**MANAGEMENT'S DISCUSSION AND ANALYSIS**

FOR THE THREE AND NINE MONTHS
ENDED
MAY 31, 2015

*Set out below is a review of the activities, results of operations and financial condition of NioGold Mining Corp. ("NioGold", or the "Company") for the three and nine months ended May 31, 2015. The following information should be read in conjunction with the Company's May 31, 2015 condensed interim financial statements and related notes. All financial information in this document is prepared in accordance with International Financial Reporting Standards ("IFRS") unless otherwise indicated. The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting. In furtherance of the foregoing, the Board of Directors has appointed an Audit Committee composed of independent directors and not members of management. All dollar figures included in the following Management Discussion and Analysis ("MD&A") are quoted in Canadian dollars unless otherwise indicated. This MD&A has been prepared as at July 29, 2015. This MD&A contains forward-looking statements and should be read in conjunction with the risk factors described in the "Forward-Looking Statements" section.*

*Additional information related to the Company is available for view on SEDAR at www.sedar.com and on the Company's website at www.niogold.com.*

*Yan Ducharme, P.Geo., Vice-President Exploration of the Company and Qualified Person as defined by National Instrument 43-101, has verified the technical content of this MD&A.*

**Description of Business**

The Company's main business is the acquisition, exploration and evaluation of natural resource properties in the Province of Québec. The Company has assembled a portfolio of gold properties and holds interest in properties that have potential for niobium, rare earths and phosphorus.

**HIGHLIGHTS – Q3 2015**

The following is a summary of significant events and transactions that occurred during the three months ended May 31, 2015:

1. Results of 36 additional new diamond drill holes on the Marban gold deposit released;
2. Completion of a $3.62 million bought deal private placement;
3. Investments of $2.0 million in exploration and evaluation activities.

**HIGHLIGHTS – SUBSEQUENT TO QUARTER-END**

1. Results of 25 additional new diamond drill holes on the Marban gold deposit released;
2. Definition drilling program on the Marban gold deposit increased from 50,000 to 70,000 meters;
3. Preliminary leach test results released on the Marban gold deposit.

## Mineral Properties

Below is a summary of the significant mineral property activities during the period. Please refer to the May 31, 2015 condensed interim financial statements for a full list of properties, exploration and acquisition expenditures by property and a description of the properties. Additional technical information including reports, maps, and photographs can be found on the Company website at www.niogold.com and on the SEDAR website at www.sedar.com.

### Exploration Activity

**MALARTIC PROJECTS**
(Marban Block, Malartic Hygrade-NSM JV, Malartic Block)

***Marban Block***

On October 14, 2014, the Company commenced a 40,000 meter infill drilling program on the modelled open pit shell of the Marban deposit, located on its 100% Marban Block property in the Malartic Gold camp in the Abitibi District of Québec. The infill drilling program was subsequently increased to 50,000 meters in February 2015 and to 70,000 meters in June 2015 to allow NioGold to increase drilling density, especially on the eastern part of the pit shell, and to drill along new 25-meter sections. The additional drilling is expected to provide a more robust resource model and to allow an increase in the definition of measured resources. The updated resource model is scheduled to be released in the fourth quarter of 2015.

The Marban deposit is hosted in a sequence of volcanic rocks (alternating basalts and komatiites) cut by multiple granodioritic dykes. Gold bearing mineralization occurs in folded shear zones in the basalts and in quartz veins in every type of rocks.

In February 2015, NioGold initiated a metallurgical testing program on the Marban gold deposit that includes bottle-roll tests for a potential carbon leaching circuit as well as column leach tests to evaluate potential for an inexpensive *in situ* heap leach operation. All samples are composed of gold-mineralized material hosted by sheared mafic to ultramafic volcanic units within the Marban deposit. Six gold-mineralized samples of about 100 kg each, ranging in average grade from 0.36 g/t to 2.03 g/t Au, were sent to SGS Canada Inc. for sixty-day column leach tests. A series of fifty samples ranging in grade from 0.22 g/t to 4.4 g/t Au were sent to SGS Canada Inc. for bottle-roll cyanidation tests. The results are summarized in the following table:

| Number of Samples | Grade Range (g/t Au) | Avg. Grade (g/t Au) | Avg. $P_{80}$ Microns(1) | NaCN(2) Consumption kg/t | Au Recovery Range % | **Au Average Recovery %** |
|---|---|---|---|---|---|---|
| 8 | 0.22 - 0.50 | 0.37 | 62.3 | 0.13 | 83.3 - 93.8 | **89.5** |
| 23 | 0.51 - 1.50 | 0.90 | 65.8 | 0.18 | 78.6 - 96.1 | **89.7** |
| 14 | 1.51 - 2.50 | 2.07 | 64.0 | 0.19 | 71.9 - 98.1 | **85.4** |
| 5 | 2.51 - 4.40 | 3.34 | 66.4 | 0.16 | 81.3 - 98.0 | **88.1** |
| | | | | | | |
| Average | 0.22 - 4.40 | 1.39 | 64.8 | 0.17 | 71.9 – 98.1 | **88.3** |

(1) Granulometry
(2) Sodium Cyanide

These encouraging results show an average gold recovery of 88.3% for all four sample populations and each population has a similar recovery, giving a flat grade/recovery curve with no significant drop in the lower grade material. More details are available in the news releases dated July 6, 2015 filed on www.sedar.com.

From October 14, 2014 to July 29, 2015, a total of approximately 63,000 meters were drilled, distributed in 215 completed holes and 3 ongoing holes. The updated 70,000 meter program is expected to be completed by mid-August 2015. The drilling program is designed to fill in 25 meter gaps on almost every 25 meter-spaced cross-sections and is mostly restricted in width and depth to test the modelled open pit shell.

As of the date of this MD&A, NioGold has provided the results of 94 diamond drill holes on the modelled open-pit shell of the Marban deposit for a total of 30,210 meters. These holes were spread over a strike length of 1,225 meters of the Marban deposit.

The results of the drilling program indicate several new high-grade shoots surrounded by lower grade haloes that characterize the wider mineralized shear zones in the Marban deposit. The results tend to confirm the distribution of the mineralized zones, are increasing the confidence in the inferred resources and are locally filing gaps where no mineralization was known before. In addition, high-grade intersections that are located outside the modelled pit shell indicate a potential for increasing the in-pit resource within an enlarged shell and are also increasing the potential for an underground mining operation below the pit shell.

Drilling highlights of the infill program in the third quarter of 2015 include:

- **40.42 g/t Au over 4.8 m** in drill hole MB-15-391 at 110 m vertical depth
- **25.05 g/t Au over 1.2 m** in drill hole MB-15-393 at 225 m vertical depth
- **159.13 g/t Au over 1.0 m** in drill hole MB-15-393 at 255 m vertical depth
- **5.83 g/t Au over 6.7 m** in drill hole MB-15-398 at 120 m vertical depth
- **8.51 g/t Au over 9.7 m** in drill hole MB-15-406 at 225 m vertical depth
- **16.51 g/t Au over 5.2 m** in drill hole MB-15-410 at 250 m vertical depth
- **26.35 g/t Au over 1.2 m** in drill hole MB-15-410 at 300 m vertical depth
- **36.01 g/t Au over 1.2 m** in drill hole MB-15-411 at 150 m vertical depth
- **31.80 g/t Au over 1.1 m** in drill hole MB-15-413 at 205 m vertical depth
- **5.87 g/t Au over 4.9 m** in drill hole MB-15-413 at 235 m vertical depth
- **123.50 g/t Au over 1.2 m** in drill hole MB-15-415 at 80 m vertical dept.
- **3.73 g/t Au over 10.2 m** in drill hole MB-15-416 at 200 m vertical depth
- **4.51 g/t Au over 16.2 m** in drill hole MB-15-417 at 360 m vertical depth
- **1.40 g/t Au over 15.6 m** in drill hole MB-15-418 at 100 m vertical depth
- **2.29 g/t Au over 12.1 m** in drill hole MB-15-425 at 175 m vertical depth
- **20.30 g/t Au over 1.0 m** in drill hole MB-15-426 at 50 m vertical depth

Additional results and further discussion on the results are available in the news releases dated January 16, 2015, February 26, 2015, April 7, 2015, May 7, 2015 and June 16, 2015 filed on www.sedar.com.

