NEW CAROLIN GOLD CORP.

Form 51-102F1

Management's Discussion and Analysis (MD&A)
of Financial Condition and Results of Operations

For the Year Ended October 31, 2016

Report date: February 27 2017

Introduction

Management's discussion and analysis ("MD&A") focuses on significant factors that affected New Carolin Gold Corp.'s performance and factors that may affect its future performance. In order to better understand the MD&A, it should be read in conjunction with the audited financial statements of the Company and the notes thereto for the year ended October 31, 2016 (the "Financial Report"). The Company reports its financial statements in accordance with International Financial Reporting Standards ("IFRS"). The Company's significant accounting policies are set out in Note 3 of audited financial statements for the year ended October 31, 2016. The Company's financial statements and the MD&A are presented in Canadian dollars and are intended to provide a reasonable basis for the investor to evaluate the Company's development and financial situation.

All financial information in this MD&A is derived from the Company's financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The financial statements do not include any adjustments or reclassifications of assets and liabilities which might be necessary if the Company is unable to continue as a going concern. All dollar amounts are expressed in Canadian dollars unless otherwise indicated.

The effective date of this MD&A is February 27, 2017.

Additional information relating to the Company is available on SEDAR at www.sedar.com and on the Company's website at www.newcarolingold.com.

Qualified Person

Mr. R. Bob Singh, B.Sc., P.Geo, is the Company's Qualified Person for the purposes of National Instrument 43-101 and has verified all technical data as disclosed in this MD&A.

Cautionary Note Regarding Forward-Looking Statements

This MD&A may include or incorporate by reference certain statements or disclosures that constitute "forward-looking information" within the meaning of applicable securities legislation, which are based on the opinions and estimates of Management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements.

Readers and investors are referred to the disclosure of Risks and Uncertainties in the Company's Annual MD&A and are cautioned that this description of risks, uncertainties and other factors are not exhaustive. The forward-looking statements contained in this MD&A are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements contained in this MD&A or in any other documents filed with Canadian securities regulatory authorities, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement.

Description of the Business

The Company was incorporated in the Province of British Columbia in August, 1981 as Module Resources Incorporated. On October 18, 2011, the Company changed its name to New Carolin Gold Corp. and trading symbol to 'LAD'. The Company's common shares trade on the TSX Venture Exchange.

The Company is a reporting issuer in British Columbia and Alberta.

The Company has been engaged in the acquisition of interests in, and the exploration of, mineral properties on the Coquihalla Gold Belt in southwestern British Columbia. This necessarily involves a high degree of risk related to exploration and the continual need for a source of funds. The Company may mitigate risk by entering into joint venture agreements with others who appear to have the financial resources and technical expertise to contribute to the effective management of projects. The Company may work with other parties in the assembly of land positions in strategic areas. Significant financial commitments are generally required to participate in any major, favorably-evaluated geological prospect. Participation requires funding and the financial flexibility to complete share placements on a timely basis.

Overview of Significant Events in the Last Twelve Months and Review of Activities to Date

The following is an overview of significant events and a review of activities in the year ended ended October 31, 2016 and up to the date of this MD&A. The principal activities were:

- Completing the acquisition of the remaining 60% interest in the Ladner Gold Project from Century Mining Corp's receiver;
- Raising equity capital through non-brokered private placements;
- Signing a new property Option Agreement with Crucible Resources Ltd.;
- Completed underground sampling program (see *Objectives* below);
- Completed Phase I surface mapping and sampling; and
- Completed Phase I drilling program (see *Objectives* below)
- Preparation of Phase II drilling program (see *Objectives* below)

Property Option Agreement - Crucible Resources Ltd.

During the year ended October 31, 2012, the Company entered into an option agreement with Crucible Resources Ltd. ("Crucible") to acquire the Warkentin Property, consisting of 17 mineral claims situated near the southern portion of the Ladner Gold Project. The terms of the agreement included the Company making certain annual payments to Crucible and spending $250,000 in exploration over the initial 5-year option period. The Company subsequently defaulted on the Crucible agreement.

During the year ended October 31, 2016, Crucible agreed to a settlement on the 2012 option and to revised terms on a new agreement, and on February 11, 2016, the Company signed a revised five-year Warkentin Property Option, whereby the Company can acquire 20 mineral claims covering 30 square kilometers under the following terms:

- Paying Crucible $32,000 in respect of settlement of the previous agreement and to secure the new Option
- The Company can acquire all 20 claims at any time by paying a total of $50,000 over five years
- Funds spent on exploration will be factored into the $50,000 acquisition purchase price
- Crucible retains a 2% NSR, which the Company may purchase for $250,000 for the first 1% and $500,000 for the second 1%.

Clearance Received for OTC Quotation in the U.S.

