Rye Patch
GOLD CORP.

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Management Discussion and Analysis

Date of Report

Rye Patch Gold Corp. ("Rye Patch" or the "Company") is a resource company focused on the operation, acquisition, exploration and development, of precious metal resource properties in Nevada, United States of America. On July 28, 2016, the Company completed its acquisition of Florida Canyon Mining, Inc. ("Florida Canyon"), Standard Gold Mining, Inc. ("Standard Mine") and RP Dirt, Inc., collectively the "Florida Canyon Group". With the acquisition, the Company acquired two producing properties in Florida Canyon and Standard Mine. The Company owns and controls several resource and early-stage projects in west central Nevada. The Company operates through its wholly owned subsidiaries, Rye Patch Gold US Inc. ("Rye Patch US"), its exploration arm, and Rye Patch Mining US Inc. ("Rye Patch Mining"), Florida Canyon, Standard Mine and RP Dirt Inc. This Management's Discussion and Analysis ("MD&A") is prepared as of May 24, 2017 and should be read in conjunction with the Company's unaudited condensed consolidated financial statements for the three-month period ended March 31, 2017 and supporting notes, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). All currency references are expressed in Canadian dollars unless otherwise specifically indicated.

Forward-Looking Statements

This MD&A contains forward-looking statements within the meaning of applicable Canadian securities legislation. Such forward-looking statements concern the Company's anticipated results and developments in the Company's operations in future periods, the price of gold, the estimation of resources, planned exploration and development of its properties, sources of funds, including future cash flows from operations, plans related to its business and other matters that may occur in the future. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant business, economic and competitive uncertainties and contingencies and include assumptions as to the Company's operating costs, resource estimates and the price of gold and silver. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to:

- Fluctuations in the currency markets such as Canadian dollar and U.S. dollar;
- Fluctuations in the prices of gold and silver and other minerals;
- Changes in government legislation, taxation, controls, regulations and political or economic developments in Canada and the United States;
- Risks associated with mining activities;
- The speculative nature of exploration, including the risk of obtaining necessary licenses and permits, and quantities or grades of mineral resources;
- The nature of mineral exploration and mining and the uncertain commercial viability of certain mineral deposits;
- The Company's ability to achieve and maintain consistent operating revenues; and
- The Company's ability to obtain necessary financing to fund the re-start of mining operations at the Florida Canyon Mine, development of its mineral properties or the completion of further exploration programs in accordance with its 2017 development and exploration program.

This is not an exhaustive list of the factors that may affect the Company's forward-looking statements. Many of these uncertainties and contingencies can affect the Company's actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Company.

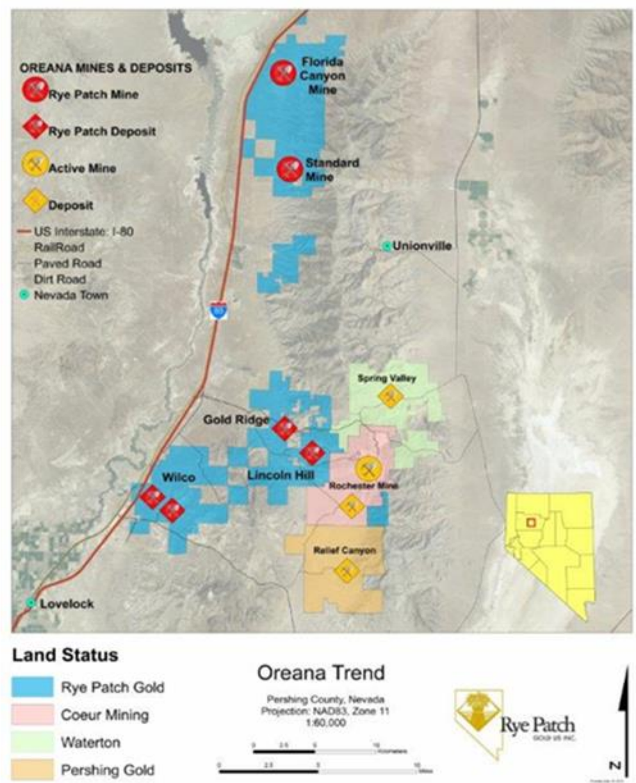
Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Although the Company believes that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and accordingly, undue reliance should not be put on such statements due to their inherent uncertainty.

Additional Information

Additional information relating to the Company, including the Company's Annual Information Form, news releases and technical reports, is available on SEDAR at www.sedar.com and on the Company's website at www.ryepatchgold.com.

Outlook and Summary

In the first quarter of this year the Company's primary goal was to complete the construction at the Florida Canyon Mine, acquired in July 2016 and successfully advance the ramp-up of production. Loading of ore to the pad commenced in December 2016 and has been on-going, building gold inventory on the South Heap Leach Pad. Approval to commence irrigation was received in March 2017 and the first application of cyanide solution was made in mid-April. Benefitting from the short leach cycle the first symbolic gold was poured toward the end of April. The project is ramping up toward commercial production which is expected in the third quarter of 2017.



