

# **KLONDIKE GOLD CORP.**

## **MANAGEMENT DISCUSSION & ANALYSIS**

### **FOR THE YEAR ENDED FEBRUARY 28, 2015**

## **Corporate Information**

Klondike Gold Corp (“Klondike Gold” or the “Company”) is a Canadian listed public company with its shares traded on the TSX Venture Exchange under the symbol “KG”.

The Company is a resource exploration stage company engaged in the acquisition and exploration of mineral properties. For the funding of property acquisitions and exploration that the Company conducts, the Company depends on the issuance of shares from the treasury to investors and does not use long term debt. The Company currently holds exploration properties in Canada, with a focus on the Yukon Territory. For more information, please refer to the Properties section.

Additional information relating to the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com) and also on the Company’s website at [www.klondikegoldcorp.com](http://www.klondikegoldcorp.com).

## **Management Discussion and Analysis**

This Management Discussion and Analysis (“MD&A”) should be read in conjunction with the consolidated financial statements of the Company for the year ended February 28, 2015.

The Company’s consolidated financial statements have been prepared on a going concern basis, which presume the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The Company’s ability to continue as a going concern is dependent upon achieving profitable operations and upon obtaining additional financing. While the Company is extending its best efforts in this regard, the outcome of these matters cannot be predicted at this time. The accompanying audited consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

This MD&A has been prepared as of June 25, 2015. All amounts are expressed in Canadian dollars unless otherwise stated.

## **Forward Looking Information**

This MD&A includes some statements that may be considered “forward-looking statements”. All statements in this discussion that address the Company’s expectations about future exploration and development are forward-looking statements. Although the Company believes the expectations presented in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploration successes, availability of capital and financing, and general economic, market, and business conditions. Readers are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.

# Material Transactions

## *Klondike Star Minerals Corporation*

On July 18, 2014, the Company acquired, by way of a takeover bid conducted in accordance with applicable regulatory requirements, the acquisition of 72% of the outstanding shares of Klondike Star Mineral Corporation (“KSMC”), a private Delaware company. In consideration for the shares of KSMC, Klondike Gold issued 1,229,345 common shares. In the coming months, the Company intends to complete its subsequent share acquisition transaction to acquire the remaining balance of the KSMC shares so that Klondike Gold will own 100% of KSMC.

The purpose of the acquisition was to enable Klondike Gold to consolidate ownership of the gold properties in the Yukon by acquiring beneficial ownership of all outstanding KSMC Shares.

Pursuant to this transaction, Klondike Gold has settled \$1,157,335 of debt owed by KSMC to previous directors of KSMC. In settlement of these debts the Company issued an aggregate of 2,155,788 warrants to purchase shares of Klondike Gold, exercisable at CDN \$1.00 per share until January 18, 2017.

KSMC’s principal asset is a 20% interest in Lonestar Gold Inc. and a 27.5 % interest in the Lone Star property, which interest has been optioned to Lonestar Gold Inc. KSMC also holds a 55% stake in 342 quartz claims that cover important areas of the northern Klondike Gold Fields and a 100 % interest in the 26 quartz claims that form the Gold Run Property, Yukon Territory. Further, KSMC also holds rights over 188 placer claims located in the Indian River Gold Fields in the Dawson Mining District, Yukon Territory.

Combining Klondike Gold’s quartz claims with the KSMC quartz claims produces a block of 1,342 quartz claims covering 246 square kilometers of historic Klondike Gold Fields. Consolidation of this title will allow for more efficient exploration of this project and enhanced access to exploration funding.

## *Indian River Placer Property*

On September 16, 2014, the Company closed its acquisition of 46799 Yukon Inc. in consideration for the issuance of 6,435,000 common shares of the Company at a deemed price of \$0.20 per share. 46799 Yukon Inc. is the holder of the other 50% interest in KG46 Holdings Ltd. (“KG46”), the joint venture on the Company’s Indian River Property located in the Yukon Territory. As a result of the acquisition, the Company now holds an undivided 100% interest in the property subject to an existing third party 5% royalty on production of gold or other minerals.

