inventories	20,518,426	32,612,138
Other current assets	6,014,981	6,747,948
Total current assets	**$ 62,750,485**	**$ 66,951,516**
Current liabilities	(39,189,007)	(44,392,529)
Current portion of credit facility	-	(4,819,444)
Current portion of contingent payments	(8,732,922)	-
Current portion of convertible debentures	(2,228,469)	(2,430,063)
Total current liabilities	**$ (50,150,398)**	**$ (51,642,036)**
Net working capital	**$ 12,600,087**	**$ 15,309,480**

At December 31, 2014, the Company had a positive working capital balance of $12,600,087, which included cash and cash equivalents of $33,775,417 and gold bullion with a market value of $3,316,500 (carrying value of $2,441,661). The Company's working capital was improved in early 2014 with the closing of a private placement in February 2014 for net proceeds of $15,494,409. This enabled the full repayment of the Credit Suisse facility of $4,962,285, the investment in JDS Silver of $5,080,751, and the continued investment in the advancement of the Big Hill Project.

Current liabilities at December 31, 2014 included $8,732,922 relating to the existing net free cash flow sharing arrangement with AuRico. Subsequent to year end, the Company terminated the arrangement for a one-time lump sum payment and grant of royalties over its Victorian assets. Due to the strong financial performance and position of the Company at December 31, 2014, it was able to settle the one-time payment without incurring additional debt.

Cash Flow

The Company reported record cash flow from operations in 2014 of $74,156,884 despite the realized gold price being down 9.9% from the previous year. Lower revenues were largely offset by a $16,866,117 decrease in operating costs despite higher mine physical results, due to productivity improvements, reduced operating costs at Cosmo from new mining and drilling contracts, and general cost reduction initiatives. Care and maintenance expenditures were higher than 2013 due to reclamation work in the Northern Territory; however, this was more than offset by a 25.3% decrease in corporate costs. Cash generated by operating activities in 2013 of $67,462,666 was impacted by a negative working capital adjustment mainly due to increased prepaid expenses and lower accounts payable and accrued liabilities.

The Company invested $59,437,465 into sustainable mine development and resourced definition drilling at Fosterville and Cosmo, down significantly from 2013, largely due to 32% less expenditures at Cosmo compared to 2013 when it was ramping up operations. Expenditures relating to Big Hill were also lower as a significant portion of the permitting and feasibility costs were incurred in 2013. Investment in property, plant and equipment was $7,305,427, up from 2013 based on timing in the Company's fleet management program. The Company also invested $5,080,751 in a minority interest in JDS Silver, who holds the high-grade, near production Silvertip project in northern British Columbia. The project boasts strong economics and provides Crocodile Gold with another exposure to precious metals, in addition to the benefit of base metal credits.

Investing cash flows in 2014 also included a $2,464,394 payment in June to AuRico under the net free cash flow sharing arrangement, and the Company received $2,957,920 from the release of restricted cash, mainly related to the release of a security bond for power and water as a result of a renegotiated contract and the release of environmental bonds in the Northern Territory. The significant decrease of restricted cash in 2013 was due to the settlement of a significant part of the Company's credit facility and the subsequent release of the related debt service reserve account.

Cash flows from financing activity in 2014 included net proceeds of $15,494,409 from a private placement completed in February, where the Company issued common shares with one-quarter of one common share purchase warrants at a price of C$0.26 per unit. Financing activity also included a final payment in March 2014 of $4,962,285 for the settlement of the credit facility with Credit Suisse which was drawn in June 2012. In 2013, the Company had made a payment of $61,879,563 against the existing outstanding credit facility using proceeds from the close-out of its gold swap and call option contracts related to the facility.

Other financing activity for 2014 included the receipt of loan proceeds for the funding of insurance premiums and the related repayments, and the repayment of existing and new capital lease obligations for mobile equipment.

Debt Obligations

A summary of the Company's debt obligation is as follows:

	Total	Less than 1 Year	1 to 3 Years	3 to 5 Years	After 5 Years
Capital leasing obligations*	**$ 2,969,001**	$ 1,464,654	$ 1,504,347	$ -	$ -
Convertible unsecured debentures**	**38,065,920**	2,379,120	4,758,240	30,928,560	-
Operating leases	**1,656,655**	1,496,277	153,149	7,229	-
	$ 42,691,576	$ 5,340,051	$ 6,415,736	$ 30,935,789	$ -

* Capital lease obligation payments are inclusive of related interest payments.
** Convertible unsecured debentures presented at future value of principal and interest repayments and assumes no conversion or redemption prior to maturity.

