



Golden Predator Mining Corp.

(An exploration stage company)

Management's Discussion and Analysis

For the years ended December 31, 2016 and 2015

**GOLDEN PREDATOR MINING CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS**

GENERAL

This management's discussion and analysis ("MD&A") supplements the audited consolidated financial statements of Golden Predator Mining Corp. ("Golden Predator" or the "Company") for the year ended December 31, 2016 ("the current year"). The following information, prepared as of April 26, 2017, should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2016, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts have been expressed in Canadian dollars unless otherwise indicated. Additional information relating to the Company can be found on SEDAR at www.sedar.com.

The following MD&A includes certain statements that are considered forward-looking statements. Please refer to "Forward-Looking Information" for a discussion on the risks and uncertainties related to such information.

COMPANY BACKGROUND

The Company was incorporated as Northern Tiger Resources Inc. ("NTR") under the Business Corporations Act (Alberta) on April 29, 2008 and commenced operations on June 23, 2008.

On April 17, 2014, the Company completed a merger with Redtail Metals Corp. (the "Merger") and other related transactions. With the completion of the Merger, NTR's name was changed to Golden Predator Mining Corp. and the Company's shares commenced trading as Golden Predator Mining Corp. on the TSX Venture Exchange ("TSXV"). The Company was continued into British Columbia under the *Business Corporation Act* (British Columbia) on October 21, 2015. The company is a reporting issuer in British Columbia, Alberta and Ontario and trades on the TSXV (symbol "GPY") and on the OTCQX (symbol "NTGSF")

The Company is a Canadian-based resource exploration company focused on gold exploration in the Yukon.

HIGHLIGHTS

In March 2017, the Company completed a bought deal offering by way of short form prospectus. A total of 7,187,500 Class A common shares at a price of \$1.60 per Class A common share and 3,108,450 flow-through Class A common shares at a price of \$1.85 per flow-through Class A common share were sold for aggregate gross proceeds of \$17,250,633. The Company paid a 6.9% commission and issued 251,562 share purchase warrants to the underwriters. The underwriters' warrants are exercisable into Class A common shares at a price of \$1.60 per share, for a period of two years from the closing date. The net proceeds from the sale of the Class A common shares will be primarily used to fund further exploration of the 3 Aces Project and working capital requirements or for other general corporate purposes. The proceeds raised from the sale of the flow-through Class A common shares will be used by the Company to finance qualified Canadian exploration expenses as defined in the *Income Tax Act* (Canada).

Effective November 1, 2016, the Company appointed Kathryn Johnson as the Chief Financial Officer.

In July 2016, the Company closed a private placement for 11,036,000 units at a price of \$0.73 per unit and 8,305,000 flow-through units of the Company at a price of \$1.00 per unit for total gross proceeds of \$16,361,280. Each unit consists of one Class A common share of the Company and one-half of one share purchase warrant. Each flow-through unit consists of one flow-through Class A common share and one-half of one share purchase warrant. Each whole warrant entitles the holder to purchase one additional Class A common share of the Company at a price of \$1.00 per share for a period of two years from the closing date. The expiry date of the warrants can be accelerated if the Company's volume weighted average price is \$2.50 for 20 consecutive trading days, in which event the Company may give notice that the warrants expire 30 days following the notice of acceleration. The Company paid cash share issuance costs of \$1,279,358 and issued 1,318,030 agent warrants valued at \$606,294 in connection with the private placement.

In June 2016, the Company announced that Mr. Stefan Spears and Mr. Tony Lesiak joined the Board of Directors. Piers McDonald and Barry Rayment tendered their resignations from the Board of Directors and transitioned to serving on the Corporate Advisory Board.

In May 2016, the Company closed a private placement for 21,350,000 units and 5,650,000 flow-through units each at a price of \$0.16 per unit for total proceeds of \$4,320,000. Each unit consists of one Class A common share and one share purchase warrant. Each flow-through unit consists of one flow-through Class A common share and one share purchase warrant. Warrants comprising the units and flow-through units entitle holders to purchase one additional Class A common share, exercisable at a price of \$0.21 per share for a period of two years from the date of issue of the warrants. The company paid cash share issuance costs of \$208,569 and issued 1,274,000 finder's warrants valued at \$407,228 in relation to the private placement. Each finder's warrant entitles the holder to purchase a finder's unit at an exercise price of \$0.16 per unit. Each finder's unit is comprised of one Class A common share and one share

purchase warrant which entitles the holder to purchase one Class A common share at an exercise price of \$0.21 per share for a period of two years from the date of issue of the finder's units.

In February 2016, the Company closed a private placement for 2,315,000 units and 250,000 flow-through units each at a price of \$0.10 per unit for total proceeds of \$256,500. Each unit and flow-through unit consists of one Class A common share and one share purchase warrant. Each warrant forming part of a unit will entitle the holder to purchase one additional Class A common share, exercisable at a price of \$0.15 per share for a period of two years from the date of issue of such warrant. Each warrant forming part of a flow-through unit will entitle the holder to purchase one additional flow-through Class A common share, exercisable at a price of \$0.15 per share for a period of two years from the date of issue of such warrant. The Company paid share issuance costs of \$7,783.

MINERAL PROPERTIES

1. 3 Aces, Yukon

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

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

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

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

Bulk Sample

On January 25, 2016, results from its preliminary process testing were completed in advance of the bulk sampling program. Gold recovery was calculated at 90.8% from a 108kg composite rock sample processed through a conventional gravity recovery facility. A second sample consisting of 61.5kg of material composited from rejects from 2015 Rotary Air Blast ("RAB") drilling returned a calculated gold recovery of 79.9%. The calculated head grades of these samples were 82.03 g/t Au and 40.49 g/t respectively. Further testing of the tails included rescreening to size with each resulting size fraction being assayed for gold. These results indicate that the initial crushing and grinding process may sufficiently grind the feed without the need for further classification or re-grinding.

After evaluation of 2015 RAB drilling results and process testing, the winter 2016 bulk sample program was designed to accurately determine the grade, distribution of mineralization, and metallurgical aspects of the mineralization in the Ace of Spades vein. The first phase of the bulk sampling program was begun on February 15, 2016 and was designed to extract a minimum of 550 tons of high grade gold bearing-quartz from the Ace of Spades vein. The sample was subsequently expanded by approximately 50% (to 750 tons) based on observations including vein continuity and the presence of visible gold.

On August 18, 2016, the results of the initial test processing of the bulk sample were announced. A total of 79.70 dry tonnes (87.83 dry tons) from a stockpile estimated at 750 tons of material was processed intermittently through July 12th, 2016. A total of 4,587 grams of concentrate was recovered from the shaker tables, which was poured into a doré bar that contained 81.408 troy ounces of fine gold and 7.771 troy ounces of silver. The Company sold the precious metals and received payment for 99% of the gold and 96% of the silver for a net of CDN\$139,062. The doré bar weighed 96.72 troy ounces and contained 85.02% gold and 8.37% silver. Non-payable metals represented the balance of the weight.

In addition to the precious metal concentrate reported on above a significant amount of gold remains in the middling or sulphide concentrate which has returned an assay of 986.0 g/t Au. Gold in this middling concentrate will be recovered through additional 3rd party processing at a later date. Daily head and tail assays collected from the plant after May 5th, 2016 continue to indicate above 80% average overall recovery.

The processing plant experienced good operational productivity from both the jaw crusher and the shaker tables with the hammer mill restricting throughput. After further investigation, the Company elected to significantly upgrade its processing equipment in an effort to optimize sample throughput and gold recovery. Once the new circuit is operational the remaining bulk sample will be processed. The new plant design and equipment is designed to provide better recovery, cleaner concentrates and an increased throughput capacity of approximately 25 tons per day.

Bridge Construction

On August 22, 2016 the Company announced it had received all necessary permits under the Yukon Waters Act and the Yukon Quartz Mining Act permitting the construction, and operation of a clear span bridge across the Little Hyland River at the 3 Aces Project. Construction commenced in August 2016 and was completed in late September.