On March 15, 2016, the Company announced that, pursuant to FINRA Rule 6432 and Rule 15c2-11 under the Securities Exchange Act of 1934, Glendale Securities, Inc. has filed a Form 211 in connection with the Company's common shares and, as a result, the Financial Industry Regulatory Authority ("FINRA") has cleared Glendale's request to submit a quote (Bid, Ask) in OTC Link for the Company's common shares under the symbol "MDULF". This additional trading venue for the Company's common shares will enhance liquidity for shareholders who are resident in the U.S.

Acquisition of Remaining Interest in Ladner Gold Project

Pursuant to an acquisition agreement with Century Mining Corporation's receiver (the "Receiver") to purchase the remaining interest in the Carolin Mine and the Ladner Gold Project, during the year ended October 31, 2015, the Company exercised the Tamerlane Option and completed the purchase of a 30% interest in the Ladner Gold Project, making the final payment under an historical option agreement. On closing of the transaction the Company then controlled a 40% interest in the Ladner Gold Project.

On February 3, 2016 the Company announced that the Receiver had agreed to further amend the acquisition agreement. In order to accelerate closing, the parties agreed that the Receiver, immediately upon Closing, would have an ownership interest in the Company equal to 19.9% of the common shares of the Company then issued and outstanding. The Receiver also agreed to reduce to $400,000 the Company's accounts payable and accrued liabilities required to settle as a condition precedent to the closing of the transaction (reduced) and to obtain an agreement from one of the Company's creditors to amend the terms of a recent secured loan for $200,000, so that such loan shall not come due and payable until December 31, 2016 (obtained). Other closing conditions include receiving TSX Venture Exchange approval (received), in addition to obtaining an order from the Superior Court of Québec authorizing such amendments, which order was subsequently obtained.

On April 13, 2016, the Company completed the transaction with the Receiver and acquired the remaining 60% of the Ladner Gold Project. As partial consideration for the transfer of the mining claims and crown grants forming part of the Project, the Company issued 24,889,509 common shares to the Receiver and agreed to grant and pay: 1) a 2% net smelter return royalty on the Project, which may be purchased by the Company in whole or in part at any time prior to the first anniversary of the closing of the transaction for an amount of $2.25 million per percentage point; and 2) an amount equal to 35% of the profits earned and received by the Company from the sale of gold obtained by the Company reprocessing the tailings presently existing on the Project. On completion, the Company has 100% of the legal and beneficial ownership of the 144 square kilometer contiguous land package, which includes the Carolin Mine.

Summary of Financings and Share Issuances during the Reporting Period and to Date

The following table summarizes share issuances for total cash proceeds of $4,361,817 received during the year ended October 31, 2016 and up to the date of this MD&A from:

- Flow through (“F-T”) common share and unit private placements;
- Non-flow through unit private placements; and
- Exercise of common share purchase warrants.

Date	Financing	Shares Issued	Warrants Issued	Warrant Exercise Price	Gross Proceeds
Dec 14 2015	F-T Unit PP at $0.05	3,007,380	3,007,380	$0.07	$150,369
Dec 14 2015	Unit PP at $0.05	1,792,620	1,792,620	$0.07	$89,631
Feb 2 2016	Exercise of Warrants	500,000	-	$0.05	$25,000
Mar 9 2016	F-T Unit PP at $0.05	6,400,000	6,400,000	Yr 1 - $0.07 / Yr 2 $0.08	$320,000
Mar 9 2016	Unit PP at $0.05	16,135,000	16,135,000	Yr 1 - $0.07 / Yr 2 - $0.08	$806,750
Mar 14 2016	Exercise of Warrants	1,000,000	-	$0.05	$50,000
May 9 2016	Unit PP at $0.07	3,750,000	3,750,000	Yr 1 - $0.10 / Yr 2 - $0.125	$262,500
May 9 2016	Unit PP at $0.07	4,869,429	4,869,429	Yr 1 - $0.10 / Yr 2 - $0.125	$340,860
May 10 2016	Exercise of Warrants	1,000,000	-	$0.05	$50,000
May 19 2016	Unit PP at $0.07	6,070,571	6,070,571	Yr 1 - $0.10 / Yr 2 -$0.125	$424,940
May 20 2016	Exercise of Warrants	1,000,000	-	$0.05	$50,000
Jul 6 2016	Exercise of Options	100,000		$0.085	$8,500
Aug 8 2016	Exercise of Warrants	800,000		$0.05	$40,000
Aug 18 2016	Exercise of Warrants	200,000		$0.05	$10,000
Sep 19 2016	Exercise of Warrants	200,000		$0.05	$10,000
Nov 8 2016	F-T Shares PP @ $0.08	6,625,000			$530,000
Nov 28 2016	Unit PP at $0.07	1,389,500	1,389,500	Yr 1 - $0.07/Yr 2 - $0.09	$97,265
Dec 23 2016	F-T Shares PP @ $0.065	5,769,231			$375,000
Dec 30 2016	F-T Shares PP @ $0.065	538,415			$34,997
Jan 9 2017	Exercise of Warrants	5,500,000		$0.05	$275,000
Jan 19 2017	Unit PP at $0.07	5,871,500	5,871,500	Yr 1 - $0.07/Yr 2 - $0.09	$411,005
Totals		72,518,646	49,286,000		$4,361,817