During the year ended February 28, 2015, the Company received \$216,341 in royalties on the Indian River property.

## Yukon Properties

<b>Claim Owner</b>	<b>Property Name</b>	<b>Number of Claims</b>	<b>Area (sq km)</b>	<b>Area (ha)</b>
Klondike Gold Corp.	Lone Star	746	138.2	13821.9
Klondike Gold Corp.	Lone Star Crown Grants	14	2.1	213.7
Klondike Gold Corp.	Dominion	135	25.7	2568.4
Klondike Gold Corp.	Bonanza	326	53.1	5305.1
Klondike Gold Corp.	Gold Run	86	16.6	1664.7
Klondike Gold Corp.	15 Mile Silver City	100	20.9	2090.3
Klondike Gold Corp.	Sulphur	113	20.9	2085.7
Klondike Gold Corp.	Indian River Placer	239	13.4	1341.5
Klondike Gold Corp.	Eldorado Creek Placer	114	6.8	682.5

## **Lone Star / Bonanza / Dominion / Gold Run (“Klondike Properties”)**

<b>Title Holder:</b>	Klondike Gold Corp.
<b>KG Ownership:</b>	As a result of the acquisition of KSMC, the Company now owns a 100% interest in all the KG and former KSMC Klondike area quartz claims, without any royalties payable.
<b>Acquisition Method:</b>	Earned-in/staked
<b>Underlying Royalties:</b>	No
<b>Land:</b>	234 km <sup>2</sup> claims & 2.1 km <sup>2</sup> Crown Grants
<b>Claims:</b>	1,293 claims, 14 Crown Grants
<b>Location:</b>	20 km Southeast of Dawson City 586700 m E 7086000 m N, UTM ZONE 7N (NAD83)
<b>Mineral Targets:</b>	Gold

### *Recent Work*

#### **Recent Exploration on the Klondike Properties**

Work on the Klondike Properties between April and October 2014 focused on prospecting and mapping bedrock and re-examining trench exposures documenting gold-bearing quartz veins and their characteristics versus unmineralized quartz and carbonate veins. Prospecting was guided by geophysics supported by a structural model for orogenic gold deposits. The objective of 2014 field work was to determine the relationship, if any, between major faults and gold mineralized veins. A secondary objective was to better qualify rock assay data and nugget gold content in light of the obvious challenge of a ‘nugget effect’ due to the common presence of coarse visible gold. A total of 342 rock samples were collected for assay and submitted for analysis following the 2014 field season. A total of 35 heavy mineral concentrate samples were collected to examine and count gold grains derived from weathering of in-situ gold-bearing bedrock quartz veins. During 2014, workers identified 19 geographically diverse new sites of visible gold in outcropping bedrock quartz veins. The work successfully highlighted areas that require further investigation.

Highlights from the Lone Star Property rock sample assays are as follows:

- Prospecting samples at the Boulder Lode prospect from a newly uncovered quartz vein (“Vein 1”) yield gold assays of 1,766 g/t Au, 1,007 g/t Au, and 831 g/t Au with corresponding silver assays of 400 g/t Ag, 237 g/t Ag, and 205 g/t Ag respectively. (Prospecting samples are selective in nature; systematic test results may vary significantly.)
- Prospecting samples of bedrock quartz veins from the Nugget to Buckland prospect areas assayed between 1.0 g/t Au and 19.4 g/t Au including six samples with visible gold identified in outcrop.
- Prospecting identified 19 geographically diverse previously undocumented sites of visible gold in outcropping bedrock quartz veins.
- Analysis of historical aeromagnetic surveys from Klondike Gold and the Geological Survey of Canada (“GSC”) has identified a shear fault array comprised of a main dextral shear fault with associated secondary pinnate and horsetail extensional faults interpreted to transect the Klondike goldfields. Portions of this fault network have been identified previously as “D4” faults and this fault array appears to be a primary control on “D4” gold-bearing quartz veins in Klondike area.