The bridge, identified in the 2016 work plan as key element of the 3 Aces Project infrastructure, provides cost-effective, year-round access to the Aces of Spades Vein, Aces of Hearts Vein and the Jack of Spades Vein as well as the other 16 soil anomalies present across the 10 km² central core area of the 225 km² property. In addition to saving on helicopter-supported exploration costs of over \$2,500/day, the bridge allows year-round access and the use of heavier equipment including reverse circulation drill rigs, service trucks, and bulk sampling equipment which are largely unavailable by helicopter support.

RC Drilling

Reverse Circulation (RC) drilling commenced on March 25, 2016, subsequent to the bulk sampling taking advantage of the improved access provided by the winter ice bridge and tested down dip and along strike of the bulk sampled portion of the Ace of Spades vein. Trenching along strike to the north-east revealed an additional area of veining which has been exposed over approximately 20 meters. Visible gold was noted in two locations within the north-eastern extension. The vein remains open to the north-east. A total of 31 RC drill holes totaling 510 m (1674.5 ft) were drilled to test down dip and along strike of the bulk sample. In June 2016, the Company reported assay results for the RC drill program.

Highlights from the program include:

- 3A16-RC003 with 6.40 m of 13.80 g/t gold from a depth of 22.55 m; including 1.83 m of 31.32 g/t gold;
- 3A16-RC007 with 2.28 m of 96.78 g/t gold from a depth of 3.51 m; including 0.76 m of 272.00 g/t gold;
- 3A16-RC015 with 11.43 m of 31.89 g/t gold from a depth of 12.80 m; including 6.10 m of 50.50 g/t gold; and
- 3A16-RC025 with 10.36 m of 14.30 g/t gold from a depth of 10.06 m; including 0.76 m of 53.10 g/t gold, and 2.29 m of 22.54 g/t gold, and 0.46 m of 42.90 g/t gold.

Jack of Spades Vein

The newly discovered Jack of Spades vein is 2.5m thick and is located 100m east of the Ace of Spades vein and 1,100m east-northeast of the Ace of Hearts vein. Trenching at the Jack of Spades vein has exposed 25m of strike length and the top 3m of dip extent. Patchy coarse gold, sometimes crystalline, occurs within a 4m x 3m area along the western end of the exposed Jack of Spades vein. Two other occurrences of visible gold occur in the central area of the Jack of Spades vein. This style of mineralization is consistent with the gold occurrences along and within the Ace of Spades vein. Systematic panel sampling has been conducted along the exposed extent of the Jack of Spades vein. These larger samples (appx. 12kg each) have been submitted to ALS Chemex for screen metallic gold analysis.

The Jack of Spades vein trending 097/60SW has a different orientation than the previously discovered Ace of Spades vein and Ace of Hearts vein. The Ace of Spades vein which is oriented 050/50SE is the site of the Company's bulk sampling conducted earlier in 2016. The Ace of Hearts vein, which is oriented 170/70NE is the site of the original discovery of coarse gold in an outcropping quartz vein in 2009.

The Jack of Spades vein, Ace of Spades vein and Ace of Hearts vein have all formed at the contact between softer shales and harder sandstone to conglomerate grit unit. Optimal conditions contributing to vein geometry include the intersection of high-angle, north to north-northwest trending structures and the favorably oriented contact between the shales and the grit unit. These northerly trending structures appear to exhibit a significant influence over gold mineralization as coarse visible gold occurs along with arsenopyrite adjacent to and within their intersections with the westerly Jack of Spades vein.

The newly recognized relationships between gold mineralization, structure and host rock lithology will provide better targeting for the potential discovery of additional high grade vein zones.

Other Exploration Results

In October 2016, the Company announced new exploration results from ongoing work at the 3 Aces project. Highlights include:

- Panel sampling from the three principal veins at the Jack of Spades discovery zone returned 186.5 g/t, 94.7 g/t and 64.3 g/t gold respectively - amongst the highest gold grades to date.
- Sampling of the northeast extension of the Ace of Spades vein returned assays of 51.2 g/t and 55.1 g/t gold.
- Two new mineralized quartz veins were discovered in the Clubs Zone with the Six of Clubs assaying 16.85 g/t gold from a large composite grab sample and the Ten of Clubs assaying 10.65 g/t gold from a panel sample. These discoveries in the Clubs Zone are approximately 2.0 to 2.5 kilometers northwest of the Jack and Ace of Spades.

In October 2016, the Company announced the results of its 2016 soil sampling program which include the discovery of a new gold-in-soil zone. The new 1.5 x 1.5 km area lies on trend approximately 7 to 12 km northwest of the previously identified Central Core Area which is the target of the 2016 drill program. In addition to the new identified area, the Diamond Zone, within the Central Core Area, has been extended by approximately 950m. Soil sampling is recognized as the preferred method to identify near surface mineralization and drill targets at the 3 Aces project.

In November 2016, the Company announced that additional new gold bearing veins have been discovered during the on-going exploration program in the Clubs Area. These new veins are the latest in a series of over 20 new veins discovered this year at 3 Aces. Highlights include:

- The Queen of Clubs vein, approximately 1,900 meters northeast of the Ace of Spades, including 67.1, 91.1, and 111.0 g/t gold from channel and composite grab samples;
- The Nine of Clubs vein, approximately 380 meters southeast of the Queen of Clubs, with 26.2 g/t gold from a composite grab sample; and
- Clubs Prospect Pit with 24.6 g/t gold from a composite grab sample located 350 meters south of the Queen of Clubs.

In November 2016, the Company announced additional surface exploration results and the results of airborne geophysical surveys from ongoing work at the 3 Aces project. Highlights include:

- Seven of Spades - Newly discovered zone with stacked flat lying quartz veins returning values up to 18.55 g/t gold;
- Queen of Spades – Newly discovered zone with values up to 30.8 g/t;
- Jack of Spades - Additional results from continuous panel sampling of a second higher bench returned 20 m of 7.62 g/t gold including 11.7 g/t gold over 12.4 m and 37.9 g/t gold over 1.7 m;
- Three of Spades - Additional results have increased strike length of vein with returns including 6.95 g/t gold.

Winter 2016 Drill Program

The Company completed a 54-hole, 4,315 m drill program during winter 2016. The program included 3,776 m of reverse circulation drilling utilizing a larger 5.5 inch center face-return hammer drill bit and 539 m of PQ-size (3.35 inch) diamond core drilling. Fifty-two of the 54 drill holes reached their targeted depths. Drilling commenced in the Spades Zone before testing several previously undrilled targets in the Clubs Zone and conducting confirmation and infill drilling at the Hearts Zone.

Confirmation and in-fill drilling at the Hearts Zone was designed to establish continuity, provide confidence in grade of the gold mineralization, and to begin to understand the structural setting and orientation of the Ace of Hearts vein. The drilling program was conducted using large diameter RC and PQ core drilling in an area where more widely spaced and small diameter (HQ, NQ) core drilling had encountered high grade gold mineralization between 2010-2012. Four holes (52, 82, 83 and 85) bottomed in mineralized zones and several holes encountered multiple mineralized zones.

Highlights of the program included:

a) Spades Zone

Drilling in the Spades Zone demonstrated an extension of the high-grade gold at the Ace of Spades vein, as well as the discovery of a blind vein and the occurrence of significant assay values in stockwork zones. Significant drill results reported at true width include:

- 3A16-RC-032 intersected 7.54 m of 32.86 g/t gold from a depth of 16.76 m, including 0.54 m of 252.00 g/t gold; and a new blind vein at a depth of 71.63 m returned 3.23 m of 10.04 g/t gold (hole ended in mineralization);
- 3A16-DD-036 intersected 3.12 m of 13.18 g/t gold from a depth of 10.57 m, including 1.25 m of 26.70 g/t gold;
- 3A16-RC-042 intersected 6.75 m of 25.61 g/t gold from a depth of 17.53 m, including 0.75 m of 146.50 g/t gold; and

- Hole 3A16-DD-043 intersected 6.91 m of 14.73 g/t gold from a depth of 15.24 m, including 2.76 m of 26.67 g/t gold.

b) Clubs Zone

The first drill testing of this new zone tested a number of new targets. Anomalous mineralization was encountered in 19 of 26 holes. The mineralization encountered to-date in the Clubs Zone is interpreted to be distal to the preferred stratigraphic contact which hosts high-grade mineralization elsewhere on the property. Significant drill results reported at true width include:

- 3A16-RC-068 intersected 1.95 m of 29.79 g/t gold from a depth of 29.72 m, including 0.65 m of 55.80 g/t gold;
- 3A16-RC-069 intersected 2.28 m of 10.09 g/t gold from a depth of 21.34 m, including 0.57 m of 27.90 g/t gold; and
- 3A16-RC-070 intersected 0.66 m of 47.50 g/t gold from a depth of 29.72 m, and 2.66 m of 10.08 g/t gold from a depth of 34.29 m.

c) Hearts Zone

Drilling in the Hearts Zone confirmed high-grade gold mineralization with good continuity in the Ace of Hearts vein and also identified additional veining at depth. Significant drill results reported at true width include:

- 3A16-RC-048 intersected 7.59 m of 6.39 g/t gold from a depth of 96.01 m, including 2.76 m of 12.79 g/t gold;
- 3A16-RC-054 intersected 17.26 m of 4.76 g/t gold from a depth of 38.86 m, including 3.32 m of 14.98 g/t gold;
- 3A16-RC-055 intersected 7.43 m of 9.37 g/t gold from a depth of 51.05 m, including 3.09 m of 20.76 g/t gold;
- 3A16-RC-055 intersected 7.43 m of 9.37 g/t gold from a depth of 51.05 m, including 3.09 m of 20.76 g/t gold; and
- 3A16-RC-085 intersected 7.18 m of 8.65 g/t gold from 86.87 m including 1.80 m of 30.83 g/t gold.

2017 Drill Program

The Company commenced a planned 20,000m drill program at the property in February, 2017. Drilling started at the Spades Zone and is intended to test the depth and strike extensions of the Ace of Spades vein, deeper stock work mineralization, and commence initial target testing of the at the Jack, Queen, Seven and Three of Spades veins. Drilling will then continue on to the higher elevation Hearts and Clubs Zones as snow conditions permit.

2. Brewery Creek, Yukon

The Brewery Creek project is a past producing heap leach gold mining operation that produced about 280,000 oz Au from seven near-surface oxide deposits along the property's Reserve Trend from 1996 through 2002, when the mine (operated by Viceroy Resource Corporation) shut down primarily due to low gold prices. The 200 km² property is located 55 km due east of Dawson City, and is accessible by paved and gravel roads from the junction of the North Klondike and Dempster Highways.

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

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

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

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

On November 12, 2014, the Company announced positive Preliminary Economic Assessment (PEA) results on its 100% owned Brewery Creek Project. The PEA is preliminary in nature as it includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the preliminary economic assessment will be realized.

The pre-tax NPV of the project ranges from US\$18.1 million at US\$1,150 per ounce of gold to US\$114.5 million at US\$1,500 per ounce of gold with IRRs ranging from 12% to 45% with corresponding gold prices; these scenarios assume a 5% discount rate.

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Total Life of Mine Capital is estimated to be US\$89.4 million which includes initial capital, sustaining capital, indirect costs and owner costs.

The post-tax NPV of the project ranges from US\$4 million at US\$1,150 per ounce of gold to US\$69.36 million at US\$1,500 per ounce gold with IRRS ranging from 7% to 32% with corresponding gold prices.

In October 2016, the Company announced new drill results from a program designed to gather metallurgical, geotechnical and environmental information and samples from the Brewery Creek project in the Yukon. Several of these holes, which were generally shallow and proximal to the existing pits, encountered significantly higher than anticipated gold grades. Highlights included:

- Hole #11 with 8.2 meters (m) of 21.3 g/t gold from 22.2 m down hole including 5.1 m of 32.1 g/t gold from 23.9 m down hole.
- Hole #31 with 17.5m of 5.5 g/t gold from 9.9 meters down hole from the north side of the former Lucky pit floor.
- Hole #25 with 5.6m of 5.2 g/t gold from 21.2 meters down hole from the eastern edge of the former Lucky pit.
- Composite sample from Hole #24 of two intervals from 25.9m to 27.1m and 34.2m to 35.1m assayed 4.33 g/t gold from the northern portion of the former Lucky pit floor.

Three metallurgical holes and one geotechnical hole at the Lucky deposit intersected high grade gold mineralization below the former pit floors on the northern and eastern sides and in a central area. The program was the first engineering, metallurgical and environmental drilling conducted by the Company at the previously mined Lucky, Kokanee and Golden deposits.

The drill program provided large diameter core for metallurgical testing to demonstrate the expected higher gold recoveries from oxide material after crushing and agglomeration versus the gold recoveries experienced from un-crushed run-of-mine material by the former operator. The drilling will also provide confirmation of the geotechnical parameters used for pit designs and re-establish ground water base line information. Results may provide information for a potential Preliminary Economic Assessment (PEA) update, which is presently being evaluated.

The metallurgical program consisted of twelve (12) PQ core (85 mm diameter) holes totaling 639 m to obtain oxide material for testing. Five holes were drilled at Lucky, five holes were drilled at Kokanee and two holes were drilled at Golden. The metallurgical holes provided, as planned, oxide material for heap leach testing but have additionally provided high grade sulfide material which will be tested for gold recovery by CIL and flotation methods. This was the first metallurgical testing of any non-oxide material at Brewery since preliminary testing in the late 1990's.

Geotechnical and ground-water monitoring drilling consisted of eleven (11) thin wall HQ (71 mm) holes totaling 694 m. Geotech Hole #11 was drilled in the proposed western high-wall of a conceptual expanded Lucky pit and intersected an 8.2m zone of strong quartz veining within quartz monzonite. The hole was subsequently sampled and returned an average assay of 21.2 g/t gold over 8.2 m including 32.1 g/t gold over 5.1m.

In addition, 14-holes totaling 1223.6 m were drilled in other areas of the property. Two holes tested the South Thrust zone, two holes were drilled for condemnation under the unconstructed cell 10 of the heap leach pad and ten holes were drilled west of the West Big Rock deposit. The holes at the leach pad, 595 and 596, confirmed that no significant gold mineralization extends under the leach pad cell 10. The holes at the South Thrust target did not encounter any significant mineralization. Holes drilled to the west of West Big Rock were successful in intercepting numerous intervals of oxidized and non-oxidized quartz monzonite. The best hole was BC16-594 which encountered 55.5 meters of 0.59 g/t gold with an interval near the bottom of this hole with of 7.8 meters at 2.55 g/t gold. Hole BC16-594 was drilled to the south-southeast towards an older RC hole, RC-2461, which encountered a long intercept of gold mineralization as well. The results are confirming an area with a large zone of gold mineralization that still remains open down dip.

The geotechnical and metal drilling studies at Brewery Creek are now complete.

3. Sonora Gulch, Yukon

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

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

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

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

4. Marg, Yukon

The Company owns 100% of the Marg property subject to a 1% NSR. The property consists of 402 quartz claims covering approximately 83 km² and is located 40 km east of Keno City, Yukon and is located within Class A settlement land owned by the Na-Cho Nyak Dun First Nation.

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

In March 2015, the Company announced a Joint Venture and Option Agreement on the Marg Project. During the year ended December 31, 2015, the first \$50,000 cash payment and 1,539,643 shares at a fair value of \$32,332 were received. During the year ended December 31, 2016, the Company received an additional 5,656,777 shares at a fair value of \$55,573. During 2016, optionee, terminated the Agreement and returned control of the project to the Company.

In April 2016, a third party purchased 100% of the property from the Company for consideration of \$50,000 and 1,967,280 shares (received in escrow) and the Company retained a 1% NSR which the purchaser could repurchase for \$1,000,000 at any time. Subsequent to December 31, 2016, the purchaser was unable to meet the conditions of the purchase agreement and as a consequence control of the property was returned to the Company and the Company returned the shares to the purchaser. An impairment charge of \$473,912 was taken on the property during the current year.

5. Grew Creek, Yukon

The Grew Creek Project is located 32 km southwest of Faro and 24 km northwest of Ross River, Yukon. The project is adjacent to Robert Campbell highway between the communities of Faro and Ross River and an Exploration Cooperation Agreement and Traditional Knowledge Protocol with the Kaska Nation is in place. The property's 135 square km encompass 666 quartz claims, extending along both sides of the Robert Campbell Highway for approximately 27 km, with power lines traversing the project area.