During the second quarter the operating team will continue to work through any start-up issues and gradually bring the mine up to its design capacity and ensure it is performing on a regular and consistent basis. Commensurate with this, gold recovery will increase, construction costs will tail-off, and operating costs will normalize. Once satisfactory levels of performance are achieved, the Company will confirm commercial production with the goal of reporting first operating numbers in the third quarter 2017.

Once commercial production is established, the Company will commence exploration drilling, initially looking at adding resource ounces in and around the Florida Canyon Mine and begin the detailed economic studies required to support the proposed production expansion. From this work, Rye Patch anticipates delivering a feasibility-level document that would include a revised resource estimate and the proposal for the potential mine expansion.

In the medium term, the Company anticipates increasing exploration and resource expansion drilling within the Florida Canyon mine and at the Lincoln Hill and Wilco properties located 20- and 30-kilometres to the south. The approval of the Environmental Assessment, (submitted 2014) on our Lincoln Hill property is expected in the latter half of 2017 and will allow for a bulk sample and in-fill drilling to upgrade the current Lincoln Hill resource and exploration drilling to continue at two high-quality satellite targets – Independence Hill and Gold Ridge – to expand the Lincoln Hill resource. The programs are designed to move the project toward a production decision.

The longer-term objective is to continue to expand the company wide resource base in tandem with a steady increase in production with an initial goal of achieving mid-tier production status.

On an ongoing basis, the Company continues to review other property and corporate opportunities to add value.

Company Overview

Operations

Florida Canyon Mine - Re-Start of gold production

Work to restart the Florida Canyon Mine commenced at the end of August 2016, following the July 28, 2016, acquisition and requisite bonding. By the end of the 2016, four months later, the three major construction components of the Florida Canyon Restart Project; mining fleet refurbishment, crusher relocation and expansion, and the first phase of the new South Heap Leach Facility, consisting of the lower third of the pad along with the pregnant, barren and contingency solution ponds, were mostly complete.

The mining fleet refurbishment consisted of maintenance and major component replacements and was largely completed in December. The fleet of Caterpillar equipment now consists of three 993k loaders, four 992 loaders, eleven 785 (150-ton) haul trucks and five 777 (100-ton) haul trucks.

The crusher facility, with expanded capacity of 7.2m tons per annum (6.5m tonnes per annum) was successfully moved back from the Standard Mine located 10 kilometres (6 miles) to the south, and installed at its new Florida Canyon location by mid-December. The crusher was set with all concrete, wiring and dust abatement equipment along with a new 12-metre high retaining wall and the addition of a large dump hopper and new radial arm stacker. The crusher is operational and is approaching its operating parameters of a consistent 20,000 tons per day (18,200 tonnes per day).

Mining commenced on the Jasperoid Hill deposit on November 1, 2016 with stripping of waste and stockpiling of low grade ore to be crushed for the over liner on the heap leach pad. Once the crusher was completed in mid-December, crushing of the over liner material commenced and was loaded onto the lower one-third portion of the new phase-one South Heap Leach Facility. The pad, along with the pregnant, barren and contingency solution ponds required the ground to be compacted with two 15 centimetre levels of clay, over which a synthetic plastic liner was placed and capped with over liner to the depth of 5 feet.

Upon completion of the first phase of the pad, Rye Patch filed its "As-Built" design consisting of survey and engineering design documentations demonstrating the completion of the project within design parameters including all quality assurance and quality control documentation with the Nevada State regulators on February 24, 2017 and received approval to start stacking ore on March 7, 2017, and irrigation on March 30, 2017. Irrigation with cyanide commenced on April 12 and the first symbolic gold pour was completed on April 25, 2017, continuing on a regular basis thereafter. For the three months ended March 31, 2017 the following metrics were achieved:

	Three months ended March 31, 2017
Ore mined	612,578
Waste mined	1,713,217
Total mined	2,325,795
Ore crushed	746,241
Ounces sent to HLP	3,998
Total area under leach	6,868,979
Gold absorbed onto carbon	2,092

Florida Canyon Mine - Location and Background

The Florida Canyon mine is located half way between Lovelock and Winnemucca, Nevada, and approximately 30 kilometres north of the Company's Wilco, Lincoln Hill and Gold Ridge projects. The mine sits immediately adjacent to Interstate 80 at EXIT 138 and is located approximately 210 kilometres (130 miles) northeast of Reno, Nevada.

Significant potential cost savings are envisioned in the future between the Florida Canyon Mine and Rye Patch's nearby Lincoln Hill and Wilco resource projects. Oxide resources at Lincoln Hill and Wilco represent additional resources that could potentially contribute to increased future gold output to the Company. The infrastructure at Florida Canyon could reduce capital and operating costs for the Lincoln Hill and Wilco projects by reducing capital requirements to build these stand-alone operations. The extent of any synergies and operational integration with the Florida Canyon mine will be the subject of future studies conducted on the Lincoln Hill and Wilco properties.