Highlights from the Dominion Property rock sample assays are as follows:

- Prospecting samples at the Hunker Dome prospect collected from an array of quartz veins exposed in old trenches over a 700 meter length yield gold assays of between 1 g/t and 37.1 g/t Au and silver between 8 g/t and 930 g/t Ag. Three prospecting samples across a 3 meter wide quartz vein exposed in a c.1910 prospecting shaft had gold assays of 81.3 g/t, 12.7 g/t and 7.3 g/t Au.

(Prospecting samples are selective in nature; systematic test results may vary significantly.) The prospect has never been drill tested.

- Prospecting samples from the Dominion Adit 150 meters vertically beneath Hunker Dome assayed gold between 0.2 g/t and 0.6 g/t Au with silver between 10 g/t and 167 g/t Ag and are interpreted to represent vertical continuation of veining.
- Two prospecting samples from the Golden Rod prospect assayed gold between 2.1 g/t and 3.0 g/t Au with silver between 7 g/t and 13 g/t silver. Golden Rod exhibits the same type of veining as exposed at Hunker Dome and obtained from the Dominion adit, and is located 1,500 meters south of Hunker Dome.

Please refer to the news releases dated January 14, 2015 and January 19, 2015 for further details on assay results which can be found on the Company's website at [www.klondikegoldcorp.com](http://www.klondikegoldcorp.com) or on SEDAR at [www.sedar.com](http://www.sedar.com).

## Previous Exploration on the Lone Star Property

Klondike Gold Corp. has previously conducted diamond drilling, trenching, soil sampling, rock sampling, geological mapping and prospecting on its Klondike Properties.

### *Exploration Highlights*

- ❖ Boulder Lode open cut results of 1.86 g/t over 5 by 25 m, including **9.43 g/t over 2.5 by 4.2 m**
- ❖ Nugget Zone mapping, extension and grab samples of **179 g/t Au with 78 g/t Ag**
- ❖ Upper Eldorado grab samples of up to **98.8 g/t Au with 20.7 g/t Ag**
- ❖ Violet Ridge trend advancement with high sample of **47.4 g/t Au and 894 g/t Ag**

### *Historical Work Summary*

The Klondike quartz properties have a long history starting with the 1896 placer gold discovery rush and subsequent discoveries of gold-bearing quartz veins in bedrock between 1900 and 1910. The Klondike properties contain two past-producing mines; the Lone Star (aka Boulder Lode) mine which operated from 1911-1914 and the Violet mine from 1901 to 1907.

The following is a list of the significant work completed on the project:

- ❖ 1901-1907: Violet mine development of including: 3 shafts (47, 7 and 11 m deep), 133 m of drifting and an open cut mining (15 by 4 by 5 m), and a 1065 m tramway to a cyanide mill on Ophir Creek. The mill processed 4.5 tonnes in 1905 and 1.4 tonnes in 1906.
- ❖ 1911-1914: The Lone Star mine produces 1,545 oz @ 5.20 g/t.
- ❖ 1979-1985: Dawson Eldorado Gold Exploration / Klondike Ken Ventures explored the property with geochemical sampling, a resistivity survey and trenching in 1980-81, geological mapping in 1983 and 1984 and geochemical sampling and rock sampling of old workings in 1984. In 1985, Dawson Eldorado drilled 6 percussion holes (183 m).
- ❖ 1986-1994: Arbor Resources (predecessor of Klondike Gold), in part in partnership then Kennecott Canada Inc. as part of an option agreement with Arbor conducted exploration on the property. This included multiple geophysics grids and 196 drill holes consisting of 13,075 m of RC and percussion drilling and 8094 m of diamond drilling. In addition approximately 220 trenches were dug and over 4000 trench samples assayed as well as over 5000 soil samples across the property..
- ❖ 1995: Kennecott terminated its option agreement with Arbor Resources who changed their name to Klondike Gold Corp. in 1996.
- ❖ 1996: Newmont optioned the property and performed bulk sampling and amenability to milling tests.
- ❖ 2004: Klondike Gold Corp. entered into a joint venture with Klondike Star Mineral Corp.