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

A large zone of low-sulfidation epithermal gold mineralization, the Carlos Zone, is defined by core and RC drilling over an area 300 meters along strike, 100 meters wide and 400 meters deep. Golden Predator has drilled over 19,000 meters in 70 holes since 2010 including GCRC11-328, which intercepted 68.0 meters of 5.96 g/t gold from 32.0 m depth, and GC10-001, which intercepted 146.3 meters of 1.72 g/t gold from 40.0 meters depth.

In October 2016, the Company entered into a property option agreement with Bravura Ventures Corp. ("Bravura") for up to a 90% interest in and to certain mineral properties, together with the surface rights, mineral rights, personal property and permits associated therewith located in the Watson Lake Mining District in southeast Yukon.

The terms of the property option agreement include:

a. To be paid to the Company upon the following:

- \$35,000 – on the closing date (received);
- \$50,000 – on the first anniversary of the closing date;
- \$75,000 – on the second anniversary of the closing date;
- \$140,000 – on the third anniversary of the closing date;
- \$150,000 – on the fourth anniversary of the closing date;
- \$250,000 – on the fifth anniversary of the closing date; and
- \$250,000 – on the sixth anniversary of the closing date.

b. Issuance to the Company of an aggregate amount of 2,000,000 common shares and an additional 6% of Bravura to be issued upon the following:

- 500,000 – on the closing date (received, valued at \$90,000);
- 500,000 – on the first anniversary of the closing date;
- 500,000 – on the second anniversary of the closing date;
- 500,000 – on the third anniversary of the closing date;
- On the fourth anniversary of the closing date such a number of common shares as is equal to 2% of the undiluted issued and outstanding common shares of Bravura for 70% of the right, title and interest in assets;
- On the fifth anniversary of the closing date such a number of common shares as is equal to 2% of the undiluted issued and outstanding common shares of Bravura for an additional 10% of asset;
- On the sixth anniversary of the closing date such a number of common shares as is equal to 2% of the undiluted issued and outstanding common shares of Bravura for an additional 10 % for a total aggregate ownership of 90%; and
- Optionor shall transfer legal title to the assets to optionee on the six anniversary of closing date.

If, during the term of the agreement, Bravura receives a technical report (the "First Report") that (i) complies with NI 43-101, Standards of Disclosure for Mineral Projects, and (ii) defines a resource on the claims, Bravura shall, within 30 days of receipt of such report, pay to the Company an additional \$50,000 and issue an additional 500,000 common shares. If, during the term of the agreement but after its receipt of the First Report, the Company receives a second technical report (the "Second Report") that increases the resource estimate by 100% or more over the estimate contained in the First Report, Bravura shall issue to the Company such number of common shares as is equal to two percent (2%) of the issued and outstanding common shares of Bravura on the date that is ten (10) business days prior to the date of receipt of the Second Report.

6. Other Properties

Subsequent to the year ended December 31, 2016, the Company decided not to pursue the Castle West property and accordingly recorded an impairment of \$92,641 in the first quarter of 2017.

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

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

GOLDEN PREDATOR MINING CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS

SELECTED ANNUAL INFORMATION

The following information is derived from the Company's audited annual consolidated financial statements:

	December 31, 2016	December 31, 2015	December 31, 2014
For the periods ended:			
Interest expense, net	\$ (342,906)	\$ (530,521)	\$ (436,636)
Comprehensive loss	(10,536,625)	(5,432,761)	(108,575)
Basic and diluted loss per share	(0.19)	(0.18)	(0.01)
As at period end:			
Cash	9,410,464	174,797	134,742
Working capital (deficiency)	6,873,157	(906,587)	(480,761)
Total assets	18,343,783	7,979,058	13,787,297

The following summary of quarterly results is derived from the Company's unaudited interim consolidated financial statements prepared by management:

	Year Ending December 31, 2016				Year Ending December 31, 2015			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	(3 months)	(3 months)	(3 months)	(3 months)	(3 months)	(3 months)	(3 months)	(3 months)
Exploration excluding impairments	\$(4,245,081)	\$(2,363,274)	\$(515,503)	\$(713,343)	\$(45,665)	\$(161,016)	\$(105,229)	\$(67,860)
G&A excluding interest	(1,266,753)	(682,028)	(615,635)	(124,037)	(69,253)	(76,574)	(137,962)	(116,691)
Impairment of mineral properties	-	-	(473,912)	-	(232,787)	-	(895,454)	-
Interest expense, net	(69,168)	(105,154)	(40,497)	(128,087)	(245,768)	(26,710)	(113,577)	(144,466)
Gain on forgiveness of loan interest	-	-	12,701	-	-	-	-	-
Government grant	-	-	-	-	32,986	-	-	-
Gain (loss) on derivative asset	-	-	-	-	158,859	(2,753,954)	(67,641)	(289,668)
Gain (loss) on settlement of accounts payable	-	(46,721)	(24,493)	16,793	-	-	-	-
Gain (loss) on shares issued for share purchase agreement	-	-	71,250	(71,250)	-	-	-	-
Sale of fixed assets and realized gain (loss) on investments	-	11,721	11,877	(23,268)	(8,993)	(36,571)	2	30,191
Settlement of flow-through share premium liabilities	425,000	333,200	-	-	-	-	-	-
Foreign exchange gain (loss)	(15,836)	(1,780)	(1,341)	(2,800)	(5,406)	(35,329)	(590)	(1,491)
Net loss	(5,171,838)	(2,854,036)	(1,575,553)	(1,045,992)	(416,027)	(3,090,154)	(1,320,451)	(589,985)
Unrealized gain (loss) on investments	(47,841)	123,078	35,154	(22,864)	(39,733)	23,586	(19,526)	(19,837)
Realized gain (loss) on investments	23,597	(11,721)	(11,877)	23,268	39,366	-	-	-
Comprehensive income (loss)	\$(5,196,082)	\$(2,742,679)	\$(1,552,276)	\$(1,045,588)	\$(416,394)	\$(3,066,568)	\$(1,339,977)	\$(609,822)
Basic & diluted gain (loss) per share	\$ (0.07)	\$ (0.04)	\$ (0.03)	\$ (0.03)	\$ (0.01)	\$ (0.10)	\$ (0.04)	\$ (0.02)

The Company's quarterly general and administrative expenses can fluctuate significantly and are influenced by the timing of exploration, conferences, financing and investor relations activities. Exploration expenses also fluctuate greatly during the year, depending on the scope and timing of exploration programs as well as the availability of cash to finance exploration activities. As a result of the Company's

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private placement financings during the year ended December 31, 2016, exploration activity has been significantly higher in the quarters ending in 2016 and therefore G&A expenses and exploration expenses for 2016 increased from those in the comparative quarters of 2015. This increase in activity is also the primary reason for the increasing net losses in 2016.

The variances in quarterly net losses for the quarters ending in 2015 were primarily the result of mineral property impairment charges in the second quarter of 2015 and the amendment of the terms of the Company's promissory note and the resulting expensing of the associated derivative asset in the third quarter of 2015.

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

RESULTS OF OPERATIONS

Year Ended December 31, 2016

The Company had a net loss of \$10,647,419 for the year ended December 31, 2016, an increase of \$5,230,802 from the net loss of \$5,416,617 for the year ended December 31, 2015.

The increase in net loss is primarily the result of an increase in exploration expenses and general and administrative costs for 2016.

Exploration expenses were \$7,837,201 for the ended December 31, 2016 compared to \$379,770 for the year ended December 31, 2015, an increase of \$7,457,431. The increase is related to a significant increase in exploration activity in 2016 which was funded through private placement financing in the current year. The Company was conserving cash in 2015 and was therefore unable to aggressively pursue its exploration program during the prior year.