As at December 31, 2014, the Company had a total contingent liability (current and non-current) of $30,170,000 relating to the net free cash flow sharing arrangement with AuRico. As discussed above, on January 14, 2015 the Company terminated this agreement in exchange for a one-time lump sum payment and the grant of net smelter royalties over the Fosterville and Stawell Gold Mines.

OUTSTANDING SHARE INFORMATION

The Company's share capital was comprised of the following as at December 31, 2014:

	December 31, 2014	December 31, 2013
Authorized: Unlimited number of common shares		
Issued: Fully paid common shares	475,815,983	406,378,963
Issued: Common share purchase warrants	63,882,693	46,575,000

As at the date of this MD&A, the fully paid common shares outstanding was 476,020,983. During the year ended December 31, 2014, 820,000 shares were allocated for issuance from the Company's share compensation plan to directors, officers, and employees of the Company. The allocated shares vest quarterly in four equal installments, with the first tranche of 205,000 shares being issued on January 23, 2015.

On February 27, 2014, the Company raised C$18,000,000 through a private placement whereby it issued 69,230,770 units at a price of $0.26 per unit for net proceeds of $15,494,409. Each unit consists of one common share of the Company and one-quarter of one common share purchase warrant with each whole warrant being exercisable to acquire one further common share of the Company at a price of $0.35 for a period of 12 months from closing and at a price of $0.40 for an additional period of 12 months beginning on the date of the first anniversary of the closing of the placement.

Crocodile Gold has also issued 22,960,000 options to purchase common shares under the Company's share option plan with exercise prices ranging between C$0.10 and C$1.43 per share and expiry dates ranging between June 30, 2015 and December 23, 2019. The Company has also granted a total of 1,755,000 phantom share units (PSU's) to certain Australian-based employees, which entitles the holder to a cash payment on exercise based on the market value of the Company's stock on the date of exercise less the strike price of the PSU.

Convertible Unsecured Debentures

On April 5, 2013, the Company issued C$34,500,000 of 8% convertible unsecured debentures (the "Debentures") for net proceeds of $31,031,072 after accounting for transaction costs of $2,913,478. The Debentures mature on April 30, 2018 and unless converted or redeemed earlier, interest of C$1,380,000 is payable semi-annually on March 31 and October 31. Each Debenture is convertible at the holder's option into common shares at any time prior to maturity at a conversion price of C$0.25. The Debentures will not be redeemable prior to April 30, 2015 after which time they may be redeemed by the Company in whole or in part from time to time, provided that the volume weighted average trading price of the common shares on the Toronto Stock Exchange (the "TSX") for the 20 consecutive trading days ending on the fifth trading day preceding the day prior to the date upon which the notice of redemption is given is at least 150% of the Conversion Price.

FINANCIAL INSTRUMENTS RISK EXPOSURE

The Company is exposed to financial risks sensitive to changes in commodity prices, foreign exchange, and interest rates. The Company's Board of Directors has overall responsibility for risk management oversight. Currently, the Company has not entered into any options, forward, and future contracts to manage its price-related exposures. Similarly, derivative financial instruments are not currently used to reduce these financial risks. The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit Risk

The Company's credit risk is primarily attributable to trade and other amounts receivable, which consist primarily of goods and services tax due from the Federal Governments of Australia and Canada. Consequently, credit risk is considered low. The Company's cash and cash equivalents and restricted cash are held with large, reputable Canadian and Australian financial institutions. Management believes that the credit risk with respect to these financial instruments is low and that the Company has no significant concentration of credit risk arising from operations.

Liquidity Risk

The Company monitors the expected settlement of financial assets and liabilities on an ongoing basis; there are no significant payables or obligations related to the credit facility and derivative liability that are outstanding past their due dates.

The Company undergoes an in-depth budgeting process each year which is supplemented by a continuous detailed cash forecasting process. Future financing requirements, if any, will depend on a number of factors that are difficult to predict and are often beyond the control of the Company. These would include the realized price of the actual gold produced from the Company's operating mines, and the costs of development and operation of these mines. The Company is committed to managing liquidity by achieving positive cash flows from each of its operations to fund capital requirements and development projects.

Market Risk

Foreign Currency Risk

The Company is exposed to foreign currency exchange risk with respect to future gold sales, since gold sales are denominated in US dollars and the functional currency of the Company's operations is the Australian dollar. A 10% change in the average value of the Australian dollar against the US dollar with all other variables held constant would have changed the net income by $4,045,000, or $0.01 per share, during the year ended December 31, 2014.