The following table summarizes other issuances of securities during the year ended October 31, 2016 and up to the date of this MD&A where the Company received no cash proceeds:

- Shares issued to term loan holders on conversion of debentures (“CD”), which reduced term loan principal by $417,000;
- Shares issued to term loan holders for interest payments in lieu of cash;
- Warrants issued for finder’s fees in flow-through and non-flow-through unit private placements;
- Shares issued for the acquisition of exploration and evaluation assets; and
- Warrants issued to a third party lender in connection with a loan.

Date	Comments	Shares Issued	Warrants Issued	Reduction of Term Loans Principal	Warrant Exercise Price
Nov 17 2015	Conversion of CD	200,000	200,000	$10,000	$0.05
Jan 7 2016	Conversion of CDs	8,140,000	8,140,000	$407,000	$0.05
Jan 11 2016	Interest payment equivalent $28,796	566,216	-		
Mar 9 2016	Finder’s Fees	-	1,150,000		Yr 1 - $0.07 / Yr 2 - $0.08
Apr 6 2016	Acquisition of 60% interest in property	24,889,509	-		
Nov 8 2016	Finder’s Fees	-	376,250		$0.08
Dec 23 2016	Finder’s Fees	-	403,846		$0.065
Jan 1 2017	Bonus warrants – loan	-	3,500,000		$0.06
Jan 19 2017	Finder’s Fees	-	455,160		Yr 1 - $0.07/Yr 2 - $0.09
Totals		33,795,725	14,225,256	$417,000	

The raising of new equity capital and the reduction of term loan principal has improved the Company’s financial condition by reducing the working capital deficiency from $1,741,476 at October 31, 2015 to $1,146,431 at October 31, 2016 and has reduced long-term liabilities from $343,854 to $Nil in the same period.

Outlook

The Company has now completed the acquisition of a 100% interest in the Ladner Gold Project and continues to focus on exploration and development programs to evaluate the Ladner Gold Property to determine future production scenarios. The Company believes that the Carolin Mine has the potential to become a gold producer once again. The Company will continue to evaluate and acquire other properties to expand its exploration portfolio in the prospective and largely unexplored Coquihalla Gold Belt.

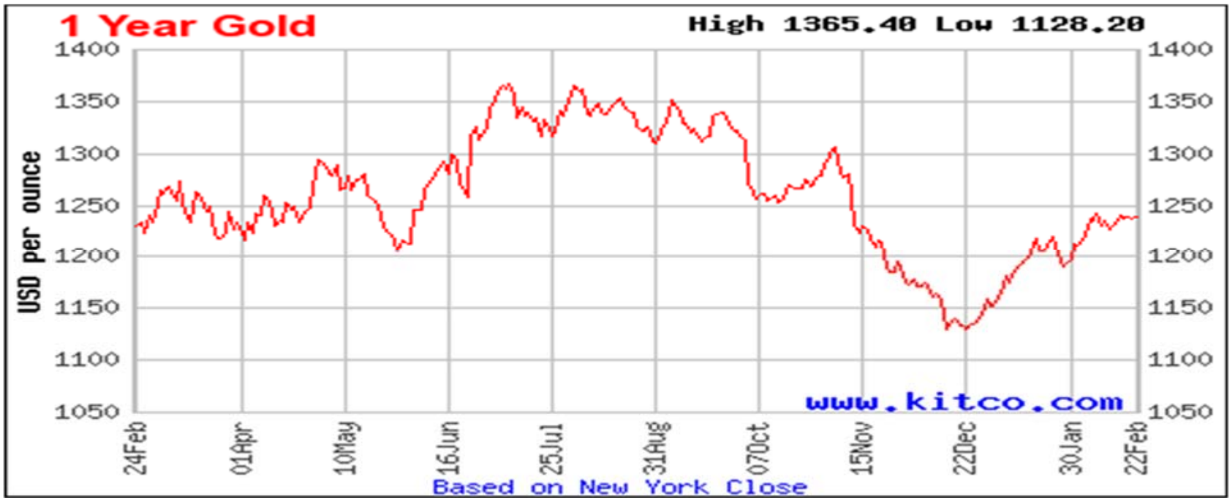
The amount of the Company’s exploration expenditures is largely determined by the strength of the resource capital and commodity markets and its ability to obtain funding partners and investor support for its projects. The Company will continue to require additional funding to maintain its ongoing exploration programs, property maintenance payments and operations and administration for the next fiscal year.