General and administrative costs were \$2,688,453 during the year ended December 31, 2016 compared to \$400,480 during the prior year, representing an increase of \$2,287,973. This increase is due to the following:

- An increase of \$182,511 in professional fees. Professional fees were \$286,887 during the year ended December 31, 2016 compared to \$104,376 during the prior year. The increase is related to the private placement financings for 2016 as well as the overall increase in activity in 2016.
- An increase of \$152,530 in management and consulting fees. Management and consulting fees were \$215,950 for the year ended December 31, 2016 compared to \$63,420 in the prior year. The increase is due to an increase in management fees paid during the current year for the Chairman and the Chief Executive Officer.
- An increase of \$1,270,908 in share-based compensation. Share-based compensation was \$1,329,518 for the year ended December 31, 2016 compared to \$58,610 for the year ended December 31, 2015. The increase is due to the issue of 4,542,000 options issued during 2016 compared to 510,000 options granted in 2015. There was an increase in the number of options issued due to an increase in the number of employees working for the Company, who in turn were granted options.
- An increase of \$469,301 in travel, shareholder relations and promotion. Travel, shareholder relations and promotion was \$544,037 for the year ending December 31, 2016 compared to \$74,736 for the prior year. This increase is related to the significant increase in activity surrounding the private placement financings for 2016. There were three private placements undertaken during 2016 compared to none for 2015.
- An increase of \$165,705 in office and insurance. Office and insurance was \$229,795 during the year ended December 31, 2016 compared to \$64,090 during the prior year. The increase is related to the overall increase in activity and resulting requirement to hire staff and expand operations.

The increases in exploration expenses and general and administrative costs for 2016 were partially offset by the following:

- A decrease of \$2,952,405 in the loss on derivative asset. The loss on derivative asset was \$nil for the year ended December 31, 2016 compared to \$2,952,405 for the prior year. During 2015, the value of the derivative asset was written off to operations due to the amendment of the terms of the promissory note, which eliminated the Company's option to settle the promissory note with common shares.

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- A decrease in the impairment of mineral properties of \$654,329. Impairment of mineral properties was \$473,912 for the year ended December 31, 2016 compared to \$1,128,241 for the prior year.

Three Months ended December 31, 2016

The Company had a net loss of \$5,171,838 for the three months ended December 31, 2016, an increase of \$4,755,811 from the net loss of \$416,027 for the three months ended December 31, 2015.

The increase in net loss is primarily the result of an increase in exploration expenses and general and administrative costs for Q4 of 2016.

Exploration expenses were \$4,245,081 for the three months ended December 31, 2016 compared to \$45,665 for the three months ended December 31, 2015, an increase of \$4,199,416. The increase is related to a significant increase in exploration activity in the fourth quarter of 2016 that was funded through private placement financing in the current year. The Company was conserving cash in 2015 and was therefore unable to aggressively pursue its exploration program during the prior year.

General and administrative costs were \$1,266,753 during the three months ended December 31, 2016 compared to \$69,253 during the comparative period in the prior year, representing an increase of \$1,197,500. This increase is due to the following:

- An increase of \$115,599 in professional fees. Professional fees were \$140,951 during the three months ended December 31, 2016 compared to \$25,352 during the three months ended December 31, 2015. The increase is related to the large private placement financing that completed in early 2017 as well as the overall increase in activity in Q4 of 2016.
- An increase of \$164,002 in management and consulting fees. Management and consulting fees were \$164,002 for the three months ended December 31, 2016 compared to \$nil for the three months ended December 31, 2015. The increase is due to an increase in management fees paid during the current period for the Chairman of the Board and the Chief Executive Officer.
- An increase of \$569,021 in share-based compensation. Share-based compensation was \$580,805 for the three months ended December 31, 2016 compared to \$11,784 for the three months ended December 31, 2015. The increase is due to the issue of 4,542,000 options issued during 2016 compared to 510,000 options granted in 2015. There was an increase in the number of options issued due to an increase in the number of employees working for the Company, who in turn were granted options.
- An increase of \$173,578 in travel, shareholder relations and promotion. Travel, shareholder relations and promotion was \$187,757 for the three months ended December 31, 2016 compared to \$14,179 for the comparative period in the prior year. This increase is related to the significant increase in activity surrounding the large private placement financing that completed in early 2017.
- An increase of \$145,997 in office and insurance. Office and insurance was \$160,937 during the three months ended December 31, 2016 compared to \$14,940 during the comparative period in the prior year. The increase is related to the overall increase in activity and resulting requirement to hire staff and expand operations.

The increases in exploration expenses and general and administrative costs for the three months ended December 31, 2016 were partially offset by the following:

- A gain of \$425,000 on the settlement of flow-through share premium liabilities during the three months ended December 31, 2016.

FINANCIAL CONDITION

Liquidity

At December 31, 2016, the Company had cash of \$9,410,464 (2015 - \$174,797) and working capital of \$6,873,157 (2015 - working capital deficiency of \$906,587). The Company has no source of operating cash flows and operations to date have been funded primarily from the issue of share capital.

From January to April 2017, the Company issued 3,936,298 Class A common shares for proceeds of \$1,476,611 pursuant to the exercise of stock options and warrants.

In March 2017, the Company completed a bought deal offering. A total of 7,187,500 Class A common shares at a price of \$1.60 per share and 3,108,450 flow-through Class A common shares at a price of \$1.85 per flow-through share were sold for aggregate gross proceeds of \$17,250,633. The Company paid a 6.9% commission and issued 251,562 share purchase warrants to the underwriters. The underwriters' warrants are exercisable into Class A common shares at a price of \$1.60 per share, for a period of two years from the closing date. The net proceeds from the sale of the Class A common shares will be primarily used to fund further exploration of the 3 Aces Project and working capital requirements or for other general corporate purposes. The proceeds raised from the sale of the flow-through Class A common shares will be used by the Company to finance qualified Canadian exploration expenses as defined in the *Income Tax Act* (Canada).

In July 2016, the Company closed a private placement for 11,036,000 units at a price of \$0.73 per unit and 8,305,000 flow-through units of the Company at a price of \$1.00 per flow-through unit for total gross proceeds of \$16,361,280. Each unit consists of one Class A common share of the Company and one-half of one share purchase warrant. Each flow-through unit consists of one flow-through Class A common share and one-half of one share purchase warrant. Each whole warrant entitles the holder to purchase one additional Class A common share of the Company at a price of \$1.00 per share for a period of two years from the closing date. The expiry date of the warrants can be accelerated if the Company's volume weighted average price is \$2.50 for 20 consecutive trading days, in which event the Company may give notice that the warrants expire 30 days following the notice of acceleration. The Company paid cash share issuance costs of \$1,279,358 and issued 1,318,030 agent warrants valued at \$606,294 in connection with the private placement.

In June 2016, the Company returned 10,312,154 Class A common shares to treasury at a fair value of \$5,325,688. The shares were repurchased for \$1,546,823 and as a result, the Company recorded \$3,778,865 to share capital.

In June 2016, the Company issued 245,901 Class A common shares at a fair value of \$196,721 to Tr'ondëk Hwëch'in First Nation as settlement of the agreement related to the Brewery Creek property.

In May 2016, the Company closed a private placement for 21,350,000 units and 5,650,000 flow-through units each at a price of \$0.16 per unit for total proceeds of \$4,320,000. Each unit consists of one Class A common share and one share purchase warrant. Each flow-through unit consists of one flow-through Class A common share and one share purchase warrant. Warrants comprising the units and flow-through units entitle holders to purchase one additional Class A common share, exercisable at a price of \$0.21 per share for a period of two years from the date of issue of the warrants. The company paid cash share issuance costs of \$208,569 and issued 1,274,000 finder's warrants valued at \$407,228 in relation to the private placement. Each finder's warrant entitles the holder to purchase a finder's unit at an exercise price of \$0.16 per unit. Each finder's unit is comprised of one Class A common share and one share purchase warrant which entitles the holder to purchase one Class A common share at an exercise price of \$0.21 per share for a period of two years from the date of issue of the finder's units.

In April 2016, the Company issued 425,964 Class A common shares at a fair value of \$85,193 to certain of its suppliers as payment for services provided.

In February 2016, the Company closed a private placement for 2,315,000 units and 250,000 flow-through units each at a price of \$0.10 per unit for total proceeds of \$256,500. Each unit and flow-through unit consists of one Class A common share and one share purchase warrant. Each warrant forming part of a unit will entitle the holder to purchase one additional Class A common share, exercisable at a price of \$0.15 per share for a period of two years from the date of issue of such warrant. Each warrant forming part of a flow-through unit will entitle the holder to purchase one additional flow-through Class A common share, exercisable at a price of \$0.15 per share for a period of two years from the date of issue of such warrant. The Company paid share issuance costs of \$7,783.