The Company's cash and cash equivalents were held in the following currencies as at December 31, 2014:

US dollars	$8,962
Australian dollars	$12,320,235
Canadian dollars	$21,446,220

Except for $60,340, held in Canadian dollars (C$70,000), the restricted cash is held in Australian dollars.

Commodity Price Risk

The Company is exposed to price risk with respect to commodity prices, specifically the price of gold, but there is also price risk arising from the use of petroleum products. Commodity prices fluctuate on a daily basis and are affected by numerous factors beyond the Company's control. The supply and demand for commodities, the level of interest rates, the rate of inflation, investment decisions by large holders of commodities including governmental reserves, and stability of exchange rates can all cause significant fluctuations in commodities prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments.

During the year ended December 31, 2014, the average realized gold price was $1,268 per ounce. A 10% change in the gold price realized by the Company during this period would have changed the net income by $28,189,000, or $0.06 per share.

Interest Rate Risk

The Company's exposure to risks of changes in market interest rates relates primarily to its cash balances. The Company reviews its interest rate exposure periodically, giving consideration to potential renewals of existing positions and alternative financial investments. The income earned on these bank accounts is subject to the movement in interest rates. A 1% change in short term rates would change the interest income and net loss of the Company, assuming that all other variables remain constant, by approximately $338,000.

OFF-BALANCE SHEET ITEMS

As at December 31, 2014, the Company did not have any off-balance sheet items.

SELECT ANNUAL INFORMATION

(In thousands of dollars, except ounces and per share information)

	2014	2013	2012
Revenues	282,739,079	300,825,156	255,930,383
Mine operating income (loss)	41,281,120	5,068,290	19,617,789
Net income (loss)	19,951,933	(92,766,331)	(40,206,794)
Net income (loss) per share	0.04	(0.23)	(0.10)
Total assets	256,128,815	234,842,240	478,636,986
Long-term liabilities	82,197,112	83,479,561	154,901,139

QUARTERLY INFORMATION

(In thousands of dollars, except ounces and per share information)

	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Gold produced (oz)	58,796	55,909	54,024	53,583	58,276	55,206	48,261	48,953
Gold sold (oz)	58,070	56,486	53,612	54,735	57,503	58,890	46,610	49,720
Average realized gold price ($/oz)	1,202	1,298	1,291	1,286	1,274	1,325	1,401	1,664
Operating cash costs per ounce sold ($/oz)	793	898	965	971	963	925	1,102	1,151
AISC per ounce sold ($/oz)	1,098	1,233	1,316	1,307	1,257	1,252	1,603	1,490
Revenues	69,783	73,336	69,232	70,388	73,277	78,202	65,566	83,780
Mine operating income (loss)	12,272	12,583	8,128	7,298	3,128	8,585	(6,437)	(208)
Net income (loss)	10,759	8,584	3,934	(3,326)	(23,305)	3,320	(90,403)	17,622
Net income (loss) per share (basic and diluted)	0.02	0.02	0.01	(0.01)	(0.06)	0.01	(0.22)	0.04
Cash flow from operations	25,281	18,232	18,184	12,459	20,532	18,342	11,029	17,560
Total assets	256,129	249,809	264,450	256,599	234,842	269,530	257,515	467,691
Non-current liabilities	82,197	86,192	92,957	90,307	83,480	90,220	84,357	134,191

The increase in gold sold in Q4 2014 compared to the prior quarter reduced the impact on revenues of the significant decrease in the average realized gold price. Revenue in Q3 2014 was higher than the previous quarter due to higher gold sales and a slight increase in the average realized gold price. Lower gold production in Q1 2014 compared to Q4 2013 is the result of processing lower-grade stockpiles in the Northern Territory for reclamation purposes. Despite a similar amount of gold ounces sold compared to Q3 2013, revenue was down in Q4 2013 as a result of the lower average realized gold price of $1,274 per ounce. Revenue in the third quarter of 2013 had increased from the second quarter as a result of a 14% increase in gold production, which more than offset lower gold prices. The significant decrease in revenue from the first quarter of 2013 was the result of the significant drop in realized gold price which fell to $1,401 per ounce from $1,664 per ounce. By the end of 2013, increased Cosmo production had offset the impact of the decreased production from Stawell as a result of the wind-down of its underground operations.

Net income in Q4 2014 was impacted by the recognition of the $8,358,933 impairment reversal on Fosterville and a loss of $6,037,097 recognized on the change in value of the contingent liability. The Company recorded an increase in net income in Q3 2014 from the prior quarter as a result of the increase in revenue over the same period. Net income was improved in Q2 2014 compared to the previous quarter, which included a loss on the revaluation of the contingent liability as a result of the change in the expected timing of the cash flows resulting from the dispute resolution with AuRico. Net income in the first quarter of 2014 had improved from the significant net loss in Q4 2013, which was impacted by an impairment charge of $25,499,499. Net income in Q2 2013 was also impacted by an impairment charge of $151,626,275 due to the significant drop in the gold price in that quarter, which was partially offset from the gain realized on the close-out of the gold swap agreements. Net income in Q1 2013 is largely reflective of the significantly higher gold prices realized at the time.