Trends

In common with most junior exploration companies where market valuations have declined up to 80% in the last few years, the Company has found raising funds for exploration and development projects on acceptable terms challenging due to continuing weak equity markets and investors' aversion to provide risk capital for this sector. Management is mindful to minimize dilution to shareholders' equity in any future equity financings. Further exploration and development on the Company's projects will be largely dependent on a recovery in the equity markets and the Company's ability to raise capital on acceptable terms. Based on the significant increases in the gold price and TSX.V Index this year, the Company anticipates that there will be more capital available for exploration in the future, particularly for companies with prospective exploration properties that already demonstrate a mineral resource or reserve.

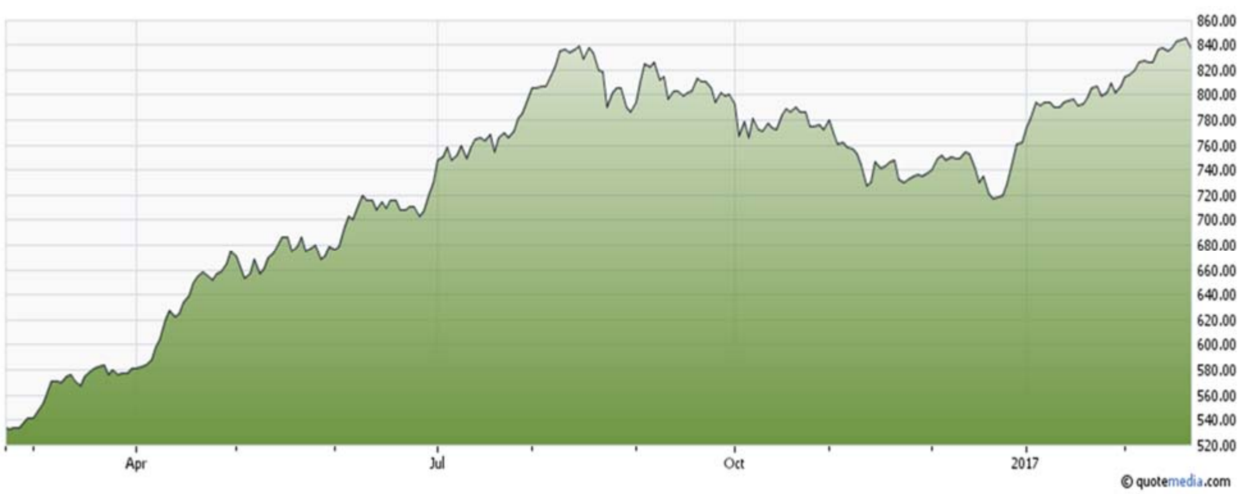
Gold Price

The following chart shows the gold price in US$ during the 12-month period from February, 2016 to date. In fiscal 2016, the gold price has increased from US$1,126 an ounce in February, 2016 to US$1,242 an ounce, an increase of 11%.



TSX Venture Exchange Index

As shown in the chart below, during the same 12-month period the TSX Venture Exchange (TSX.V) index has varied from a 52-week high of 848 in August 2016 to a low of 531 in February, 2016. The index is currently 837, an increase of 58% from the low at February, 2016.



Trading Range of the Company's Shares

The Company's shares have traded in a 52-week range starting February, 2016 from a low of $0.06 to a high of $0.15 per share. The share price has increased from $0.04 at the beginning of 2016 to the current price of $0.075, an increase of 87.5%.

Increase in Market Valuation of Company

The increase in the gold price and the TSX.V index since the beginning of 2016 indicate an improvement in investor sentiment towards the junior mining sector. During this period two significant factors have had a positive influence on the market valuation of the Company as follows:

- The Company completing the acquisition of the remaining 60% of the Ladner Gold Project from Century's receiver
- The Company has significantly decreased its working capital deficiency and liability to lenders through equity financings and reduction of principal on term loans on conversion of debentures. Flow-through financings amounting to $1,410,366 (of the total $4,367,817 raised) has been used to undertake an exploration program on the Ladner Gold Project in 2016.

All of the factors described above, in addition to the Company's inferred resource of 686,540 ounces of gold at the Ladner Gold Project (*see Technical Report on the Ladner Gold Project prepared by Pearson Geological Services dated May 29, 2015*), have resulted in the market revaluing the Company's asset base and an increase in the Company's market capitalization from $4.0 million at the start of 2016 to a high of over $20.6 million in May, 2016. Its current market capitalization is $13.6 million.

Other than as disclosed herein, the Company is not aware of any trends, uncertainties, demands, commitments or events which are reasonably likely to have a material effect on the Company's business operations, financial condition, financial performance, cash flows, liquidity and capital resources.

Description of Exploration Properties and Historical Small Mines

The Company does not file an Annual Information Form ("AIF") which provides, among other information, detailed property descriptions. Readers and investors are referred to the Company's Annual MD&A for a description of the Company's numerous gold properties and historical small gold mines on the extensive and largely underexplored Coquihalla Gold Belt which dates back to the early 1900s.