Florida Canyon Mine – Preliminary Economic Analysis ("PEA")

Mine Development Associates ("MDA") completed a Preliminary Economic Assessment dated effective March 16, 2016, amended January 27, 2017 (the "PEA") of the Florida Canyon gold mine. The PEA was completed based on a US$1,000 per ounce gold price for the first two years and a US$1,150 per ounce gold price for the remaining life of mine.

PEA Highlights:

- Average production of 75,000 ounces of gold per year for 8 years;
- US$1,000 gold price for years 1 to 2 and US$1,150 gold price used for years 3 to 8;
- Pre-tax Net Present Value ("NPV") (7.5%) is US$65.43million, with a 41.4% IRR;
- Cash Cost per gold ounce is calculated at US$759 per ounce;
- Fully permitted expansion;
- US$25 million Credit Facility in place;
- The potential to reduce capital requirements for the other Oreana Trend resource assets; and
- Tremendous exploration and further development potential.

All mining and ancillary equipment required to operate the Florida Canyon mine is in place together with a team of experienced low-grade, low-cost operators with a successful 30-year mining history.

PEA Sensitivity Analysis (AFTER TAX)				
% of Base Case	**$NPV_{5\%}$ $000,000's**	**IRR (%)**	**Gold Price Yr 1 & 2 $/oz Au**	**Gold Price After Yr 2 $/oz Au**
90%	$11.5	14.5%	$900	$1,035
100%	$45.8	34.4%	$1,000	$1,150
110%	$80.2	53.8%	$1,100	$1,265

Summary of Base Case Assumptions PEA	
Gold Price (USD$)	$1,000 (yrs 1&2) $1,150 (yr 3 to 8)
Average Annual Gold Production (ounces)	75,000
Pre-Production Capital Costs (USD$)	$25.2 M
LOM Sustaining Capital (USD$)	$23.9 M
Strip Ratio	1.47:1
Pre-Production Period (years)	0.5
Mine Life (years)	8
Cash Cost per Gold Ounce (USD$)	$759
PRE-TAX	
Life of Mine NPV at 5% Discount Rate (USD$)	$79.3 M
Internal Rate of Return	41.5%
AFTER-TAX	
Life of Mine NPV at 5% Discount Rate (USD$)	$56.4 M
Internal Rate of Return	34.4%

MDA used the following resources, in the form of a resource block model for determining the mineable gold in the PEA. The mineral resources have a cut-off grade of 0.006 oz Au/ton (0.2 grams of gold/tonne) for oxide material.

Florida Canyon March 16, 2016 Measured and Indicated Oxide Resources (0.006 oz Au/ton cut-off grade)			
Item	Tons X (000's)	oz Au/t	Ounces Au X (000's)
Measured	79,635.4	0.013	1,035.3
Indicated	4,566.7	0.02	91.3
Measured + Indicated	84,202.1	0.013	1,126.6

Florida Canyon March 16, 2016 Inferred Oxide Resources (0.006 oz Au/ton cut-off grade)			
Item	Inferred		
	Tons X (000's)	oz Au/t	Ounces Au X (000's)
Inferred	350.8	0.015	5.3

The Company cautions that the PEA is preliminary in nature in that it is based in part on Inferred Mineral Resources which are considered too speculative geologically to have the economic considerations applied to them that would enable them to be characterized as mineral reserves, and there is no certainty that the PEA will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

The Company's decision to place the Florida Canyon mine into production is not based on a feasibility study of mineral reserves demonstrating economic and technical viability, and the Company cautions that historically such projects have a much higher risk of economic or technical failure.

Further detailed information is included in the Company's Annual Information Form and the full PEA both can be found on www.SEDAR.com

The Florida Canyon mine PEA was prepared by Mine Development Associates under the direction of Neil B. Prenn, PE, and incorporates the work of a number of industry-leading consultants, all of which are Qualified Persons (as defined under National Instrument 43-101) and are independent of Rye Patch.

Lincoln Hill Resource Project

- Lincoln Hill – gold/silver resource
- Gold Ridge - exploration drilling
- Independence Hill - exploration drilling

In May 2014, the Company completed its first Preliminary Economic Analysis "PEA" on its 100% owned Lincoln Hill project. Following receipt of the PEA the Company entered into an Environmental Assessment process ("EA"), covering two priority areas inclusive of 1,977 acres of Bureau of Land Management ("BLM") land and 672 acres of private land. The goal of applying for the Economic Assessment ("EA") is to enable Rye Patch US to complete its in-fill, development, metallurgical and exploration drilling programs, and gather base line data for future mine permitting. Rye Patch US is currently awaiting the approval of the EA.

Lincoln Hill Resource - Preliminary Economic Assessment, May 2014

A simple heap leach, modest scale mine demonstrating robust economics as follows:

- NPV(5%) - US$64.2 million
- 76.5% IRR, using $1,350 Au oz, $22 Ag oz
- Pit shell used US$775 Au oz, $13.56 Ag oz
- Low capital expenditures - $26 million.
- Cash cost US$575 (EqAu oz)
- Full cost US$758 (EqAu oz)
- Heap leach process easily scalable as the project grov
- Run of Mine ("ROM")with 64% recovery for gold and 59% recovery for silver.