- ❖ 2004- 2008: Klondike Star drilled 66 diamond holes and 6 percussion holes totaling 9291 m. Approximately 35 trenches were dug and numerous historic trenches were cleaned out and re-assayed with over 1600 samples collected as well as over 2500 soil samples. A bulk sampling program was also conducted on selected targets between 2005 and 2007 in areas identified by geologists as having anomalous mineralization.
- ❖ 2011-2013: Klondike Gold conducted limited assessment driven exploration with no significant result.

### **Indian River Placer**

**Title Holder:** Klondike Gold  
**KG Ownership:** 100%  
**Acquisition Method:** Leased/Staked  
**Underlying Royalty:** 5%  
**Land:** 13.4 km<sup>2</sup>  
**Claims:** 239 claims leased/owned  
**Location:** 48 km SSE of Dawson City  
 600125 E 7062600 N, UTM ZONE 7N (NAD 83)  
**Mineral Targets:** Gold

The Indian River Placer property is owned 100% by Klondike Gold through its acquisitions dated July 18, 2014 of KSMC and September 16, 2014 of 46799 Yukon Inc., which successfully concentrated title in one business entity, subject only to an underlying 5% production royalty to a third party.

During the year ended February 28, 2015, Klondike Gold entered into a lease agreement with Jerusalem Mining LLC, operating as 316 Mining ("316 Mining") whereby Klondike Gold assigned to 316 Mining the rights and permits to placer mine on the "McKinnon Creek property", Yukon. (McKinnon Creek is the term applied to the area of the Hoffman lease agreement and is a subset of the Indian River Placer property). Under the terms of the lease agreement, Klondike Gold will receive from 316 Mining a direct 15% production royalty payable in raw gold and will receive an additional 5% on behalf of the underlying third party royalty holder. The lease agreement is subject to a minimum annual payment by 316 Mining to Klondike Gold of 100 ounces raw gold or cash equivalent. The lease agreement is renewable annually for three years subject to annual approval by both parties. As of October 28, 2014 the lease for 2015 has been approved by both parties. The agreement also acknowledges that during the term of the lease as part of the development and production activities 316 Mining will be allowing employees and agents of Discovery Channel television access to the McKinnon Creek property.

The Indian River valley is located 35 km south of Dawson City and forms the southern boundary of the Klondike Gold Fields. Approximately 60% of the Indian River property has been tested by 350 auger drill holes between 2005 and 2014 to locate and delineate White Channel Gravel 'pay streaks'. Gold was recovered from nearly 100% of the holes in the main target area. Drill results indicate gold-bearing gravels extend over a distance of more than three km (1.9 miles) and remain open for expansion to the east and south.

Test mining beginning at the north-eastern claim boundary began in 2012. A total of 120 ounces of gold was reported as recovered that year. Mining continued in 2013 with a total of 210 ounces of gold reported as recovered. This operation was terminated by the Joint Venture in late 2013 and Klondike Gold subsequently repurchased 100% ownership and control. In 2014, Klondike Gold leased the property to 316 Mining which recovered 1,350 ounces of gold. The fineness of the gold assayed at 82%.

## Portugal Properties

The Company acquired five exploration licenses (Balazar, Valongo, Legares, Castelo do Paiva and Ponte de Barca) totaling approximately 604 km<sup>2</sup> area prospective for gold from the Portuguese Department of Energy & Geology (“DGEG”).

In an agreement dated January 24, 2014, the Company sold its Portuguese subsidiary which owns the Portuguese exploration licenses to Medgold Resource Ltd., a subsidiary of Medgold Resources Corp. (“Medgold”), for consideration of \$500,000 to be paid in cash or shares or a combination. As at February 28, 2015, the Company has received \$150,000 cash and \$350,000 in common shares of Medgold.