Objectives

The Company continues to focus on exploration and development programs to evaluate the Ladner Gold Property to determine future production scenarios.

Exploration at the Carolin Mine and other prospective mineralized zones will depend on the availability of funds, and the Company's ability to raise the necessary funds on acceptable terms to carry out these programs. In late 2015 and early 2016, the Company raised a total of $1,410,366 in flow through funding to be spent on exploration on the Ladner Gold Project (of which $786,898 has been spent to date and $623,468 remains to be spent by December 31, 2018) on qualified Canadian Exploration Expenditures (CEEs). These flow through funds have now been expended on CEEs at the Project, along with additional non-flow through funds. The Company is carrying out a technical review of the Project to determine the necessary exploration and development work required to advance the current resources on the property.

Phase 1 work program summary:

The Company recently completed its 2016 Phase 1 exploration program, consisting of a 12-hole surface drill program, detailed underground mapping and sampling, and regional geological mapping. The results of the Phase 1 exploration program defined a consistently folded and gold mineralized corridor extending for approximately 6 km. This folded sequence includes the historical Carolin Mine, Idaho, Pipestem and Lorraine Zones. Folding at the Carolin Mine suggests the possibility of repeated or "stacked" mineralized zones.

Initial Phase II Work Program:

The first leg of the Phase II Program now underway is focused on the underground. The Company will complete channel sampling of previously targeted areas, as well as completing detailed geological mapping and surveying underground. The results of the program will assist in targeting stations for underground drilling and updated the 3D geological model. The primary goal of this program is to identify high grade fold hinge domains and assess the possibility of multiple hinge domains or "stacked" gold mineralized zones.

Underground geological mapping and channel sampling is ongoing in newly accessible areas of the underground at the Carolin Mine Zone in preparation for the upcoming Phase Two Underground Drill Program.

A valid mining permit at 1,300 tonnes per day, along with significant infrastructure, including a road and a permitted tailings storage facility, are currently in place at the Ladner Gold Project. The Project has excellent access to power and a potential workforce, as it is 7 kilometers from the Coquihalla Highway and 18 kilometers from the district municipality of Hope, BC.

Selected Annual Information

The following selected financial information is derived from the Company's audited financial statements for the fiscal years ended October 31, 2016, 2015 and 2014. All figures are prepared in accordance with IFRS.

	Year ended October 31, 2016 ($)	Year ended October 31, 2015 ($)	Year ended October 31, 2014 ($)
General expenses	1,479,369	645,498	460,819
Other income (expense)	141,998	32,502	32,092
Loss for the period before tax	1,337,371	612,996	428,727
Deferred income tax recovery	-	-	-
Net loss and comprehensive loss	1,337,371	612,996	428,727
Loss per share (basic and diluted)	0.01	0.01	0.01
Working capital deficiency	(1,146,431)	(1,741,476)	(2,072,053)
Net cash used in operating activities	(995,583)	(236,378)	(180,444)
Net cash used in investing activities	(1,354,036)	(278,839)	(60,155)
Net cash provided by financing activities	2,535,516	543,709	231,100
Total assets	7,783,661	4,161,943	3,807,732
Total liabilities	1,498,666	2,192,442	2,162,963

As at October 31, 2016, total assets increased by $3,621,718 to $7,783,661 from $4,161,943 at the end of fiscal 2015, and were $3,807,732 at the end of fiscal 2014.

The working capital deficiency decreased by $595,045 from October 31, 2015 to October 31, 2016 as the Company raised equity to pay out its term loans.

Results of Operations

The Company, a resource industry issuer, is currently an exploration stage company and does not have any operations which generate revenues or profits. This situation is expected to continue for the foreseeable future. Furthermore, there can be no assurance that the Company will either achieve or maintain profitability in the future. As a result there exists a material uncertainty that raises significant doubt about the Company’s ability to continue as a going concern.

The following table compares the expenses for years ended October 31, 2016 and 2015:

	2016 $	2015 $
EXPENSES		
Consulting fees	446,132	236,288
Filings and investor relations	275,230	86,118
General and administration	46,232	26,200
Insurance	5,936	1,075
Professional fees	137,639	60,973
Term loans interest and accretion	30,912	129,257
Loans payable interest and accretion	2,594	2,022
Penalties and other interest expense	12,858	16,609
Share-based payments	521,836	86,956
Loss Before Other Items	(1,479,369)	(645,498)
Other Items		
Gain on settlement of debt	140,567	30,555
Other income	1,431	1,947
Total Other Items	141,998	32,502
Net and comprehensive loss	(1,337,371)	(612,996)
Net loss per share		
Basic and diluted	$ (0.01)	$ (0.01)
Weighted average number of common shares outstanding – basic and diluted	123,770,230	68,128,207

Financial Position and Liquidity

Operating activities

Cash flows used for operating activities was $995,583 in the year ended October 31, 2016 compared to cash flows used of $236,378 in the same period in 2015. The cash drain from operations before changes in non-cash working capital items was $908,423 in the year in 2016 compared to a cash drain of $425,964 in the year in 2015. In the year ended October 31, 2016, non-cash working capital used $68,282 (2015 – generated $189,856).