Gold and Silver Price Sensitivity (in US$)			
Au Price	**Ag Price**	**Pre-Tax NPV (5%)**	**IRR**
$1,250	$20	$51.5	63.7%
$1,350	$22	$64.2	76.5%
$1,450	$25	$78.6	90.7%

Potential for resource expansion:

- Infill and expansion drilling at Lincoln Hill
- Gold Ridge exploration, 4.5 kms of strike, recent drilling was 100% success rate, including 20m sections grading 1.24 Equivalent Au oz/tonnes.
- Independence Hill, on strike with Lincoln Hill, and proximal to old mine workings.

The Company cautions that the PEA is preliminary in nature in that it is based on Inferred Mineral Resources which are considered too speculative geologically to have the economic considerations applied to them that would enable them to be characterized as mineral reserves, and there is no certainty that the PEA will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

Resource Estimate - National Instrument 43-101 Compliant

Lincoln Hill (2)	Resource category	Tonnes (X 1,000)	Gold Grade (g/t)	Silver Grade (g/t)	Gold Equivalent Grade (g/t)	Contained Gold Ounces	Contained Silver Ounces	Contained Au & Au Equivalent Ounces (3)	Contained Ag & Ag Equivalent Ounces (3)
	Measured	4,211	0.43	11.76	0.67	58,000	1,592,000	89,840	4,492,000
	Indicated	25,100	0.38	10.73	0.60	306,000	8,655,000	479,100	23,955,000
	Inferred	20,822	0.38	15.36	0.69	255,000	8,163,000	418,260	20,913,000
Total M + I Resource		29,311	0.39	10.88	0.61	364,000	8,656,592	**568,940**	28,447,000
Total Inferred Resource		20,822	0.38	15.36	0.69	255,000	8,163,000	**418,260**	20,913,000

(1) All resources on 100% basis. Metallurgical recoveries and net smelter returns are assumed to be 100% unless indicated. Conforms to NI43- 101 resource definitions;
(2) Based on Rye Patch Gold's July 2, 2014, National Instrument 43-101 Lincoln Hill Preliminary Economic Assessment Technical report (see www.sedar.com)
(3) Wilco and Lincoln Hill Resources includes Au equivalent ounces (Aueq.); where Aueq. = (Au g/t) + (Ag g/t / 50); and Ageq. = (Ag g/t) + (Au g/t * 50).

Mineral resources are not mineral reserves and do not have demonstrated economic viability.

Further detailed information is provided in the Company's Annual Information Form and on www.SEDAR.com

Lincoln Hill upside

Gold Ridge

The property is located 1.5 kilometres (1 mile) to the west of Lincoln Hill resource. Exploration drilling in 2014 and 2016 identified an approximate 4.5 kilometres long north-south orientated structural zone associated with a fold and thrust system. The style of mineralization appears similar to and along strike with the Standard Mine located on the Florida Canyon property approximately 16 kilometres to the north. The folded sediments host gold and silver mineralization along the axial plane of the anticline and within low-angle structural zones (thrust faults). The mineralization is open to the north and south.

Independence Hill

The Independence Hill target is located less than one kilometre south of the Lincoln Hill resource and represents the strike extension of the Lincoln Hill ore body.

Panther Canyon

In 2016, Rye Patch US staked 119 unpatented lode claims covering the historic Rye Patch mine located 13 kilometres (8 miles) north of Gold Ridge and 6 kilometres south of Florida Canyon's Standard Gold mine operation along a major north-south structural zone in Pershing County, Nevada. A swarm of intrusive dikes and sills is focused proximal to the general thrust zone as at the nearby Florida Canyon and Standard Mines. The style of mineralization and structural setting look very similar to the Gold Ridge property located to the south, and the Florida Canyon mine located to the north.

Wilco Resource

The Wilco property is located 160 kilometres (100 miles) northeast of Reno, Nevada and is close to the Lincoln Hill project along the southern extent of the Oreana Trend. The project is subject to a back-in right by Newmont Mining Corporation. Further ownership details are provided in the Company's Annual Information Form.