The increase in total assets since Q4 2013 was due to an increase in cash from the private placement financing in February 2014 and the increase in mineral property due to the continued investment in development and resource definition at Cosmo and Fosterville and the permitting of the Big Hill Project. The increase in the current quarter is mainly due to the impact of the impairment reversal of $8,358,933 on Fosterville, which was somewhat offset by the weakening of the Australian dollar. The decrease in total assets from Q1 2013 is due to limited capital expenditures being more than offset by ongoing depreciation. The significant decrease in 2013 in Q2 and again in Q4 is the result of total impairment charges of $177,125,774 due to the lower gold price environment, largely relating to the Northern Territory assets with a portion recorded against Fosterville. Both the reduced revenue due to lower gold prices and the impairment charges resulted in a significant decrease in net income from the first quarter of 2013. The decrease was partly offset by the gain realized on the close-out of the gold swap agreements.

Non-current liabilities decreased significantly in Q2 2013 as a result of the close-out of the gold swap agreements, with the proceeds being applied to the outstanding credit facility with Credit Suisse. The decrease was offset by the issuance of the convertible unsecured debentures during the same quarter. The change in non-current liabilities since this period primarily relates to the revaluation of the contingent liability and ongoing accretion of the convertible unsecured debentures.

NON-IFRS MEASURES

The Company has included in this MD&A certain non-IFRS performance measures as detailed below. In the gold mining industry, these are common performance measures but do not have any standardized meaning. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate the Company's performance and ability to generate cash flow. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

Operating Cash Costs per Ounce of Gold

The Company calculates operating cash costs per ounce by deducting silver sales revenue as a by-product from operating expenses per the consolidated statement of operations, then dividing by the gold ounces sold during the applicable period. Operating expenses include mine site operating costs such as mining, processing and administration as well as royalties, however excludes depletion and depreciation, share-based payments and rehabilitation costs.

All-In Sustaining Costs per Ounce of Gold

The Company has adopted an all-in sustaining cost ("AISC") performance measure that reflects all of the expenditures that are required to produce an ounce of gold from current operations. While there is no standardized meaning of the measure across the industry, the Company's definition conforms to the AISC definition as set out by the World Gold Council in its guidance dated June 27, 2013. The World Gold Council is a non-regulatory, non-profit organization established in 1987 whose members include global senior mining companies. The Company believes that this measure will be useful to external users in assessing operating performance and the ability to generate free cash flow from current operations.

The Company defines AISC as the sum of operating cash costs (per above), sustaining capital (capital required to maintain current operations at existing levels), capital lease repayments, corporate general and administrative expenses, in-mine exploration expenses and rehabilitation accretion and amortization related to current operations. AISC excludes capital expenditures for significant improvements at existing operations deemed to be expansionary in nature, exploration and evaluation related to growth projects, rehabilitation accretion and amortization not related to current operations, financing costs, debt repayments, share-based compensation not related to operations, and taxes.

The operating cash costs per ounce and all-in sustaining costs per ounce are reconciled to the consolidated statement of operations as follows:

	Q4 2014	Q4 2013	**FY 2014**	FY 2013
Operating expense per the consolidated statement of operations, including royalties	**46,140,092**	55,495,066	**202,034,165**	218,900,282
By-product silver sales credit	**(85,230)**	(96,701)	**(358,355)**	(410,501)
Operating cash costs ($)	**46,054,862**	55,398,365	**201,675,810**	218,489,781
Sustaining mine development [(1)]	**13,457,709**	12,410,542	**56,373,549**	56,110,221
Sustaining capital expenditures, including capital lease payments	**2,313,076**	2,319,145	**10,843,962**	10,059,838
General and administration costs	**1,519,308**	1,286,318	**4,709,819**	6,301,291
Rehabilitation – accretion and amortization (operating sites)	**312,351**	883,342	**1,254,918**	2,757,672
In-mine exploration expense	**108,574**	7,434	**664,509**	1,125,620
All-in sustaining cash costs ($)	**63,765,880**	72,305,146	**275,522,567**	294,844,424
Gold ounces sold	**58,070**	57,503	**222,903**	212,723
Operating cash costs per ounce sold ($ / ounce)	**793**	963	**905**	1,027
All-in sustaining cash costs per ounce sold ($ / ounce)	**1,098**	1,257	**1,236**	1,386