**Private placement completed in May 2015**

On May 28, 2015, the Company closed a brokered private placement pursuant to which the Company issued a total of 3,975,000 units ("Units") at a price of $0.38 per Unit (for gross proceeds of $1,510,500) and 4,226,000 flow-through common shares ("Flow-Through Shares") at a price of $0.50 per Flow-Through Share (for gross proceeds of $2,113,000) (the "Offering").

Units

Each Unit consisted of one common share ("Common Share") and one-half of one Common Share purchase warrant ("Warrant"). Each whole Warrant is exercisable into one Common Share at a price of $0.50 for 24 months following the closing of the Offering. The fair value of the 1,987,500 Warrants was evaluated at $155,025 using the Black-Scholes option pricing model and the following assumptions: expected life of 2 years; expected volatility of 100%; risk free interest rate of 0.62% and dividend per share of nil. The fair value of the Common Shares was evaluated at $1,355,475, which is the difference between the gross proceeds of the Units and the fair value of the Warrants.

Flow-Through Shares

An amount of $1,563,620 was recognized under share capital and an amount of $549,380 was recognized as a deferred premium on flow-through shares on the balance sheet. Under this financing, the Company is committed to spend $2,113,000 on flow-through expenditures by December 31, 2016.

Broker warrants and issue costs

As consideration for their participation in the Offering, the underwriter received a cash commission of 6% of the proceeds of the Offering (other than in respect of certain orders) and received a total of 437,460 broker warrants, each broker warrant is exercisable for one Common Share at a price of $0.38 for 24 months following the closing of the Offering.

The fair value of the broker warrants was evaluated at $83,694 using the Black-Scholes option pricing model and the following assumptions: expected life of 2 years; expected volatility of 100%; risk free interest rate of 0.62% and dividend per share of nil. The fair value of the broker warrants was recognized as transaction costs and recorded against share capital.

Total transaction costs, including the underwriter commission, but excluding the broker warrants value, amounted to $346,892 and were allocated to the Common Shares and Warrants based on their prorata value. As a result, transaction costs of $324,976 were allocated to the Common Shares and $21,916 to the Warrants.

## Summary of Quarterly Results

The following table provides selected financial information for the eight most recently-completed fiscal quarters.

| | **May 31, 2015**<br>**$** | **February 28, 2015**<br>**$** | **November 30, 2014**<br>**$** | **August 31, 2014**<br>**$** |
|---|---|---|---|---|
| **Total Revenue** | - | - | - | - |
| **Income (Loss)** | | | | |
| **- Total** | 116,133 | (2,240) | (440,804) | (103,303) |
| **- Per Share** | 0.00 | 0.00 | 0.00 | 0.00 |
| **Cash invested in exploration and evaluation assets(1)** | 2,030,203 | 1,285,594 | 392,990 | 297,753 |

| | **May 31, 2014**<br>**$** | **February 28, 2014**<br>**$** | **November 30, 2013**<br>**$** | **August 31, 2013**<br>**$** |
|---|---|---|---|---|
| **Total Revenue** | - | - | - | - |
| **Income (Loss)** | | | | |
| **- Total** | (583,740) | 972,619 | (414,233) | (1,231,103) |
| **- Per Share** | (0.01) | 0.01 | 0.00 | (0.01) |
| **Cash invested in exploration and evaluation assets(1)** | 600,705 | 194,623 | 223,553 | 194,267 |

(1) Net of tax credits

**Results of operations for the three months ended May 31, 2015**
*(compared to the three months ended May 31, 2014)*

Net income for the three months ended May 31, 2015 was $116,133 (2014 – loss of $583,740). Individual items significantly contributing to the variation in results are as follows:

- The Company recognized an unrealized gain on investments of $35,333 compared to an unrealized loss of $526,103 in the comparative period. In 2014, the Company also realized a gain of $56,404 on the sale of investments.

- The recognition of the deferred premium on flow-through shares as other income increased by $266,659 to $417,970 (2014 – $151,311) as a result of higher investments in exploration end evaluation financed through flow-through shares. As the Company incurs flow-through eligible exploration expenditures the deferred flow-through premium liability is recorded as income.

- Management fees increased by $82,210 to $119,710 (2014 – $37,500) mainly due to the appointment of Mr. Robert Wares as Chief Executive Officer and Mr. Michael Iverson as Vice President, Corporate Development in September 2014, and increased activities for the Company.

- Office and administrative expenses increased by $41,728 to $115,001 (2014 – $73,273). The increase is mainly due to increased activities and additional costs related to the transfer of the main office to Montréal.