Wilco (2)	Resource category	Tonnes (X 1,000)	Gold Grade (g/t)	Silver Grade (g/t)	Gold Equivalent Grade (g/t)	Contained Gold Ounces	Contained Silver Ounces	Contained Au & Au Equivalent Ounces (3)	Contained Ag & Ag Equivalent Ounces (3)
	Measured	25,115	0.41	3.81	0.48	328,000	1,393,000	355,860	17,793,000
	Indicated	89,028	0.33	3.11	0.39	950,000	8,911,000	1,128,220	56,411,000
	Inferred	52,599	0.32	3.61	0.39	541,000	6,100,000	663,000	33,150,000
Total M + I Resource		114,143	0.35	3.26	0.41	1,278,000	10,304,000	1,484,080	74,204,000
Total Inferred Resource		52,599	0.32	3.61	0.39	541,000	6,100,000	663,000	33,150,000

(1) All resources on 100% basis. Metallurgical recoveries and net smelter returns are assumed to be 100% unless indicated. Conforms to NI43-101 resource definitions;

(2) Based on Rye Patch Gold's September 27, 2012, National Instrument 43-101 Wilco Project Technical report (see www.sedar.com)

(3) Wilco, Lincoln Hill, and Jessup Resource includes Au equivalent ounces (Aueq.); where Aueq. = (Au g/t) + (Ag g/t / 50); and Ageq. = (Ag g/t) +(Au g/t * 50).

No substantial exploration work was completed on the Wilco property during the period; however, with the acquisition of the Florida Canyon project, it is clear that Wilco shares some of the same regional geologic and structural ore controls as Florida Canyon.

Cortez Trend Player

Garden Gate Pass

The Cortez trend is an exciting exploration area that has tremendous upside potential. Since 1991, over 50 million ounces of gold have been discovered, mined and processed along the trend, with Barrick's 15-plus million ounce Goldrush deposit illustrating the potential. The Company's Garden Gate Pass property abuts the Goldrush discovery along the same geologic environment in the trend. To date, Rye Patch US has completed twelve drillholes on the project. The Company has been identified a number of drill targets and believes they pose some of the best exploration opportunities along this world-class gold trend. No immediate work is planned for this property as the Company focuses its efforts and financial resources on the Florida Canyon Mine restart.

Macquarie Bank Credit Facility

In July 2016, the Company entered into a credit agreement (the "Credit Agreement") with Macquarie Bank Limited ("Macquarie Bank") for a US$25 million credit facility (the "Credit Facility") for the Company's wholly owned U.S. subsidiary, Rye Patch Mining U.S. Inc. ("Rye Patch U.S.") with an additional US$2 million allotted for capitalized interest until the first scheduled repayment.

The Credit Facility bears interest at LIBOR plus 8% per annum and includes a provision to deliver 150,000 ounces of gold over a five-year period at USD$1,276 an ounce through gold forward sales contracts. Interest is payable quarterly on each individual drawn down taken from the credit facility. Company has the option to roll over the interest payment into the principal balance of the draw down until the first scheduled repayment date. Repayment of the Credit Facility is scheduled over the first four years of production following the restart of the Florida Canyon mine, subject to earlier mandatory prepayment from certain levels of excess free cash flow from the mine and voluntary prepayment at the option of the Company. The Company is expected to make payments of US$5.1M in 2017, US$14.9M in 2018, US$4.8M in 2019, and US$2.2M in 2020, assuming the full principal amount is drawn.

Rye Patch U.S.'s obligations under the Credit Facility are guaranteed by the Company and certain material subsidiaries. In addition, Macquarie Bank will have a first ranking security interest over all of the properties and assets of the Company and its material subsidiaries, including the Florida Canyon mine property and assets as well as shares of the subsidiary companies that hold the property and assets.

Upon the signing of the Credit Agreement, Rye Patch issued to Macquarie Bank 16,224,545 share purchase warrants, each share purchase warrant being exercisable for one common share of the Company for a five-year term from date of issue at an exercise price of Cdn$0.22 per common share. The share purchase warrants, and the common shares underlying the warrants, are subject to a four-month hold period that expired November 29, 2016. The share purchase warrants were fair valued at $5,404,966 and recognized as debt issue costs. In addition to the share purchase warrants, the Company incurred $1,890,013 in cash transaction costs related to the establishment of the Credit Facility.

As at March 31, 2017 US$22,278,631 (December 31, 2016, US$14,178,631) had been drawn down on the credit facility and the effective interest rates per annum on the funds drawn range from 21% to 36%. The effective interest rate reflects the interest rate on credit facility and the amortization of the deferred debt issuance costs. At the March 31, 2017, 5,064 ounces has been delivered against the forward gold price contract.

Rochester Mine Royalty

On May 14, 2017, the Company announced that it had sold the remainder of its Rochester Royalty to Coeur Mining for US$5,000,000. The royalty consisted of a 3.4% Net Smelter Return on production from the Rochester Mine located in Pershing County, Nevada capped at 39.4 million silver equivalent ounces and resulted from a June 25, 2013, settlement of a dispute over certain mineral claims.

Liquidity

As of March 31, 2017, the Company had cash and cash equivalents of $9,810,168 compared to $11,121,286 as of December 31, 2016. The Company had working capital deficiency of $4,520,512 at March 31, 2017 (December 31, 2016 – working capital of $480,550). The current liabilities of the Company include $8,157,704 of contingent consideration which consists of $6,461,204 (December 31, 2016 - $6,384,353) for the contingent cash consideration and $1,696,500 (December 31, 2016 - $1,579,500) for the contingent warrants. The Company does have the option of issuing common shares or equity linked instruments for the contingent cash consideration.