[(1)] Sustaining mine development are defined as those expenditures which do not increase annual gold production at a mine operation and exclude expenditures for growth projects and mine development to commercial production. Total sustaining capital is calculated as follows:

	Q4 2014	Q4 2013	**FY 2014**	FY 2013
Expenditure on mine development per the statement of cash flows	**13,586,763**	13,555,400	**59,437,465**	67,577,906
Less: Cosmo development before commercial production	**-**	-	**-**	(6,353,689)
Less: Big Hill Project development costs	**(129,054)**	(1,114,858)	**(3,063,916)**	(5,113,996)
	13,457,709	12,410,542	**56,373,549**	56,110,221

COMMITMENTS AND CONTINGENCIES

(a) Material contracts

The Company has engaged an independent contractor to provide mining and development services at its Cosmo Gold Mine in the Northern Territory. The mining contract was executed in March 2014 and carries a two year term with an option for a 12 month extension. The Company may terminate the contract with not less than 30 days notice, in which case the Company would be liable for a termination payment equal to one-quarter times the previous month's invoice plus any outstanding amounts owing for works completed prior to termination.

The Company has entered into a contract for power in the Northern Territory with the government-regulated power provider in the Territory for the 2015 calendar year. Under the contract the Company is obligated to purchase a minimum annual quantity of electricity regardless of actual consumption. As no such scenario had occurred at December 31, 2014 nor is it likely that such a scenario would eventuate in 2015, no amount has been accrued in the consolidated financial statements.

The Company has also entered into a contract for power in the State of Victoria with an independent supplier which provides for electricity for the Fosterville Gold Mine through to December 31, 2016 and Stawell Gold Mines through to December 31, 2015. Under the contract the Company is obligated to purchase a minimum annual quantity of electricity regardless of actual consumption. As no such scenario had occurred at December 31, 2014 nor is it likely that such a scenario would eventuate in 2015, no amount has been accrued in the consolidated financial statements.

(b) Environmental bonds

As at December 31, 2014, the Company had provided performance guarantees totaling $19,864,538 to the Northern Territory and Victorian governments relating to the future reclamation and rehabilitation of the Company's mine sites and exploration tenements. The guarantees are secured by cash deposits held with a major Australian bank.

(c) Northern Territory profits royalty/tax

All of the Company's tenements within the Northern Territory are subject to a Northern Territory Government profits royalty/tax. The current tax rate is 20% of the Net Value of mine production, where the Net Value equals the gross realization from the relevant production unit less the operating costs of the production unit for the year, a capital allowance on eligible capital assets expenditure, eligible exploration expenditure and additional deductions as approved by the relevant Northern Territory Government Minister.

(d) Contingent contractual royalty obligations

As at December 31, 2014, the Company has the following contingent contractual obligations with respect to royalties:

(i) a 1% ad valorem royalty on any future gold production above 250,000 ounces derived from the Maud Creek Gold Project.
(ii) a further 1% gross royalty on any future gold production from the Maud Creek Gold Project.
(iii) a A$2 per ounce royalty payable on gold produced from the Stawell Gold Mine mining license.
(iv) a vendor royalty of A$4 per ounce of gold produced from the Pine Creek tenements.
(v) royalties payable to various vendors of tenements located outside the currently anticipated mining areas.

On January 14, 2015, the Company granted royalties over the Fosterville Gold Mine (2% net smelter return) and Stawell Gold Mines (1% net smelter return) as part of the agreement with AuRico to terminate the net free cash flow sharing arrangement. The Fosterville royalty was effective the date of the grant and the Stawell royalty is effective January 1, 2016.

The Company also has contingent contractual obligations with respect to the Maud Creek Gold Project. A payment of A$2,000,000 would be due upon a decision to proceed with development of the Maud Creek Gold Project, in addition to the production royalty described above.

The Fosterville Gold Mine is subject to a license fee which enables it to use the patented BIOX process to treat refractory ore from the underground mine. The fee is paid at a rate of A$1.40/ounce of gold produced and treated through the BIOX Plant and terminates when 1,500,000 ounces of gold in aggregate has been treated in the plant. As at December 31, 2014, approximately 876,400 ounces of gold had been treated in the plant.

(e) Forward sales commitment

In December 2014, the Company locked into forward sales on a delivery basis for 25,200 ounces of its production for the first quarter of 2015. The gold price for the orders was locked in at A$1,483.50, with equal delivery of 4,200 ounces on the following six dates: January 16, January 30, February 13, February 27, March 13, and March 27, 2015. Revenue will be recognized at the contractual price upon delivery of the gold under the normal revenue recognition policy.