- Professional fees increased by $9,019, offset by a decrease in shareholder communications of $12,811.

- Share-based compensation amounted to $16,603 compared to $50,687 in 2014. There was no stock option grant in the third quarter of 2015.

**Results of operations for the nine months ended May 31, 2015**
*(compared to the nine months ended May 31, 2014)*

The loss for the nine months ended May 31, 2015 was $326,912 (2014 – 25,354). Individual items significantly contributing to the higher loss are as follows:

- Management fees increased by $159,377 to $271,877 (2014 – $112,500) mainly due to the appointment of Mr. Robert Wares as Chief Executive Officer and Mr. Michael Iverson as Vice President, Corporate Development in September 2014, and increased activities for the Company.

- Office and administrative expenses increased by $124,683 to $316,596 (2014 – $191,913). The increase is mainly due to severances of $53,155 incurred as a result of the transfer of the main office from Vancouver to Montréal, additional costs related to the transfer of the main office to Montreal, bonuses of $14,500 paid to the exploration team in 2015 and increased activities.

- Share-based compensation increased by $85,114 to $137,962 (2014 – 52,848) as the number of stock options granted in 2015 was higher than in 2014.

- Professional fees decreased by $28,852 to $69,573 (2014 – $98,425) in 2015 due to lower audit, accounting and tax fees.

- The recognition of the deferred premium on flow-through shares as other income increased by $622,707 to $917,767 (2014 – $295,060) as a result of higher investments in exploration end evaluation financed through flow-through shares. As the Company incurs flow-through eligible exploration expenditures, the deferred flow-through premium liability is reversed to income.

- The Company recognized an unrealized loss on investments of $261,163 compared to an unrealized gain of $192,098 in the comparative period. In addition, in 2014, the Company realized a gain of $164,587 on the sale of investments.

**Cash Flows for the nine months ended May 31, 2015**
*(compared to the nine months ended May 31, 2014)*

Cash flows used in operating activities totaled $895,475 during the nine months ended May 31, 2015 compared to $501,890 in the corresponding period in 2014. Cash flows used in operating activities before changes in non-cash working capital items were $827,756 in 2015 compared to $602,680 in 2014. The increase is due to the increase in operating expenses in 2015.

Cash outflows from investing activities increased to $3,713,357 in 2015 compared to $752,874 in 2014. During the nine months ended May 31, 2015, the Company invested $3,708,787 in exploration and evaluation assets compared to $1,018,881 in the comparative period in 2014. The investments were mainly allocated to the continued exploration and evaluation work on the Marban Block property, as previously described in this MD&A. During the nine months ended May 31, 2014, the Company received $285,047 from the sale of marketable securities.

Cash flows provided by financing activities were $3,426,795 for the nine months ended May 31, 2015 compared to nil in 2014. The cash inflow was mainly the result of the private placement completed in May 2015 and previously described in this MD&A. Gross proceeds from the private placement amounted to $3,623,500 and issue costs paid during the period amounted to $255,705. Stock options exercised during the nine months ended May 31, 2015 generated cash inflows of $59,000.

**Financial Position**

Individual items with significant movements between August 31, 2014 and May 31, 2015 include:

Cash and cash equivalents decreased by $1,182,037 to $5,583,693 (August 31, 2014 - $6,765,730). Refer to the cash flows section above for an explanation of cash flows movements. As at May 31, 2015, a remaining amount of $762,645 was required to be spent on flow-through expenditures by December 31, 2015 and an additional amount of $2,113,000 was required to be spent on flow-through expenditures by December 31, 2016, in addition to $815,276 of flow-through expenditures included in accounts payable and accrued liabilities as at May 31, 2015.

Accounts receivables, prepaid expenses and deposits, and refundable tax credits and mining duties receivable collectively increased by a net amount of $96,986 to $538,181 (August 31, 2014 - $441,195) due to the timing of recovery and settlement of various sales tax credits and mining duties receivable.

Marketable securities decreased by $261,163 to $281,796 (August 31, 2014 - $542,959) due to fair value accounting of marketable securities.

Mineral properties increased by $4,476,030 to $22,152,445 (August 31, 2014 - $17,676,415) primarily due to the Company's continued exploration and evaluation work on its Marban Block property.