Financing activities

In the year ended October 31, 2016 cash flows provided by financing activities were $2,535,516 (2015 - $543,709), which included share subscriptions received of $Nil (2015 – $15,000), loan repayments of $10,000 (2015 – proceeds of $195,010), issue of units and flow-through units for cash of $2,380,050 (2015 - $318,750), warrants exercised of $255,000 (2015 - $25,000), stock options exercised $8,500 (2015 - $Nil) and share issue costs of $98,034 (2015 - $10,051).

Investing activities

In the year ended October 31, 2016, cash flows used for investing activities were $1,354,036 (2015 - $278,839) all being investment in exploration and evaluation assets in both periods.

Change in cash position

In aggregate, cash flows from operating, financing and investing activities resulted in an increase in cash of $185,897 in the year ended October 31, 2016 compared to an increase of $28,492 in the same period in 2015. When added to cash of $42,278 at the beginning of the year (2015 - $13,786), cash at October 31, 2016 totaled $228,175 compared to $42,278 at October 31, 2015.

Cash Resources and Liquidity

Currently, the Company has no profitable operations. It is subject to risks and uncertainties common to comparable companies, including under-capitalization, cash shortages and limitations with respect to availability of experienced personnel, financial and other resources, as well as a lack of revenues and cash flow.

Management believes it will be able to raise equity capital as required in the long term, but recognizes the risks and uncertainties attached thereto. Historically, the capital requirements of the Company have been met mainly by equity subscriptions as well as convertible debentures. Although the Company has been successful in the past in obtaining financing, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favorable.

As at October 31, 2016 the Company had a working capital deficiency of $1,146,431 compared to a working capital deficiency of $1,741,476 as at year end October 31, 2015. The working capital deficiency decreased by $595,045 during the year ended October 31, 2016.

Current assets increased by $245,123 from $107,112 at October 31, 2015 to $352,235 at October 31, 2016. Cash increased by $185,897 from $42,278 at October 31, 2015 to $228,175 at October 31, 2016 mainly due to unit share issuances. Amounts receivable increased by $15,800 from $46,513 at October 31, 2015 to $62,313 at October 31, 2016. Prepaid expenses increased by $43,426 from $18,321 at October 31, 2015 to $61,747 at October 31, 2016.

Exploration and evaluation assets increased by $3,376,595 from $3,849,831 at October 31, 2015 to $7,226,426 at October 31, 2016 as a result of capitalization of its investment in exploration and evaluation assets at the Ladner Gold Property.

Current liabilities decreased by $349,922 from $1,848,588 at October 31, 2015 to $1,498,666 at October 31, 2016. Accounts payable and accrued liabilities decreased by $446,802 from $1,713,845 at October 31, 2015 to $1,267,043 at October 31, 2016. The current portion of term loans was $26,712 at October 31, 2016 compared to $Nil at October 31, 2015.

The long-term portion of term loans was $Nil at October 31, 2016, compared to $343,854 at October 31, 2015 pursuant to conversion of convertible debentures in the first quarter of fiscal 2016.

Summary of quarterly results

The following table contains selected quarterly financial information derived from the Company's financial statements and should be read in conjunction with the quarterly financial statements.

Quarter Ended	Revenue $	Net Loss for the period $	Net loss per share $
October 31, 2016	-	173,309	-
July 31, 2016	-	416,043	-
April 30, 2016	-	627,160	0.01
January 31, 2015	-	120,859	-
October 31, 2015	-	220,756	-
July 31, 2015	-	185,935	-
April 30, 2015	-	94,468	-
January 31, 2015	-	111,837	-

Net loss and loss per share have been relatively consistent for the eight most recent quarterly periods except for the second and third quarter of the current fiscal year. The increase in loss for Q2 and Q3 2016 was primarily due to the Company issuing stock-based compensation. Management fees have increased recently over the past year due to increased corporate and exploration activities at the Company. General and administrative expenses have been relatively consistent for the historical period as the Company has continued to keep its expenses as low as possible due to working capital constraints.

Related Party Transactions

At October 31, 2016 included in accounts payable and accrued liabilities is $323,098 (2015 – $325,303) owed to current and former officers and directors for salary capitalized to exploration and evaluation assets, consulting fees and reimbursement of expenses.

Amounts due to/from related parties are non-interest bearing, unsecured and have no fixed terms of repayment unless otherwise noted. Fair value cannot be readily determined.