Klondike Gold retains a 2% NSR on the exploration permits which may be repurchased for \$1.0 million per percentage point. Klondike Gold’s holding in Medgold now totals over 3.1 million common shares.

## British Columbia Properties

The Company’s properties under current exploration and evaluation include non-contiguous groups of claims acquired by staking and option agreements in the southeastern mountain region of British Columbia. The properties are prospective for gold, and also for lead-zinc-silver mineralization. The following table summarizes the claims as at February 28, 2015:

<b>Claim Owner</b>	<b>Property Name</b>	<b>Number of Claims</b>	<b>Area (sq km)</b>	<b>Area (ha)</b>
Klondike Gold Corp.	Panda Irishman	5	17.1	1708.1
Klondike Gold Corp.	Thea	1	14.1	1412.0
Klondike Gold Corp.	Quartz Mountain	65	36.8	3680.8
Klondike Gold Corp.	Clubine	5	2.3	232.0
Klondike Gold Corp.	Cold Creek	21	69.2	6923.4
Klondike Gold Corp.	Cruz-Midway	36	16.2	1624.1
Klondike Gold Corp.	Hughes Range	8	21.0	2103.2
Klondike Gold Corp.	Red Point	9	32.6	3259.0
Klondike Gold Corp.	Ron Gold	29	11.7	1166.9

## Vine Property

On February 27, 2014, the Company completed a purchase and sale agreement with PJX Resources Inc. (“PJX”) for the acquisition by PJX of 100% of Klondike’s Vine Extension Property comprised of 84 claims totaling 6,300 hectares located near Cranbrook, British Columbia, Canada. PJX has purchased 100% of the Company’s interest in the Property by issuing 700,000 common shares to the Company. In addition to the payment of shares, the Company retains a royalty equal to 1% of net smelter returns from minerals produced from the Property.

## Ontario Property

The Company maintains a 100% interest in a small property in Ontario adjacent to the Young-Davidson mine operated by AuRico Gold Inc. The property will remain in good standing until 2017 without further expenditure.

<b>Claim Owner</b>	<b>Property Name</b>	<b>Number of Claims</b>	<b>Area (sq km)</b>	<b>Area (sq km)</b>
Klondike Gold Corp.	Matarrow	1	0.5	49.4

# Overall Financial Performance

## ***Financial Condition***

As at February 28, 2015, a total of \$7.7 million was held in exploration and evaluation assets (February 28, 2014 - \$4.8 million) all of which was invested in the Yukon. Total assets increased to \$9.7 million (February 28, 2014 - \$6.2 million), total liabilities decreased to \$0.3 million (February 28, 2014 - \$0.9 million) and shareholders' equity increased to \$9.4 million (February 28, 2014 - \$5.3 million).

On November 17, 2014, the Company closed a non-brokered private placement of 3,125,000 flow through shares at a price of \$0.20 per share for gross proceeds of \$625,000 and 9,568,082 non-flow through units at a price of \$0.18 per unit for gross proceeds of \$1,722,255. Each non-flow through unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of \$0.20 per common share until November 17, 2017.

On December 15, 2014, the Company closed a non-brokered private placement of 875,000 flow through shares at a price of \$0.20 per share for gross proceeds of \$175,000 and 933,395 non-flow through units at a price of \$0.18 per unit for gross proceeds of \$168,011. Each non-flow through unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of \$0.20 per common share until December 15, 2017.

## ***Results from Operations***

During the year ended February 28, 2015, the Company's cash increased by \$882,917. Cash received as a result of financing activities included \$2,608,783 in net proceeds on private placements and \$229,000 in proceeds on loans, partially offset by \$729,000 in repayment of loans and \$54,000 in mortgage payments. Cash used in investing activities included \$374,525 (2014 - \$887,580) used to fund exploration and evaluation expenditures, partially offset by \$216,341 (2014: nil) received on gold sales, \$87,572 (2014 - \$814,037 invested in) received from the Joint Venture, \$116,601 (2014 - \$1,178 purchased) received on the sale of equipment, \$1,387 (2014 - nil) acquired on the acquisition of Klondike Star Mineral Corp. and KG46 and \$3,933 (2014 - nil) received on sale of available-for-sale investments. Cash used in operating activities totaled \$1,223,175 (2014 - \$1,162,489).