Accounts payable and accrued liabilities increased by $887,697 to $1,062,912 (August 31, 2014 - $175,215). This relates to the timing of payments and increased exploration and evaluation activities.

Deferred premium on flow-through shares decreased by $368,387 to $701,909 (August 31, 2014 - $1,070,296). The deferred premium on flow-through shares is calculated as the difference between the subscription price for a flow-through share and the trading price of a NioGold share. The deferred premium on flow-through shares decreases over time as the Company incurs the related flow-through eligible expenditures and recognizes the premium as other income on the statement of income (loss). During the nine months ended May 31, 2015, the Company recognized as other income a premium on flow-through shares of $917,767. As a result of the private placement completed in May 2015, the Company recognized a new deferred premium on flow-through shares of $549,380.

## Liquidity and Capital Resources

As at May 31, 2015, the Company had working capital of $5,340,758 including cash and cash equivalents of $5,583,693 as compared to working capital of $7,574,669, including cash and cash equivalents of $6,765,730, as at August 31, 2014. Other significant balances included in working capital as at May 31, 2015 were receivables of $503,581 (August 31, 2014 – $72,100), refundable tax credits and mining duties receivable of nil (August 31, 2014 – $354,413), marketable securities with a market value of $281,796 (August 31, 2014 – $542,959) and accounts payable and accrued liabilities of $1,062,912 (2014 – $175,215).

As at May 31, 2015, the Company is committed to spend on flow-through expenditures amounts of $762,645 by December 31, 2015 and $2,113,000 by December 31, 2016 in addition to $815,276 of flow-through expenditures included in accounts payable and accrued liabilities as at May 31, 2015.

The decrease in the Company's liquidity position is primarily the result of continued exploration and evaluation activities, and, to a lesser extent, administrative costs incurred during the period, partially offset by a $3.62 million private placement completed in May 2015.

The Company's continued development is contingent upon its ability to raise sufficient financing both in the short term and long term. There are no guarantees that additional sources of funding will be available to the Company; however, management is committed to pursuing all possible sources of financing in order to execute its business plan.

## Related Party Transactions

During the nine months ended May 31, 2015 and 2014, the Company paid or accrued the following amounts to related parties:

| | | 2015 | | 2014 |
|---|---|---|---|---|
| Management fees paid or payable to companies controlled by directors and officers of the Company | $ | 164,667 | $ | 112,500 |
| Professional fees paid or payable to a company controlled by a former officer of the Company | $ | 50,415 | $ | 41,250 |
| Salary paid or payable to an officer of the Company | $ | 93,750 | $ | 92,742 |
| Consulting fees paid or payable to an officer of the Company | $ | 58,500 | $ | 63,500 |
| Fees paid or payable to a company related to a significant shareholder for services and rental of offices | $ | 123,153 | $ | - |
| Share-based compensation to directors and officers for stock options vesting during the period | $ | 123,927 | $ | 90,495 |
| Office rent paid to a company controlled by a director and officer of the Company | $ | 3,000 | $ | 4,500 |

As at May 31, 2015, $83,745 ($4,812 as at August 31, 2014) were payable to related parties and included in accounts payable and accrued liabilities on the balance sheet.

On May 28, 2015, the Company closed a private placement with an underwriter, certain accredited investors, directors and officers and issued 3,975,000 Units and 4,226,000 Flow-Through Shares for aggregate gross proceeds of $3,623,500. The directors, officers and other related parties have subscribed to the Units and the Flow-Through Shares under the same terms and conditions set forth for all subscribers for a total of 100,000 Units and 1,660,000 Flow-Through Shares (aggregate gross proceed of $868,000).

**Contractual Obligations and Commitments**

As at May 31, 2015, the Company is committed to spend on flow-through expenditures amounts of $762,645 by December 31, 2015 and $2,113,000 by December 31, 2016 in addition to $815,276 of flow-through expenditures included in accounts payable and accrued liabilities at May 31, 2015.

**Outstanding Share Data**

At the date of this MD&A, the Company has 129,215,874 issued and outstanding common shares, 7,110,000 outstanding stock options and 2,424,960 warrants.

**Off-Balance Sheet Items**

At the date of this MD&A, the Company had no material off-balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

**Proposed Transactions**

As at the date of this report there are no proposed transactions.