During the year ended October 31, 2016, the Company paid finder's fees of $Nil (2015 - $3,300) to a company controlled by a director of the Company.

Key management includes the Company's directors and officers. Compensation awarded to key management includes:

	October 31, 2016	October 31, 2015
Management fees paid or accrued to the CEO Robert Thast	$ 90,000	$ 90,000
Management fees paid or accrued to the CFO D. Barry Lee	69,000	36,000
Fees paid or accrued to a company controlled by a Director, Robert Lunde	10,000	Nil
Fees paid or accrued to a company controlled by a Director, Kenneth Holmes	Nil	60,000
Fees paid or accrued to a former Director, Graham Eacott	Nil	18,000
Share-based payments	245,368	45,938
	$ 414,368	$ 249,938

These transactions were in the normal course of operations and were measured at the exchange value, which represented the amount of consideration established and agreed to by the related parties.

Loans payable

During the year ended October 31, 2015 a former director of the Company loaned the Company $200,000. The loan bears interest at 13% per annum, compounded and payable quarterly, and matures on December 31, 2016. The loan is secured by the Company's present and after acquired personal property, including the acquisition agreement with Century's receiver (note 4). In consideration for the loan, warrants were issued to the lender to purchase 4,000,000 common shares of the Company until December 31, 2016 at a price of $0.05 per share. In addition, the Company incurred $15,000 in financing costs in connection with this loan. During the year ended October 31, 2016, the Company paid accrued interest of $26,000 to the lender. Subsequent to the year ended October 31, 2016, the Company repaid the principal amount of $200,000 plus accrued interest to the lender, by arranging a third party loan for $210,000 on January 1, 2017 (the "2017 Loan"). The 2017 Loan has a term of one year, bears interest at a rate of 13% per annum and is secured by a general security agreement over the assets of the Company. The Company issued 3,500,000 bonus common share purchase warrants exercisable at $0.06 per share for a period of one year to the lender in connection with the 2017 Loan.

During the year ended October 31, 2015 a director of the Company loaned the Company $10,000. The loan bears interest at 13% per annum, compounded and payable quarterly. The loan matures on December 31, 2016, and was repaid in full subsequent to the year-end with the proceeds form a new loan (see note 14). In consideration for the loan, warrants were issued to the lender to purchase 200,000 common shares of the Company until December 31, 2016 at a price of $0.05 per share. On February 24, 2016, the Company repaid the principal amount of $10,000 plus accrued interest to the lender.

The fair value of the 4,200,000 warrants have been valued at $107,448 using the Black-Scholes option pricing model based on the following assumptions: a risk free rate of 0.54%, an expected life of 1 year, an expected annualized volatility of 138.17% and no expectation of dividends payments. Volatility was determined based on historical volatility.

Outstanding Share Data as at the Date of this MD&A

The Company's capital structure on February 27, 2017 is shown in the following table:

		Weighted Average Exercise or Conversion Price	Proceeds if Exercised
Common shares issued and outstanding (Basic)	181,328,793		
Warrants	58,686,256	$0.07	$ 4,108,038
Options	17,525,000	$0.06	1,051,500
Common shares issued and outstanding (Fully Diluted)	257,540,049		$ 5,159,538

If all outstanding warrants and options are in-the-money and exercised, an aggregate of $5,159,538 would be added to the Company's treasury, which will result in further dilution to the Company's shareholders and pose a dilutive risk to potential investors.

Future Accounting Policies

Certain new accounting standards and interpretations have been published that are not mandatory for the October 31, 2016 reporting period. Management has not yet begun the process of assessing the impact that the new and amended standards will have on the Company's financial statements.

IFRS 9 – Financial Instruments

IFRS 9 addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit and loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit and loss or at fair value through other comprehensive income. This standard is effective for reporting periods beginning on or after January 1, 2018.

Amendment to IFRS 5 Non current Assets Held for Sale and Discontinued Operations

The amendment clarifies circumstances in which an entity reclassifies an asset (or disposal group) from held for sale to held for distribution (or vice versa), and in circumstances which an entity no longer meets the criteria for held for distribution. This standard is effective for reporting periods beginning on or after January 1, 2016.

Amendment to IFRS 7 Financial Instruments

The amendment clarifies the applicability of the amendments to IFRS 7 Disclosure–Offsetting Financial Assets and Financial Liabilities to condensed interim financial statements. This amendment is effective for reporting periods beginning on or after January 1, 2016.

Amendments to IFRS 11 Joint Arrangements

These amendments require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3) to: (a) apply all of the business combinations accounting principles in IFRS 3 and other IFRS standards, except for those principles that conflict with the guidance in IFRS 11; and (b) disclose the information required by IFRS 3 and other IFRS standards for business combinations. The amendments apply both to the initial acquisition of an interest in joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not re-measured). These amendments are effective for reporting periods beginning on or after January 1, 2016.