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In March 2016, the Company completed a share purchase agreement with a third party. The Company acquired 50,000 common shares of Till Capital Ltd. and issued 1,875,000 units to the vendor in consideration at a fair value of \$210,000. Each unit consists of one Class A common share and one share purchase warrant, each warrant exercisable at \$0.15 for two years.

During the year ended December 31, 2016, the Company issued 135,000 Class A common shares at a fair value of \$27,000 to employees and contractors involved in the Company's bulk sample program on the 3 Aces property, issued 3,415,000 Class A common shares for proceeds of \$683,250 related to the exercise of warrants and issued 427,500 Class A common shares for proceeds of \$80,100 related to the exercise of stock options.

During the year ended December 31, 2016, the Company received loans in the amount of \$117,935 (2015 - \$257,369) from a director. During the year ended December 31, 2016, the Company repaid the loans owed to the director in full for \$335,304 (2015 - \$40,000). The Director waived the interest owed on the loans and accordingly the Company recorded a gain on forgiveness of interest for \$12,701.

During the year ended December 31, 2015, the Company issued 3,948,571 Class A common shares at \$0.12 for a fair value of \$473,829 under the terms of the promissory note described in note 7 to the annual audited financial statements and received \$373,837 from release of reclamation bonds.

Results of Operations from Previous Financings

1) February 2016 Financing

On February 25, 2016, the Company closed a non-brokered private placement for 2,315,000 units, and 250,000 flow-through units, each at a price of \$0.10 per unit. The total gross proceeds raised by the Company was \$256,500 and the Company intended to apply the proceeds from the financing to the Company's 3 Aces bulk sample program and general working capital. The Company paid share issuance costs of \$7,783.

Description	Prior Disclosure	Actual Spent	Remaining	Total	Variance
3 Aces Project	Proceeds to be applied to the Company's 3 Aces bulk sample program and general working capital	\$248,717 ⁽¹⁾	\$0	\$0	\$0

(1) The Company applied the net proceeds of \$248,717 to the 3 Aces Project

2) May 2016 Financing

On May 24, 2016, the Company closed a non-brokered private placement for 21,350,000 units and 5,650,000 flow-through units each at a price of \$0.16 per unit for total gross proceeds of \$4,320,000. Each unit consists of one Class A common share and one share purchase warrant. Each flow-through unit consists of one flow-through Class A common share and one share purchase warrant. Warrants comprising the units and flow-through units entitle holders to purchase an additional Class A common share, exercisable at a price of \$0.21 per share for a period of 2 years from the date of issuance. The Company issued 1,274,000 finder's units at an exercise price of \$0.16 per finder's unit in connection to the private placement. Each finder's unit is comprised of one Class A common share and one share purchase warrant which entitles the holder to purchase one Class A common share at an exercise price of \$0.21 per share for a period of two years from the date of issue of the finder's units. The Company paid a finder's fee of \$207,795 to PowerOne Capital Markets Limited.

Description	Prior Disclosure	Actual Spent	Remaining	Total	Variance
3 Aces Project	Proceeds to be applied to the Company's 3 Aces Project, Brewery Creek Project and general working capital	\$4,112,205 ⁽¹⁾	\$0	\$0	\$0

(1) The Company applied the net proceeds of \$4,112,205 to the 3 Aces Project

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3) July 2016 Financing

On July 26, 2016, the Company completed a brokered private placement for 11,036,000 units at a price of \$0.73 per unit and 8,305,000 flow-through-unit at a price of \$1.00 per flow-through unit for total gross proceeds of \$16,361,280. Each unit consists of one Class A common share of the Company and one-half of one share purchase warrant. Each flow-through unit consists of one flow-through Class A common share and one-half of one share purchase warrant. Each whole warrant entitles the holder to purchase one additional Class A common share of the Company at a price of \$1.00 per share for a period of two years from the closing date. The expiry date of the warrants can be accelerated if the Company's VWAP is \$2.50 for 20 consecutive trading days, in which event the Company may give notice that the warrants expire 30 days following the notice of acceleration. The Company paid cash commissions of \$1,119,126 and issued 1,318,030 agent warrants under the same terms in connection with the private placement.

Description	Prior Disclosure	Actual Spent	Remaining	Current total forecast	Variance – current forecast vs. original budget
3 Aces Project	Proceeds to be applied to the Company's 3 Aces Project, Brewery Creek Project and general working capital ⁽¹⁾	\$6,542,154⁽¹⁾	\$8,200,000	\$6,542,154	\$8,200,000 remaining to be spent on 3 Aces Project and general working capital
Brewery Creek Project	Proceeds to be applied to the Company's 3 Aces Project, Brewery Creek Project and general working capital ⁽¹⁾	\$500,000⁽²⁾	\$0	\$0	\$0

(1) The Company applied \$6,542,154 from the net proceeds of \$15,242,154 from the financing to the 3 Aces Project.

(2) The Company applied \$500,000 from the net proceeds of the financing to the Brewery Creek Project.

RELATED PARTY TRANSACTIONS

Key management compensation

The compensation paid or payable to key management (defined as officers of the company and Directors of the company) for management services provided is as follows:

Name and Relationship to Company	Transaction	Year ended December 31, 2016 \$	Year ended December 31, 2015 \$
Janet Lee-Sheriff, Chief Executive Officer	Management Fees	124,318	-
William Sheriff, Chairman of the Board	Management Fees	90,713	-
Greg Hayes, Director and former CFO	Consulting Fees	920	5,208
Kathryn Johnson, Chief Financial Officer	Salary	16,666	-
Total fees paid		232,617	5,208
Directors and Officers	Share-based Compensation	788,714	6,895
Total fees and share-based compensation to Directors and Officers		1,021,331	12,103

Other transactions

In August 2014, the Company entered into a Mining Lease and Sublease Agreement with a company owned by the Chairman of the Board, Platoro West Inc. ("Platoro") on its Castle West property in Esmeralda County, Nevada. The Castle West property consists of 74 unpatented claims leased from Platoro and two subleases of an additional 10 claims. The Mining Lease and Sublease Agreement required payments to Platoro totaling US\$175,000 over six years, with annual payments of US\$35,000 commencing on the seventh anniversary. During the year ended December 31, 2016 the Company made total option payments of US\$33,055 (2015 - \$nil). Subsequent to December 31, 2016, the Company returned the property to the vendor, wrote off the balance of the property of \$92,641 and paid an additional US\$20,500 in lease fees.

During the year ended December 31, 2016, the Company received additional loans of \$117,935 (2015 - \$257,369) from a director. During the year ended December 31, 2016, the Company repaid the loans owed to the director in full for \$335,304 (2015 - \$40,000). The Director waived the interest owed on the loans and accordingly the Company recorded a gain on forgiveness of interest for \$12,701.

Balances outstanding

There was \$2,777 due to related parties recorded in accounts payable and accrued liabilities at December 31, 2016 (2015 - \$nil).

DISCLOSURE OF OUTSTANDING SHARE DATA

At the date of this report, the Company has 91,455,710 Class A common shares outstanding.

Subsequent to December 31, 2016, the Company issued 731,250 Class A common shares in relation to the exercise of options and 3,505,048 Class A common shares in relation to the exercise of warrants. In addition, 35,000 Class A common shares were issued with regards to the Bearing Resources Ltd Property Purchase agreement, 10,295,950 Class A common shares in relation to the March 2017 private placing offering and 100,000 Class A common shares in relation to the purchase of certain mineral claims from Precipitate Gold.

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

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Outstanding Options	Exercise Price (\$)	Expiry Date
225,000	0.20	August 1, 2017
450,000	0.1	November 17, 2017
100,000	0.14	March 1, 2018
100,000	0.17	March 1, 2018
100,000	0.66	March 1, 2018
10,000	0.12	March 23, 2018
125,000	0.12	June 22, 2018
145,000	0.14	October 1, 2018
753,750	0.17	February 25, 2019
20,000	0.25	May 2, 2019
280,000	0.43	May 24, 2019
1,590,000	0.66	June 3, 2019
75,000	0.95	June 20, 2019
30,000	0.82	July 20, 2019
112,500	0.91	August 10, 2019
577,000	0.69	October 7, 2019
25,000	0.72	October 11, 2019
25,000	0.8	October 14, 2019
15,000	0.75	October 19, 2019
60,000	0.77	November 1, 2019
10,000	0.77	November 9, 2019
255,000	0.56	November 23, 2019
125,000	0.99	January 20, 2020
50,000	1.51	February 1, 2020
530,000	1.6	March 21, 2020
130,000	1.41	March 21, 2020
50,000	1.60	April 20, 2020
115,000	1.32	April 10, 2020
6,083,250		

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

Outstanding Warrants	Exercise Price (\$)	Expiry Date
2,000,000	0.15	February 25, 2018
875,000	0.15	March 3, 2018
22,412,500	0.21	May 24, 2018
1,274,000	0.16	May 24, 2018 (finder's warrants) *
1,318,030	1.00	July 26, 2018 (finder's warrants) **
8,902,952	1.00	July 26, 2018
100,000	1.59	March 23, 2020
36,882,482		

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*These finder's warrants are exercisable into one Class A common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one additional Class A common share at a price of \$0.21 until May 24, 2018.