During the quarter ended March 31, 2017, the Company had net inflows from drawdowns of its credit facility of $10.8million. It had cash flows of $7.3 million from operations and invested $19.6 million principally on the development of Florida Canyon Mine.

The Company received net smelter returns ("NSR") production royalty of US$1.2 million during the quarter and US$1.3 million subsequent to quarter end from Coeur Rochester Inc. ("Coeur"), a wholly owned subsidiary of Coeur Mining Inc. Combined, the Company's current treasury, credit facility, funds from the sale of the Rochester Royalty and gold sales, are expected to be sufficient to fund the restart and ramp-up of the Florida Canyon Mine, corporate expenditures and other planned exploration and resource definition work through 2017. The availability of capital resources to meet its 2017 requirements is dependent on the timely restart of the Florida Canyon Mine. Any delays to the restart of the Florida Canyon Mine may require the Company to raise further equity or debt financing. There is no certainty that further equity or debt financing will be available to the Company in any amount, on a timely basis, or terms acceptable to the Company.

Mining development and exploration is a capital-intensive business and there may be many years between initial exploration and any prospect of revenues. This nature of the mining business increases risks of insufficient capital resources above the risk level of many other businesses.

Impairment of Long-lived Assets

The Company completed an impairment analysis as at March 31, 2017, which considered the indicators of impairment in accordance with IAS 36, "Impairment of Assets". Management concluded that no impairment indicators existed as at March 31, 2017 because:

- There have been no significant changes in the legal factors or climate that affects the value of the properties;
- All property rights remain in good standing;
- There have been no significant changes in the projections for the properties;
- Exploration results continue to be positive; and
- The Company intends to continue its exploration and development plans on its properties.

Results of Operations

Selected Annual Information

	For the three months ended			
	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016
Income (loss) from mining operations	$ (178,934)	$ (2,718,868)	$ (2,118,191)	$ -
Royalty Income	1,715,273	1,614,442	1,744,187	1,458,709
Other income (loss)	(1,980,138)	268,013	392,059	85,424
Net income (loss)	(1,223,211)	(4,480,525)	(1,344,561)	786,273
Earnings (loss) per share:				
Basic	$ -	$ (0.02)	$ -	$ -
Diluted	$ -	$ (0.02)	$ -	$ -

	For the three months ended			
	March 31, 2016	December 31, 2015	September 30, 2015	June 30, 2015
Income (loss) from mining operations	$ -	$ -	$ -	$ -
Royalty Income	1,379,854	1,289,041	1,473,184	1,491,389
Other income (loss)	(871,871)	20,786	152,295	6,266
Net income (loss)	(406,048)	(402,706)	497,501	(693,023)
Earnings (loss) per share:				
Basic	$ -	$ -	$ -	$ -
Diluted	$ -	$ -	$ -	$ -

Summary of Quarterly Results

The following is a summary of the Company's financial results for the past eight quarters:

	For the three months ended			
	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016
Income (loss) from mining operations	$ (720,693)	$ (2,718,868)	$ (2,118,191)	$ -
Royalty Income	1,715,273	1,614,442	1,744,187	1,458,709
Other income (loss)	(1,438,378)	268,013	392,059	85,424
Net income (loss)	(1,223,211)	(4,480,525)	(1,344,561)	786,273
Earnings (loss) per share:				
Basic	$ -	$ (0.02)	$ -	$ -
Diluted	$ -	$ (0.02)	$ -	$ -

	For the three months ended			
	March 31, 2016	December 31, 2015	September 30, 2015	June 30, 2015
Income (loss) from mining operations	$ -	$ -	$ -	$ -
Royalty Income	1,379,854	1,289,041	1,473,184	1,491,389
Other income (loss)	(871,871)	20,786	152,295	6,266
Net income (loss)	(406,048)	(402,706)	497,501	(693,023)
Earnings (loss) per share:				
Basic	$ -	$ -	$ -	$ -
Diluted	$ -	$ -	$ -	$ -

The expenses incurred by the Company from June 30, 2015 to June 30, 2016 were typical of junior exploration companies that did not have established mineral reserves. Expenses were not incurred evenly over the quarters as a result of nonrecurring activities or events. During the three months ended September 30, 2016, the Company made a significant acquisition, the Florida Canyon Group, and as a result, the financial results changed significantly from that point forward.

The net loss for the three months ended December 31, 2016 were significantly higher as compared with the three months ended September 30, 2016 and March 31, 2017 due to the fact the Company did not sell any gold during the quarter. The Company was in the process of finalizing the hedge agreement, refining agreement and several other aspects related to the acquisition and the credit facility. For the three months ended March 31, 2017, the Company began selling its inventory, including the amounts accumulated in Q4 2016.

The Company anticipates losses to continue until such time as the Company reaches commercial production at Florida Canyon.