Disclosure Initiative (Amendments to IAS 7 Statement of Cash Flows)

These amendments require that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. One way to fulfil the new disclosure requirement is to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Finally, the amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities. This standard is effective for reporting periods beginning on or after January 1, 2017.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. This standard is effective for reporting periods beginning on or after January 1, 2019.

IFRS 15 Revenue from Contracts with Customers

The IASB issued IFRS 15, Revenue from Contracts with Customers, which provides a single principle-based framework to be applied to all contracts with customers. IFRS 15 replaces the previous revenue standard IAS 18, Revenue, and the related Interpretations on revenue recognition. The standard scopes out contracts that are considered to be lease contracts, insurance contracts and financial instruments. The new standard is a control-based model as compared to the existing revenue standard which is primarily focused on risks and rewards. Under the new standard, revenue is recognized when a customer obtains control of a good or service. Transfer of control occurs when the customer has the ability to direct the use of and obtain the benefits of the good or service. This standard is effective for reporting periods beginning on or after January 1, 2018.

Amendments to IAS 1 Presentation of Financial Statements

These amendments clarify existing IAS 1 requirements resulting from the Disclosure Initiative. It is designed to further encourage companies to apply professional judgment in determining what information to disclose in their financial statements. These amendments are effective for reporting periods beginning on or after January 1, 2016.

Amendments to IAS 16 Property, Plant and Equipment

These amendments clarify the acceptable methods of depreciation and amortization. These amendments are effective for reporting periods beginning on or after January 1, 2016.

Amendments to IAS 12 Income Taxes

These amendments, Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12), clarify how to account for deferred tax assets related to debt instruments measured at fair value. These amendments are effective for reporting periods beginning on or after January 1, 2017.

Amendments to IFRS 2 Share-based Payment

These amendments added guidance that introduces accounting requirements for cash-settled share-based payments that follow the same approach as used for equity-settled share-based payments. They introduced an exception into IFRS 2 so that a share-based payment where the entity settles the share-based payment arrangement net is classified as equity-settled in its entirety, provided the share-based payment would have been classified as equity-settled had it not included the net settlement feature. Finally, they clarify the accounting treatment in situations where a cash-settled share-based payment changes to an equity-settled share-based payment because of modifications of the terms and conditions. These amendments are effective for reporting periods beginning on or after January 1, 2018.

IFRIC 22 Foreign Currency Transactions and Advance Consideration

This interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. It covers foreign currency transactions when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognises the related asset, expense or income. It does not apply when an entity measures the related asset, expense or income on initial recognition at fair value or at the fair value of the consideration received or paid at a date other than the date of initial recognition of the non-monetary asset or non-monetary liability. Also, the Interpretation need not be applied to income taxes, insurance contracts or reinsurance contracts. This interpretation is effective for reporting periods beginning on or after January 1, 2018.

Commitments

The Company has the following commitments, which are more thoroughly disclosed in the Notes to the audited financial statements for the year ended October 31, 2016:

- Flow-Through Share Subscription Agreements (see Note 12)
- Tailings Storage Facility Pond (see Note 12)
- Agreement with the Receiver (see Note 4)
- Agreement with Crucible Resources (see Note 4)

Financial instruments and risk management

Fair value

The Company categorizes its fair value measurements for financial assets and financial liabilities at fair value according to a three level hierarchy which prioritizes the inputs used in the Company's valuation techniques. A level is assigned to each fair value measurement based on the lowest level input significant to the overall fair value measurement. The three levels of the fair value hierarchy based on the reliability of inputs are as follows:

Level 1: Fair value measurements derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

Level 3: Fair value measurements derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

The Company did not have any financial instruments carried at fair value at October 31, 2016 and October 31, 2015.

Risk management

The Company is exposed, in varying degrees, to a variety of financial risks. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management procedures are established to identify and analyze the risks faced by the Company.

The types of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk: Credit risk refers to the risk that another entity will default on its contractual obligations resulting in financial loss to the Company. The Company's cash is deposited at a high credit-worthy financial institution. All of the Company's amounts receivable is with the federal government of Canada and the reclamation bonds are with the provincial government of British Columbia.

Market risk: Market risk includes currency risk, interest rate risk and price risk. The Company's activities expose it primarily to the financial risks of changes in the price of resources. The Company does not currently hold any financial instruments that mitigate this risk.

Liquidity risk: Liquidity risk refers to the risk that the Company will not be able to meet its financial obligations when they become due, or can only do so at excessive cost. The Company expects to satisfy current obligations of $1,498,666 (2015 - $1,848,588) by continuing to finance its activities by raising funds from private equity investments. Even if it has succeeded in financing its activities in the past, management cannot comment on the success of its future fund raising and believes that liquidity risk is high. At October 31, 2016, the Company's accounts payable and accrued liabilities are due on demand or within 30 days, the loans payable and the term loans are due in December 2016.