**These finder's warrants are exercisable into either a Class A common share or flow through Class A common share and one-half of one share purchase warrant. Each whole share purchase warrant entitles the holder to purchase one additional Class A common share at the price of \$1.00 per share until July 26, 2018.

COMMITMENTS

- a) During the current year, the Company signed a lease agreement for office space for a lease commencing October 1, 2016 and ending September 30, 2021. The Company committed to the following annual lease payments:

<u>Year</u>	<u>Payments</u>
2017	\$24,030
2018	\$25,110
2019	\$26,190
2020	\$27,270
2021	\$21,060

As of December 31, 2016, the Company has prepaid a rental deposit of \$14,190 and rent of \$5,940.

- b) On January 28, 2013, the Company entered into the Exploration Memorandum of Understanding (the "MOU") with Kaska Nation represented by the Ross River Dena Council and Liard First Nation regarding exploration activity in their traditional territory.

On December 22, 2016, a letter regarding the MOU confirmed the Community Development fee of 2% of estimated 2015 and 2016 "on the ground" exploration expenditures. Accordingly, \$100,000 was paid to the Kaska Natural Resource Alliance during the year ended December 31, 2016 (Nil – 2015) and \$25,966 was paid subsequent to year end.

EVENTS SUBSEQUENT TO THE YEAR ENDED DECEMBER 31, 2016

Subsequent to the year ended December 31, 2016, the Company:

- a) Received proceeds of \$257,188 from the exercise of 731,250 options and proceeds of \$1,282,423 from the exercise of 3,505,048 warrants.
- b) Completed a bought deal offering by way of short form prospectus. A total of 7,187,500 Class A common shares at a price of \$1.60 per share and 3,108,450 flow-through Class A common shares at a price of \$1.85 per flow-through share were sold for aggregate gross proceeds of \$17,250,633. The offering was completed pursuant to an underwriting agreement dated February 23, 2017 among Clarus Securities Inc. as lead underwriter, GMP Securities L.P. (together, the "Underwriters") and the Company. The Company paid a 6.9% commission and issued 251,562 share purchase warrants to the Underwriters. The Underwriters' warrants are exercisable into Class A common shares at a price of \$1.60 per share, for a period of two years from the closing date.
- c) Returned the Castle West property to Platoro, a related company, wrote off the balance of the property of \$92,641 and paid additional lease fees of US\$20,500 to Platoro.
- d) Entered into a mineral property purchase agreement with Bearing Resources Ltd. ("Bearing") for the purchase of certain minerals claims (the "Claims") located in the Upper Hyland River area in the southeast region of the Yukon Territory. In consideration for the Claims, the Company agreed to pay to Bearing an aggregate cash payment of \$275,000, payable over a 48-month period from the execution date of the agreement (the "Execution Date"). In addition, the Company agreed to issue 35,000 Class A common shares of the Company to Bearing upon TSXV approval and a further 50,000 Class A common shares of the Company on the date that is 8 months from the Execution Date, assuming the completion of the proposed transaction to be completed by Bearing and Li3 Energy Inc. The Company also agreed to issue up to

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\$600,000 worth of Class A common shares of the Company to Bearing on the dates that are 20 months, 32 months, and 48 months from the Execution Date, at a price per share equal to the 21-day VWAP as at the date of issuance, subject to a floor price equal to the minimum price permitted under the TSXV policies. The Company agreed to grant to Bearing a 2% net smelter return royalty on certain of the Claims and a 1% net smelter return royalty on the remaining Claims (the "NSR Bearing"). The Company may repurchase 50% of the NSR Bearing, at any time, for the purchase price of \$1,000,000.

- e) Entered into a mineral property option agreement with Precipitate Gold Corp. ("Precipitate") pursuant to which the Company may acquire Precipitate's interest in certain mineral claims known as the Reef property (the "Reef Claims") located adjacent to the northern boundary of the 3 Aces Project in the southeast region of the Yukon Territory. In consideration for the Reef Claims, the Company agreed to pay to Precipitate \$1,050,000 over a 36-month period from the closing date of the option agreement. In addition, the Company has issued 100,000 Class A common shares and 100,000 warrants of the Company to Precipitate and agreed to issue a further 100,000 Class A common shares and 100,000 warrants of the Company on the date that is 12 months from the closing date of the option agreement. The warrants will be exercisable for a period of three years from the closing date of the option agreement at a price of \$1.50 and \$2.00, respectively. The Company also agreed to issue up to \$300,000 worth of Class A common shares of the Company to Precipitate on the dates that are 24 months and 36 months from the closing date of the option agreement, at a price per share equal to the 21-day VWAP as at the date of issuance, subject to a floor price equal to the minimum price permitted under the TSXV policies. In addition, the Company agreed to issue 300,000 warrants on each of the dates that are 24 months and 36 months from the closing date of the option agreement, with the exercise price to be equal to 150% of the 21-day VWAP as at the date of issuance, and having a three-year exercise period. The Company agreed to grant to Precipitate a 2% net smelter return royalty on certain of the Reef Claims and a 1% net smelter return royalty on the remaining Reef Claims (the "NSR Reef"). The Company may repurchase 25% of the NSR Reef, at any time, for the purchase price of \$1,000,000 and a further 25% for a purchase price of \$1,500,000.
- f) Submitted a bond to the Government of Yukon for \$218,020 as security for reclamation requirements with respect to the 3 Aces Project.
- g) Entered into a building lease agreement commencing February 1, 2017, for a period of three years. The Company is leasing a building in the Yukon for \$1,800 per month for the first six months, payable in advance, and for \$1,300 per month thereafter, with the reduction in the lease fee of \$500 per month subject to flooring improvements to be made by the Company.
- h) Granted 1,000,000 stock options to directors, advisors officers and employees of the Company. The stock options are exercisable for three years at an average price of \$1.46 per share. Vesting will occur over a period of two years, with an initial 25% of the stock options vesting 6 months from the date of grant, followed by an additional 25% of the stock options vesting every six months thereafter until fully vested.
- i) Made a payment of \$1,000,000 of principal plus \$216,373 in interest to Till Capital Inc. in respect of the promissory note for the Brewery Creek Project.
- j) Entered into a building lease agreement commencing May 15, 2017 for a period of one year. The Company is leasing a unit in a building Whitehorse, Yukon for \$2,000 per month, payable on the 15th of each month. A discount of \$2,000 was provided to the Company.