**Basis of Presentation of Financial Statements**

The unaudited condensed interim financial statements for the three and nine months ended May 31, 2015 have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including International Accounting Standard 34, *Interim Financial Reporting*. The unaudited condensed interim financial statements of NioGold for the three and nine months ended May 31, 2015 should be read in conjunction with the annual financial statements for the year ended August 31, 2014, which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies, methods of computation and presentation applied in the unaudited condensed interim financial statements for the three and nine months ended May 31, 2015 are consistent with those applied by the Company to the audited financial statements for the year ended August 31, 2014, except for the changes in accounting policies presented in Note 3 of the unaudited condensed interim financial statements. The Board of Directors has approved the unaudited condensed interim financial statements on July 29, 2015.

**Critical Accounting Estimates and Judgments**

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience and current and expected economic conditions. Actual results could differ from those estimates.

Critical judgements in applying the Company's accounting policies are detailed in the audited financial statements for the year ended August 31, 2014 filed on SEDAR (www.sedar.com).

## Financial Instruments

All financial instruments are required to be measured at fair value on initial recognition. The fair value is based on quoted market prices, unless the financial instruments are not traded in an active market. In this case, the fair value is determined by using valuation techniques like the Black-Scholes option pricing model or other valuation techniques. Measurement in subsequent periods depends on the classification of the financial instrument.

A description of financial instruments and their fair value is included in the audited financial statements for the year ended August 31, 2014 filed on SEDAR (www.sedar.com).

## Financial Risks

The Company's activities expose it to a variety of financial risks: market risks (including interest rate risk, foreign currency risk and commodity price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's performance.

A description of the financial risks are included in the audited annual financial statements for the year ended August 31, 2014 filed with the Canadian securities regulatory authorities on SEDAR (www.sedar.com).

## Recently Issued Reporting Standards

**New standards and amendments issued and in effect**

*IFRIC 21, Levies ("IFRIC 21")*

In May 2013, the IASB issued International Financial Reporting Interpretations Committee (IFRIC) 21, *Levies*. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014 and is to be applied retrospectively. IFRIC 21 provides guidance on accounting for levies in accordance with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*. The interpretation defines a levy as an outflow from an entity imposed by a government in accordance with legislation and confirms that an entity recognizes a liability for a levy only when the triggering event specified in the legislation occurs. The Company has adopted IFRIC 21 effective September 1, 2014. This change was made in accordance with the applicable transitional provision. The adoption of IFRIC 21 did not affect the Company.

*Offsetting Financial Assets and Financial Liabilities (Amendment to IAS 32)*

The amendment to IAS 32, *Financial Instruments: Presentation* ("IAS 32"), requires that a financial asset and a financial liability should only be offset and the net amount reported when an entity has a legal enforceable right to set off the amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Company has adopted the amendment to IAS 32 effective September 1, 2014. This change was made in accordance with the applicable transitional provision. The adoption of this amendment did not affect the Company.

*Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)*

Under the amended IAS 36, *Impairment* ("IAS 36"), the recoverable amount of a cash-generating unit ("CGU") is required to be disclosed only when an impairment loss has been recognized or reversed. The Company has adopted the amendment to IAS 32 effective September 1, 2014. This change was made in accordance with the applicable transitional provision. The adoption of this amendment did not affect the Company.

**Accounting standard issued but not yet effective**

The Company has not yet adopted certain standards, interpretations to existing standards and amendments which have been issued but have an effective date of later than January 1, 2014. Many of these updates are not relevant to the Company and are therefore not discussed herein.

*IFRS 9, Financial Instruments ("IFRS 9")*

In November 2009 and October 2010, the IASB issued the first phase of IFRS 9, Financial Instruments. In November 2013, the IASB issued a new general hedge accounting standard, which forms part of IFRS 9. The final version of IFRS 9 was issued in July 2014 and includes a third measurement category for financial assets (fair value through other comprehensive income) and a single, forward-looking 'expected loss' impairment model.

This standard is part of a wider project to replace IAS 39, *Financial Instruments: Recognition and Measurement* ("IAS 39"). IFRS 9 replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only three classification categories: amortized cost, fair value through other comprehensive income and fair value through profit and loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset or liability. It also introduces additional changes relating to financial liabilities and aligns hedge accounting more closely with risk management. The new standard is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. Management is currently reviewing the impact that this standard will have on its financial statements.