RELATED PARTY TRANSACTIONS

Compensation of Key Management of the Company

The remuneration of directors and key executives is determined by the compensation committee of the Board of Directors. The directors' fees, consulting fees and other compensation of directors and key management personnel were as follows during the years ended December 31, 2014 and 2013:

	2014	2013
Short-term compensation and benefits	**$ 1,004,554**	$ 1,798,967
Share-based payments	**352,111**	875,560
Termination payments	**9,919**	17,146
	$ 1,366,584	$ 2,691,673

In accordance with IAS 24, key management personnel are those persons 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. Included with the compensation of directors and key executives in the above table, is the compensation and benefits paid to Forbes & Manhattan for consulting and advisory services, as discussed in detail below. The remuneration of directors and key executives is determined by the compensation committee.

During the year ended December 31, 2014, directors and officers of the Company exercised an aggregate of nil stock options (year ended December 31, 2013 – nil) and a former officer of the Company exercised 206,250 stock options (year ended December 31, 2013 – nil) at an exercise price of $0.10 (year ended December 31, 2013 – $nil).

Management Contracts

The Company is party to certain management contracts. As at December 31, 2014, these contracts require that additional payments of approximately $884,000 be made upon the occurrence of a change of control. As the triggering event has not taken place, the contingent payments have not been reflected in the condensed interim consolidated financial statements. Minimum commitments upon termination of these contracts are approximately $175,000. Minimum commitments due within one year under the terms of these contracts are $494,000.

Investment in JDS Silver

On September 25, 2014, the Company acquired a 19.9% interest in JDS Silver from a private company controlled by the Company's controlling shareholder Luxor Capital Group LP and its various subsidiaries ("Luxor") for consideration of $5,080,751 (C$5,643,398).

Agreement with Forbes & Manhattan

On April 17, 2012, the Company entered into a fixed two year agreement with Forbes & Manhattan for consulting and other services. The agreement included a general fee of C$40,000 per month and the reimbursement of out of pocket expenses, and a change in control termination clause. The agreement ended on April 17, 2014.

Other Related Party Disclosures

The Company's controlling shareholder Luxor subscribed for an aggregate of C$5,000,000 units as part of the February 27, 2014 private placement. In addition, officers, directors and Luxor subscribed for an aggregate of C$6,040,000 of convertible unsecured debentures in the offering that closed on April 5, 2013.

RISK FACTORS

The exploration, development and mining of mineral deposits involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. The Company is subject to several financial and operational risks that could have a significant impact on its cash flows and profitability. The most significant risks and uncertainties faced by the Company include: the price of gold; the uncertainty of production estimates, including the ability to extract anticipated tonnes and successfully realize estimated grades; changes to operating and capital cost assumptions; the inherent risk associated with project development and permitting processes; the uncertainty of the mineral resources and their development into mineable reserves; the replacement of depleted reserves; and health, safety and environmental risks.

The Company's ability to generate positive cash flow to generate returns and fund capital requirements and future growth and development is primarily dependent on the price of gold and its ability to meet its production estimates at expected costs. The gold price is impacted by numerous macroeconomic factors outside of the Company's control, including but in no way limited to: global and regional political and economic conditions, supply and demand factors, inflation or deflation expectations, interest rate expectations, and central bank decisions. A sustained decrease in the price of gold would impact the Company's profitability, may result in mineral property write-downs and could eventually result in liquidity difficulties. Furthermore, actual production results may vary from Company estimates due to various factors, including but not limited to: mine dilution, lower than expected grades, recovery issues, stope failures, power outages, weather related matters, or equipment and/or supply shortages. Lower than expected production could impact the Company's ability to generate cash flows to cover the cost of operations and fund sustainable capital expenditures. The Company mitigates the above risks by diligently tracking the gold price and production performance compared to forecast and budget and re-forecasting production plans accordingly so that required financial decisions can be made in a timely manner.

Readers are encouraged to read a full outline and description of the risk factors described in the Company's Annual Information Form for the year ended December 31, 2014 which will be filed on SEDAR under the profile Crocodile Gold Corp. on or before March 31, 2015.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company's significant accounting policies are described in note 4 to the consolidated financial statements for the year ended December 31, 2014. The preparation of the consolidated financial statements require management to make estimates and assumptions that affect the reported amounts of assets and liabilities in the consolidated financial statements and reported amounts of expenses during the reporting period. Such estimates and assumptions affect the carrying value of assets and are based on historical experience and other factors considered relevant. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised.