The Company's comprehensive loss for the year was \$1,534,514 which was down from \$6,059,991 from the year ended February 28, 2014. Operating expenses were \$1,077,536 for the year ended February 28, 2015 compared to \$1,697,120 for the year ended February 28, 2014. The significant reduction is due to the fact that management has implemented a series of cost cutting measures while restructuring the company. The Company recorded a write-down of equipment of \$524,537 during the year ended February 28, 2015 (2014: nil). The Company also recorded a gain on disposition of the joint venture of \$195,624 (2014: nil) as a result of marking its equity investment in KG46 up to fair value on acquisition of the remaining 50% of 46799 Yukon Inc. (see *Material Transactions* section above).

## ***Fourth Quarter***

The Company's comprehensive loss for the three months was \$1,011,268 which decreased from a comprehensive loss of \$4,430,094 for the three months ended February 28, 2014. Operating expenses were \$516,437 for the three months ended February 28, 2015 compared to \$348,384 for the three months ended February 28, 2014.

## Selected Annual Information

	Feb. 28, 2015	Feb. 28, 2014	Feb 28, 2013
	\$	\$	\$
Total assets	9,708,053	6,194,163	10,301,766
Net loss	(1,532,184)	(6,057,618)	(1,472,710)
Loss per share	(0.08)	(0.52)	(0.18)

## Summary of Quarterly Results

### Quarter Ended

	Feb. 28, 2015	Nov. 30, 2014	Aug. 31, 2014	May 31, 2014
	\$	\$	\$	\$
Other Income (Loss)	(564,986)	(184,689)	31,847	42,503
Net Income (Loss)	(1,083,754)	41,995	(247,728)	(242,697)
Net Income (Loss) Per Share	(0.03)	0.00	(0.02)	(0.02)

	Feb. 28, 2014	Nov. 30, 2013	Aug. 31, 2013	May. 31, 2013
	\$	\$	\$	\$
Other Income (Loss)	(4,084,730)	(96,263)	(117,369)	(117,369)
Net Income (Loss)	(4,433,114)	(355,171)	(453,121)	(816,212)
Net Income (Loss) Per Share	(0.38)	(0.03)	(0.04)	(0.04)

Net loss for the quarter ended February 28, 2015 includes a write-down of equipment of \$524,537 (2014: nil). The increase in net income in the quarter ended November 30, 2014 is due to a reduction in operating expenditures as well as a gain on disposition of KG46 as discussed in *Results of Operations*. The net losses in the quarter ended February 28, 2014 includes write-off of exploration and evaluation assets of \$4,201,000.

## Financial Liquidity and Capital Resources

### Loans

On December 4, 2013, the Company signed a \$500,000 loan agreement. The loan was secured by a first priority security interest over all of its present and after-acquired personal property and all proceeds thereof. The loan is carried at 10% interest per annum, compounded monthly at the last business day of each month. During the year ended February 28, 2015, the Company signed additional loan agreements in the amount of \$229,000, carried at 10% interest per annum, compounded monthly at the last business day of each month. During the year ended February 28, 2015, the principle of \$729,000 and accrued interest of \$51,897 was settled in full.

### Working Capital

The Company had working capital of \$796,714 at February 28, 2015 compared to a working capital deficiency of \$381,198 at February 28, 2014. The Company's cash position at February 28, 2015 was \$956,598 and at February 28, 2014 was \$73,681.

## Transactions with Related Parties

The Company entered into the following transactions and had the following balances payable with related parties during the year ended February 28, 2015. The transactions were recorded at fair value. Balances outstanding are non-interest bearing, unsecured and had no specific terms for collection or repayment.