Three months ended March 31, 2017, compared to the three months ended March 31, 2016

The Company's net loss increased to $1,223,211 during the three months ended March 31, 2017 as compared with $406,048 during the same period in 2016. The change is due to the inclusion of the Florida Canyon Group's operation during the three months ended March 31, 2017 whereas in 2016, the operations were not included in the Company's operation until July 28, 2016, the date of acquisition of the Florida Canyon Group.

Revenue
During the quarter, the Company had income from doré sales and from its royalty agreement. The Company earned $9,010,024 (Three months ended March 31, 2016 - $Nil) from doré sales, selling 5,233 ounces of gold and 8,124 ounces of silver. Royalty revenue for the quarter was $1,715,273 compared to $1,379,854 for the same period in the prior year.

Cost of Sales

Cost of sales includes direct operating costs, depreciation, royalty expense and impairment of inventory. For the three months ended March 31, 2017, the breakdown of cost of sales was as follows:

	For the thee months ended	
	March 31, 2017	**March 31, 2016**
Direct operating costs	**$ 8,972,300**	$ -
Depreciation	**67,431**	-
Royalty expense	**149,227**	-
	$ 9,188,958	$ -

General and Administrative Expenses

	For the thee months ended	
	March 31, 2017	**March 31, 2016**
Accounting, audit, and tax	**$ 29,400**	$ 19,500
Depreciation	**7,988**	7,418
Insurance	**23,127**	17,136
Investor relations	**146,182**	65,588
Legal fees	**25,667**	34,128
Management fees	**59,256**	61,259
Office and administration	**55,576**	41,308
Rent	**21,930**	44,784
Share-based payments	**218,026**	35,980
Travel	**8,354**	4,532
Transfer agent and filing fees	**12,331**	11,994
Wages and bonus	**101,180**	106,632
	$ 709,017	$ 450,259

The Company has maintained a similar level of general and administrative expenditures in spite of the Company's significant transformation from an exploration company to a mining company. The only increases of note are:

- Investor relations – As a consequence of the acquisition of the Florida Canyon Group, the Company has become significantly more active in marketing the Company and increasing the visibility of the Company. In January 2017, the Company hired an investor relations consultant on a one year contract and that has contributed to the increase in the cost for the three months ended March 31, 2017 as compared with the same period in 2016.
- Share-based payments – The increase is the result of the share options issued in 2016 and their cost being recognized over their vesting terms.

Exploration, evaluation and resource development expenses

The Company incurred $70,396 in exploration, evaluation and resource development expenditures in the first quarter as compared with $464,389 as compared with the same period in 2016. The significant decrease was the result of the Company focusing its resources on construction and ramp up of the Florida Canyon mine.

Other

	For the thee months ended	
	March 31, 2017	**March 31, 2016**
Interest expense	**$ (1,666,999)**	$ -
Change in fair value of contingent consideration	**$ (268,496)**	$ -
Accretion expense	**$ (212,943)**	$ -

The above costs were all the result of the acquisition of the Florida Canyon Group.

- Interest expense relates to the interest incurred on the credit facility, including the amortization of the deferred transaction costs, and interest on the loans payable.
- The change in fair value of contingent consideration is related to the contingent warrants issuable and the contingent cash consideration payable related to the acquisition; and
- The accretion expense relates to the cash contingent liability, accretion of the asset retirement obligation and accretion of the deferred transaction costs related to the credit facility.

Disclosure of Outstanding Share Data

Common Shares

Authorized: unlimited number of common shares without par value and an unlimited number of preferred shares without par value.

	Issued and Outstanding	
	At March 31, 2017	At the date of this MD&A
Common shares	387,295,488	388,690,783

As at March 31, 2017, 12,325,000 share purchase options and 27,386,907 share purchase warrants were outstanding, which would result in an additional 39,711,907 common shares issued and outstanding on a fully diluted basis.

As the date of the MD&A, 12,425,000 share purchase options and 25,991,612 share purchase warrants are outstanding, which would result in an additional 38,416,612 common shares issued and outstanding on a fully diluted basis.

Transactions with Related Parties

We did not enter into any related party transactions other than the normal course compensation arrangements with senior management during the three months ended March 31, 2017.

Events after reporting period

Sale of Net Smelter Return Royalty

On May 15, 2017, the Company announced that it had received an election notice from Coeur Rochester, Inc. to purchase the Company's 3.4% net smelter return royalty from the sale of silver and gold processed from the Rochester Ming for US$5,000,000.

Equity Transactions

In April 2017, the Company issued 250,000 share purchase options with an exercise price of $0.40 for a term of three years.

In May 2017, the Company issued 1,395,295 common shares upon the exercise of 1,395,295 share purchase warrants. The gross proceeds from the exercise of the share purchase warrants totalled $306,965.

Credit Facility

In April 2017, the Company completed the final drawn down of it's credit facility for US$2,721,369.

Off-balance sheet arrangements

There are no off-balance sheet arrangements as at the date of the MD&A.