## Risks and Uncertainties

The Company is engaged in the exploration and evaluation of resource properties and operates in an industry that involves a high degree of risk. The reader should carefully consider the following risks and uncertainties in addition to other information in this MD&A in evaluating the Company and its business before making any investment decision in regards to the shares. The risks described below are not the only ones facing the Company. Additional risks not presently known to the Company may also impair its business operations.

Few properties that are explored ultimately become producing mines. At present, none of the Company's properties has a known commercial ore deposit. The recoverability of amounts shown for mineral properties may be affected by changing economic, regulatory and political variables. The mining industry is dependent on a number of factors that include environmental, legal and political risks and the discovery of economically recoverable reserves. Other risks facing the Company include competition and insurance risks, fluctuations in commodity prices, share price volatility and uncertainty of additional financing to continue its exploration and evaluation activities. If any of these risks occur, or if others occur, the Company's business, operating results and financial condition could be seriously harmed and investors may lose a significant proportion of their investment.

*Exploration and Development Risks*

Mineral exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks associated with exploration, development and production.

*Insurance*

The Company's involvement in the exploration for natural resources may result in the Company becoming subject to liability for pollution, property damage, personal injury or other hazards and any insurance the Company may have may not be sufficient to cover the full extent of such liabilities.

*Prices, Markets and Marketing of Gold and Metal Prices*

World prices for commodities fluctuate and are affected by numerous factors including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, speculative activities and increased production due to new mine developments and improved mining and production methods. The effect of these factors on the price of commodities, and therefore an economic downturn could have a negative impact on the Company.

*Liquidity and Capital Requirements*

Management anticipates that, subject to financing, it will make substantial capital expenditures towards developing the Companies mineral property. However, there is no assurance that the Company will operate profitably or will generate positive cash flow in the future. The Company may require additional financing in order to proceed with the exploration and development of their property and to sustain its business operations if it is not successful in earning revenues. The Company may also need further financing if it decides to obtain additional mineral properties. The Company's future may be dependent upon its ability to obtain financing. If the Company does not obtain such financing, if required, its business could fail and investors could lose their entire investment.

*Environmental Risks*

All phases of the mineral exploration and development business present environmental risks and hazards and are subject to environmental regulations. Compliance with such legislation/regulations can require significant expenditures and a breach could result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner which may lead to stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. No assurance can be given that the application of environmental laws to the business and operations of the Company will not result in a curtailment of exploration or production, a material increase in the costs of production, development or exploration activities, or otherwise adversely affect the Company's financial condition, results of operations or prospects.

*Government Regulation*

The natural resource exploration industry is subject to controls and regulations imposed by various levels of government. It is not expected that any of these controls or regulations will affect the operations of the Company in a manner materially different than they would affect other natural resource exploration companies of similar size. The current legislation is a matter of public record and the Company is unable to predict what additional legislation or amendments may be enacted.

*Markets for Securities*

There can be no assurance that an active trading market in the shares of the Company will be sustained. The market price for the shares could be subject to wide fluctuations. Factors such as commodity prices, government regulation, interest rates, share price movements of its peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of the shares.

*Reliance on Key Individuals*

The Company's success depends to a certain degree upon certain key members of the management. It is expected that these individuals will be a significant factor in the Company's growth and success. The loss of the service of members of the management and certain key employees could have a material adverse effect on the Company.

## Additional Information

Additional information relating to the Company has been filed on SEDAR and is available at www.sedar.com.

## Forward-Looking Information

This Management's Discussion and Analysis of Financial Condition and Results of Operations contains certain forward-looking statements. Forward-looking statements include but are not limited to those with respect to the prices of gold and other metals, the estimation of mineral resources, the timing and amount of estimated future production, costs of production, capital expenditures, costs and timing of the development of new deposits, success of exploration activities, permitting time lines, currency fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage and the timing and possible outcome of future litigation. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes" or variations of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and uncertainties include, among others, the actual results of current exploration activities, conclusions or economic evaluations, changes in project parameters as plans continue to be refined, possible variations in grade and or recovery rates, accidents or other risks of the mining industry, delays in obtaining government approvals or financing or incompletion of development, risks relating to the prices of gold and other metals. While the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.  These statements speak only as of the date of this MD&A. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by applicable law.