Critical Accounting Estimates and Assumptions

The following is a list of accounting estimates the Company believes are critical, due to the degree of uncertainty regarding the estimates or assumptions involved and the magnitude of the asset, liability, revenue or expense being reported. Actual results may differ from these estimates.

- Reserve and resource estimates are used in the calculation of depletion and depreciation expense, to calculate the fair value of assets acquired in a business combination, to fair value the contingent consideration associated with the acquisition of Navco (see note 28), to calculate the recoverable amount of a CGU and any required impairment, and to forecast the life of mine. The Company makes estimates of the quantities of reserves and resources, which requires significant subjective assumptions that arise from the evaluation of geological, engineering and economic data for a given ore body. These estimates could change over time due to various factors, including new information gained from mining and development, drill results and updated economic data.
- The Company forecasts prices of commodities, exchange rates, discount rates, production costs, production volumes and grades, and recovery rates. These estimates may change the economic status of reserves and may result in revisions to reserves and resources. These estimates are used to calculate the fair value of assets acquired in a business combination, the fair value of the contingent consideration associated with the Navco acquisition and the recoverable amount of a CGU and any required impairment.
- The Company allocates production costs to ore in stockpile and gold in circuit. This requires the estimate of contained gold and recovery rates. Ultimate ounces recovered will only be known when the metal is poured and refined.
- Levels of future taxable income are affected by, among other things, Australian dollar gold prices, product costs and capital investment. The Company makes estimates of the likelihood of whether or not all or some portion of each deferred income tax asset will be realized, which is mainly impacted by historic and future levels of taxable income and tax planning initiatives.
- Significant estimates and assumptions are made in determining the nature, timing and amount of expenditures which will be required to settle the Company's rehabilitation obligations. These estimates could change in the future due to increased disturbance, technological changes, changes in the regulatory environment, cost increases, and changes to the discount rate.
- The Company amortizes its property, plant and equipment, net of residual value, on a straight line basis over the estimated useful life of each asset. The physical life of the assets or their related components may differ from the Company's estimate, which would result in an adjustment to depreciation expense and any required impairment.
- Determining the fair value of certain share-based payments requires the estimates of interest rates, expected life of options, share price volatility and the application of the Black-Scholes option pricing model. The model requires subjective assumptions which can materially impact the fair value estimate, and actual results may differ over time.
- The Company considers the determination of the fair value of its investment in JDS Silver Inc., a private company, a critical estimate since it does not have a quoted price in an active market. The Company determines fair value using a variety of approaches using observable market data where possible, but where such data is not available applies judgment to determine the fair value.

Critical Accounting Judgments

The following is a critical judgment that management has made in the process of applying accounting policies that may have a significant impact on the amounts recognized in the consolidated financial statements.

- The Company makes estimates about which indicators to consider when determining whether a mine has reached an operating level consistent with the use intended by management. The determination of commercial production may impact whether costs are capitalized as mine properties or expensed as operating costs, and the timing and amount of depreciation and depletion.

NEW ACCOUNTING STANDARDS ADOPTED

IAS 32 Financial Instruments: Presentation ("IAS 32") was amended by the IASB in December 2011 to clarify certain aspects of the requirements on offsetting. The amendments focus on the criterion that an entity currently has a legally enforceable right to set off the recognized amounts and the criterion that an entity intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. There was no impact on the Company's consolidated financial statements upon adoption of the amendments to the above standard.

IAS 36 Impairments of Assets ("IAS 36") was amended by the IASB in May 2013 to clarify the requirements to disclose the recoverable amounts of impaired assets and require additional disclosures about the measurement of impaired assets when the recoverable amount is based on fair value less costs of disposal, including the discount rate when a present value technique is used to measure the recoverable amount. There was no impact on the Company's consolidated financial statements upon adoption of the amendments to the above standard.

IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39") was amended by the IASB in June 2013 to clarify that novation of a hedging derivative to a clearing counterparty as a consequence of laws or regulations or the introduction of laws or regulations does not terminate hedge accounting. There was no impact on the Company's consolidated financial statements upon adoption of the amendments to the above standard.

IFRIC 21 Levies ("IFRIC 21") was issued in May 2013. IFRIC 21 provides guidance on the accounting for levies within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets ("IAS 37"). IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event ("obligating event"). IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. There was no impact on the Company's consolidated financial statements upon adoption of this standard.

ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Recently issued but not adopted accounting guidance includes IFRS 8 Operating Segments and IFRS 9 Financial Instruments. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its consolidated financial statements or whether to early adopt any of the new requirements.