ANALYSIS OF EXPLORATION COSTS

During the year ended December 31, 2016, a total of \$7,837,201 (2015 - \$379,770) was incurred on exploration of mineral properties

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Year Ended December 31, 2016	Brewery Creek	3 Aces	Total
	\$	\$	
Geological consulting and salaries	49,695	2,698,391	2,748,086
Supplies and plant equipment	26,804	520,991	547,795
Shipping and expediting	2,194	185,170	187,364
Equipment rental	1,024	96,688	97,712
Depreciation	33,076	148,618	181,694
Baseline monitoring	20,258	-	20,258
Environment	-	59,262	59,262
Mapping	-	52,955	52,955
Drilling	452,802	748,107	1,200,909
Excavation	-	34,725	34,725
Trenching and sampling	72,460	198,225	270,685
Assays	-	161,039	161,039
Economic studies	39,940	105,000	144,940
Permitting	16,040	-	16,040
Camp and accommodations	7,980	337,074	345,054
Fuel	-	388,521	388,521
Miscellaneous	81,126	18,010	99,136
Geochemistry	308,489	429,693	738,182
Workers compensation	-	47,832	47,832
Transportation and travel	8,330	351,025	359,355
Helicopter	-	274,919	274,919
Cost recoveries	-	-139,262	-139,262
Balance, December 31, 2016	1,120,218	6,716,983	7,837,201

Year Ended December 31, 2015	Sonora Gulch	Brewery Creek	3 Aces	Total
	\$	\$	\$	\$
Geological consulting and salaries		727	87,556	88,283
Supplies	-	-	682	682
Shipping and expediting	-	-	1,346	1,346
Depreciation	950	107,157	94,858	202,965
Baseline monitoring	-	36,262	-	36,262
Environment	-	-	24,050	24,050
Mapping	-	-	945	945
Drilling	-	-	27,136	27,136
Trenching and sampling	-	19,224	478	19,702
Permitting	-	16,858	-	16,858
Camp and accommodations	-	-	11,751	11,751
Fuel	-	-	2,005	2,005
Miscellaneous	-	-	1,875	1,875
Geochemistry	-	-	(38,782)	(38,782)
Workers compensation	-	-	6,397	6,397
Transportation and travel	-	-	1,468	1,468
Helicopter	-	-	14,985	14,985
Tax credits	-	(7,888)	(4,013)	(11,901)
Cost recoveries	-	(18,300)	(7,957)	(26,257)
Balance, December 31, 2015	950	154,040	224,780	379,770

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Please refer to the audited consolidated financial statements for the year ended December 31, 2016 for an analysis of the Company's Deferred Acquisition Costs.

ACCOUNTING POLICIES

The Company's significant accounting policies are described in note 2 to the Company's audited consolidated financial statements for the year ended December 31, 2016.

OFF BALANCE SHEET ARRANGEMENTS

At December 31, 2016, 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.

FINANCIAL INSTRUMENTS

Financial instruments include cash and any contract that give rise to a financial asset to one party and a financial liability or equity instrument to another party. As at December 31, 2016 and 2015, the Company's carrying values of cash and cash equivalents and accounts payable approximate their fair values due to their short term to maturity.

The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

At December 31, 2016 and 2015, the Company's investments are based on level 1 inputs of the fair value hierarchy and the promissory note is based on level 2 inputs of the fair value hierarchy. Investment values are based on the closing trading price of the shares on public stock exchanges at the year- end date. The promissory note is carried at amortized cost using the effective interest rate method. The fair value of the Promissory Note was estimated using a discounted cash flow calculation, using a discount rate of 15.00% which is management's estimate of the Company's cost of borrowing.

Financial Risks Management

Market risk

Market risk is the risk of loss that may arise from changes in market fluctuations such as those listed below. The fluctuations may be significant.

Foreign exchange risk

The Company operates mainly in Canada but a small portion of the Company's financial assets and liabilities are denominated in US dollars. The Company does not undertake currency hedging activities but continuously monitors its exposure to foreign exchange risk to determine if any mitigation strategies warrant consideration. A 10% fluctuation in the US dollar against the Canadian dollar would affect net comprehensive loss for the period by approximately \$7,213.

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents, receivables and reclamation bonds. The Company has no significant concentration of credit risk arising from operations. Cash and cash equivalents consist of cash held in bank accounts and accounts receivable consists of goods and services tax and a minimal amount of accrued interest on guaranteed investment certificates, for which management believes the risk of loss to be minimal. Reclamation bonds consist of term deposits and guaranteed investment certificates, which have been invested with reputable financial institutions, from which management believes the risk of loss to be minimal.

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Interest rate risk

Interest rate risk mainly arises from the Company's cash and cash equivalents, which receive interest based on market interest rates. Fluctuations in interest cash flows due to changes in market interest rates are negligible. The Company's borrowings are at fixed rates. The fair value of the fixed-rate promissory note fluctuates with changes in market interest rates, but the cash flows do not.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its current obligations as they become due. The Company prepares annual exploration and administrative budgets and monitors expenditures to manage short-term liquidity. Due to the nature of the Company's activities, funding for long-term liquidity needs is dependent on the Company's ability to obtain additional financing through various means, including equity financing. There can be no assurance that the Company will be able to obtain adequate financing or that the terms of such financing will be favourable. At December 31, 2016, the Company had working capital of \$6,873,157 (2015 - working capital deficit of \$906,587).

The following tables detail the Company's expected remaining contractual cash flow requirements for its financial liabilities on repayment or maturity periods. The amounts presented are based on the contractual undiscounted cash flows and may not agree with the carrying amounts on the Statements of Financial Position.

As at December 31, 2016

	Up to 1 year		1-5 years		Total
Accounts payable and accrued liabilities	\$	2,073,936	\$	-	\$ 2,073,936
Flow-through share premium liability		238,400		-	238,400
Promissory note		1,000,000		2,200,000	3,200,000
	\$	3,312,336	\$	2,200,000	\$ 5,512,336

As at December 31, 2015

	Up to 1 year		1-5 years		Total
Accounts payable and accrued liabilities	\$	356,360	\$	-	\$ 356,360
Flow-through share premium liability		222,753		-	222,753
Promissory note		572,710		3,200,000	3,772,710
	\$	1,151,823	\$	3,200,000	\$ 4,351,823

Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its mineral properties, acquire additional mineral property interests and to maintain a flexible capital structure that optimizes the costs of capital at an acceptable level of risk. In the management of capital, the Company includes components of shareholders' equity.

The Company manages the capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents and investments.

The Company is not currently subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the years ended December 31, 2016 and 2015.

PROPOSED TRANSACTIONS

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

CRITICAL ACCOUNTING ESTIMATES

The Company has prepared its consolidated financial statements in accordance with IFRS as issued by the IASB. Note 2 of the audited consolidated financial statements for the year ended December 31, 2016 provides details of significant accounting policies and accounting policy decisions for significant or potentially significant areas that have had an impact on the Company's financial statements or may have an impact in future periods. There were no changes to the accounting policies applied by the Company to the consolidated financial statements for the year ended December 31, 2016, from those applied to the audited consolidated financial statements for the year ended December 31, 2015.

The preparation of financial statements in conformity with IFRS requires management to use estimates and assumptions that affect the reported amounts of assets and liabilities, as well as revenues and expenses. Readers are encouraged to refer to the critical accounting policies and estimates as described in the Company's audited consolidated financial statements for the year ended December 31, 2016.

CONTINGENCIES

There are no contingent liabilities.

DISCLOSURE CONTROLS AND PROCEDURES

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the consolidated financial statements for the year ended December 31, 2016 and this accompanying MD&A (together, the "Annual Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information, the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Interim Filings on SEDAR at www.sedar.com.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

OTHER MD&A REQUIREMENTS

Additional disclosure of the Company's technical reports, material change reports, news releases and other information can be obtained on SEDAR at www.sedar.com.

FORWARD-LOOKING INFORMATION

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

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The forward-looking statements are based on a number of assumptions, including, but not limited to, assumptions regarding general business, regulatory and economic conditions, the supply and demand for, and the level and volatility of the price of gold, the timing of the receipt of regulatory and government approvals for our development projects once the decision has been made to advance to production, the costs of production and the productivity levels as well as those of our competitors, power prices, availability of water and power resources for our future operations, market competition, the accuracy of our reserve and resource estimates (including with respect to size, grade and recoverability) and the geological, operational and price assumptions on which these are based, conditions in financial markets, our ability to attract and retain skilled staff, and our ability to procure equipment and operating supplies. Assumptions regarding capital costs, mine life and other parameters for the Brewery Creek property are based on assumptions in the Preliminary Economic Assessment.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, general business, economic, competitive, political and social uncertainties; the actual results of current exploration activities and feasibility studies; assumptions in economic evaluations that may prove inaccurate; fluctuations in the value of the Canadian or US dollar; future prices of gold; possible variations of ore grade or recovery rates; failure of plant or equipment or failure to operate as anticipated; accidents; labour disputes or slowdowns or other risks of the mining industry; climatic conditions; political instability; or arbitrary decisions by government authorities.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this Management Discussion and Analysis based on the opinions and estimates of management. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

RISKS AND UNCERTAINTIES

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

Availability of financing

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

Title matters

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

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Management

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

Economics of developing mineral properties

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

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

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