Financial instruments and risk management

In accordance with IFRS, financial instruments are classified into one of the five following categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets and other financial liabilities. The fair value of cash and cash equivalents, accounts receivable, reclamation bonds, accounts payables and accrued liabilities and due to related parties approximate their carrying value due to their short terms maturity.
Loans payable have been classified as other financial liabilities measured at amortized cost. The fair value of loans payables approximates their carrying values as the effective interest rates are based on the market rates. Contingent consideration has been classified as fair value through profit and loss at inception and re-valued at the balance sheet date.

IFRS 13 establishes a fair value hierarchy that reflects the significance of inputs used in making fair value measurements as follows:

Level 1 quoted prices in active markets for identical assets or liabilities;

Level 2 inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. from derived prices); and

Level 3 inputs for the asset or liability that are not based upon observable market data.

The Company has determined the estimated fair values of its financial instruments based upon appropriate valuation methodologies. At March 31, 2017, the Company has contingent consideration composed of share purchase warrants and deferred cash consideration. The share purchase warrants and contingent cash consideration are being measured and recognized on the consolidated statement of financial position using level 3 inputs with changes in fair value being recorded through profit and loss. As at March 31, 2017, the contingent share purchase warrants had a value $1,696,500 and the contingent cash consideration had a value of $6,461,204.

Market Risks

The Company's operations consist of the acquisition, exploration and development of mineral resource properties in North America. The Company examines the various financial risks to which it is exposed and assesses the impact and likelihood of being affected by these risks, which may include credit risk, liquidity risk, currency risk, interest rate risk and other price risks. When material, these risks are also reviewed and monitored by the Board of Directors.

Credit risk

Counterparty credit risk is the risk that the financial benefits of a contract with a specific counterparty will be lost if the counterparty defaults on its obligations under the contract. This includes any cash amounts owed to the Company by that counterparty, less any amounts owed to the counterparty by the Company where a legal right of offset exists and also includes the fair values of contracts with individual counterparties which are recorded in the consolidated financial statements. The Company manages this risk by only entering into contracts with counterparties who have sufficient financial strength to minimize the risk of a financial default. The Company's cash and cash equivalents are held with large Canadian and U.S. financial institutions. Accounts receivable consist of refundable excise taxes due from the Federal Government of Canada, accrued interest, accounts receivable from the sale of gold and silver and royalty receivable from Coeur which has been received subsequent to year end. Reclamation bonds are amounts deposited with the Bureau of Land Management of the United States Department of the Interior and the Department of Conservation & Natural Resources of the State of Nevada.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet is financial obligations as they come due. The Company has in place a planning and budgeting process to help determine the funds required to support the Company's normal operating requirements and its exploration and development plans. The annual budget is approved by the Board of Directors. The Company ensures, through the management of its available cash and the issue of shares, that there are sufficient cash balances to meet its short-term business requirements. Accounts payable and accrued liabilities and amounts due to related parties are due on demand.

The Company expects its current capital resources will be sufficient to carry out its exploration plans and operations through 2017. As at March 31, 2017, the Company had undrawn funds of US$2,721,369.

Currency risk

The Company is subject to minimum currency risk as the Company and its subsidiaries operate primarily in their respective functional currencies. The Company does not invest in derivatives to mitigate this risk.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate because of changes to market interest rates. The Company has interest bearing cash balances, which are subject to fluctuation in the interest rate. A 10% increase or decrease in the interest rate earned from financial institutions on deposits would result in nominal increase or decrease in the Company's net loss. The Company had additional exposure to interest rate risk on it's credit facility, which is subject to a floating interest. A 10% increase or decrease in the rate would result in an increase or decrease in interest expense $240,000.

Commodity price risk

The ability of the Company to develop its mineral properties and the future profitability of the Company will be directly related to the market price of gold. As part of the Company's Credit Facility the Company has entered into forward contracts for the sale of 150,000 at a fixed gold price of US$1,276 per ounce.

Future Accounting Pronouncements

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on or after January 1, 2017. Updates which are not applicable or are not consequential to the Company have not been discussed below. The following standards have not yet been adopted by the Company and are being evaluated to determine their impact:

- IFRS 9: New standard addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 replaces the guidance in International Accounting Standard ("IAS") 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income ("OCI") and FVTPL. There is a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in OCI, for liabilities designated as FVTPL. The standard is effective for accounting periods beginning on or after January 1, 2018. Early adoption is permitted. We are currently evaluating the impact the standard is expected to have on our consolidated financial statements.

- IFRS 15: The IASB has replaced IAS 18, Revenue in its entirety with IFRS 15, Revenue from contracts with customers ("IFRS 15") which is intended to establish a new control-based revenue recognition model and change the basis for deciding whether revenue is to be recognized over time or at a point in time. IFRS 15 is effective for annual periods commencing on or after January 1, 2018. We are currently evaluating the impact the standard is expected to have on our consolidated financial statements.

- IFRS 16: New standard that replaces IAS 17 with a new approach to lease accounting that requires a lessee to recognize assets and liabilities for the rights and obligations created by substantially all leases. IFRS 16 is effective for annual periods beginning on or after January 1, 2019.