IFRS 8 *Operating Segments* ("IFRS 8") was amended to require an entity to disclose the judgments made by management in aggregating segments. IFRS 8 was also amended to clarify that an entity needs to present a reconciliation between the total reporting segment's assets to the entities' total assets if this information is usually provided to the chief operating decision maker. The amendments are effective for annual periods beginning on or after July 1, 2014.

IFRS 9 *Financial Instruments* ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

IFRS 15 *Revenue From Contracts With Customers* ("IFRS 15") proposes to replace IAS 18 *Revenue*, IAS 11 *Construction Contracts,* and some revenue-related interpretations. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much, and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2017. Earlier adoption is permitted.

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that material information is gathered and reported to senior management, including the President and Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), as appropriate to permit timely decisions regarding public disclosure.

Crocodile Gold's management, including the CEO and CFO, have as at December 31, 2014 designed Disclosure Controls and Procedures (as defined in National Instrument 52-109 of the Canadian Securities Administrators), or caused them to be designed under their supervision, to provide reasonable assurance that material information relating to the issuer is made known to them by others, particularly during the period in which the interim filings are being prepared; and information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

Internal Control over Financial Reporting

Crocodile Gold's management, including the CEO and CFO, is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed by, or under the supervision of, the CEO and CFO and effected by management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Management used the Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") to evaluate the effectiveness of the Company's internal controls for the year ended December 31, 2014. Based on this evaluation, management concluded that the Company's internal control over financial reporting was operating effectively as at December 31, 2014 to provide reasonable assurance the financial information is recorded, processed, summarized and reported in a timely manner.

Changes in Internal Control over Financial Reporting

There have been no changes in the Company's internal control over financial reporting during the year ended December 31, 2014 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Limitations of Controls and Procedures

Crocodile Gold's management, including the CEO and CFO, believe that disclosure controls and procedures and internal control over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgements in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the controls. The design of any control system also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed.

CAUTIONARY STATEMENTS

Except for statements of historical fact relating to Crocodile Gold certain information contained herein constitutes forward-looking information under Canadian securities legislation. Forward-looking information includes, but is not limited to, information with respect to the Company's expected production from, and the further potential of, the Company's properties; the Company's ability to raise additional funds; the future price of minerals, particularly gold; the estimation of mineral resources and mineral reserves; conclusions of economic evaluations; the realization of mineral reserve estimates; the timing and amount of estimated future production; costs of production; capital expenditures; success of exploration activities; mining or processing issues; currency exchange rates; government regulation of mining operations; and environmental risks. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is based on the opinions and estimates of management as of the date such statements are made. Estimates regarding the anticipated timing, amount and cost of exploration and development activities are based on assumptions underlying mineral resource and reserve mineral estimates and the realization of such estimates. Capital and operating cost estimates are based on extensive research of the Company, purchase orders placed by the Company to date, recent estimates of construction and mining costs and other factors. 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 factors include: price volatility of the Company's securities, limited lives of mines, the price of gold and base metals, the need for additional capital, land title issues, exploration development and operating risks, accuracy of production estimates, accuracy of cost estimates, unexpected events and delays during construction, expansion and start-up, failure of plant, equipment or processes to operate as anticipated,native and aboriginal heritage issues, risks relating to infrastructure, permitting and licenses, government regulation of the mining industry, risks relating to foreign operations, uncertainty in the estimation and realization of mineral resources and mineral reserves, quality and marketability of mineral product, environmental regulation and reclamation obligations, risks relating to the Northern Territory wet season, risks relating to litigation, risks relating to foreign mining tax regimes, insurance and uninsured risks, competition, currency fluctuations, adequacy of financial resources, limited historical production revenues, dependence on outside parties, dependence on key personnel, conflicts of interest, accidents, labour disputes and other risks of the mining industry. Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

This document uses the terms "Measured", "Indicated" and "Inferred" Resources. United States investors are advised that while such terms are recognized and required by Canadian regulations, the United States Securities and Exchange Commission does not recognize them. "Inferred Mineral Resources" have a great amount of uncertainty as to their existence, and as to their economic and legal feasibility. It cannot be assumed that all or any part of an Inferred 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 or other economic studies. United States investors are cautioned not to assume that all or any part of Measured or Indicated Mineral Resources will ever be converted into Mineral Reserves. United States investors are also cautioned not to assume that all or any part of an Inferred Mineral Resource exists, or is economically or legally mineable.

QUALIFIED PERSON

The technical contents of this MD&A have been reviewed and approved by Mark Edwards, MAusIMM (CP), MAIG, General Manager Exploration and Business Development, a "qualified person" as such term is defined in National Instrument 43-101 ("NI 43-101").