- a) The Company paid consulting fees of \$138,500 (2014 – nil) to Atlantic Zinc Resources Ltd., a company owned by the CEO of the Company. As at February 28, 2015, \$12,075 was payable to Atlantic Zinc Resources Ltd.
- b) Under an agreement for services and cost recovery, the Company was charged administration fees of nil (2014 – \$19,919) by a company controlled by a former director. The agreement has been terminated.
- c) The Company was charged \$148,153 (2014 – \$45,000) by Fiore Management and Advisory Corp. (“Fiore”), a company whose CEO is a director of the Company, for corporate administration services. Share based compensation of \$36,047 was recorded on options granted to Fiore during the year ended February 28, 2015 (2014 – nil).

### Key Management Compensation

Included in share based compensation for the year ended February 28, 2015 was \$194,462 for options granted to directors and officer officers of the Company (2014: \$150,748 to former directors and officers of the Company).

## New Accounting Standards and Interpretations

IAS 32 - Offsetting Financial Assets and Financial Liabilities (Amended) clarifies the offsetting criteria in IAS 32 by explaining when an entity currently has a legally enforceable right to set-off and when gross settlement is equivalent to net settlement. The amendments are effective for annual periods beginning on or after January 1, 2014. The adoption of this standard did not have a material impact on the financial statements.

In May 2013, the IASB IFRS Interpretations Committee (“IFRIC”) issued IFRIC 21 – Levies (“IFRIC 21”), an interpretation of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets (“IAS 37”), on the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (“obligating event”). IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The adoption of this standard did not have a material impact on the financial statements.

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9 - Financial Instruments was issued in November 2009 and covers the classification and measurement of financial assets as part of its project to replace IAS 39 - Financial Instruments: Recognition and Measurement. In October 2010, the requirements for classifying and measuring financial liabilities were added to IFRS 9. Under this guidance, entities have the option to recognize financial liabilities at fair value through earnings. If this option is elected, entities would be required to reverse the portion of the fair value change due to own credit risk out of earnings and recognize the change in other comprehensive income. IFRS 9 is applicable for periods beginning on or after January 1, 2017. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

IAS 32 (Amendment): Standard amended to clarify requirements for offsetting financial assets and financial liabilities, effective for annual periods beginning on or after January 1, 2015.

IFRS 7: Amended to require additional disclosures on transition from IAS 39 and IFRS 9, effective for annual periods beginning on or after January 1, 2018.

The Company anticipates that the application of the above new and revised standards, amendments and interpretations will have no material impact on its results and financial position. Disclosure changes are anticipated.

## Financial Instruments and Other Instruments

### ***Commodity Price Risk***

The Company's ability to raise capital to fund exploration or development activities is subject to risk associated with fluctuations in the market prices of base and precious metals including gold, silver, zinc and lead, and the outlook for these metals. The Company does not have any hedging or other derivative contracts respecting its operations.

Market prices for metals historically have fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, levels of worldwide production, short-term changes in supply and demand, industrial and retail demand, central bank lending, and forward sales by producers and speculators. The Company has elected not to actively manage its commodity price risk, as the nature of Company's business is in exploration.

### ***Liquidity Risk***

The liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages its liquidity risk through careful management of its financial obligations in relation to its cash position. Using budgeting processes the Company manages its liquidity requirements based on expected cash flow to ensure there are adequate funds to meet the short term obligations during the year.

During the past years the Company has been able to maintain its liquidity position through private placements.

### ***Foreign Currency Risk***

Foreign currency risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities are denominated in foreign currency.

## Outstanding Share Data

Effective July 28, 2014, the Company's common shares were consolidated on the basis of 10 pre-consolidation common shares for 1 post-consolidation common share. All common share, share purchase warrant, share option, and per share amounts in this MD&A have been retrospectively restated to present post-consolidation amounts.

On November 17, 2014, the Company closed a non-brokered private placement of 3,125,000 flow through shares at a price of \$0.20 per share for gross proceeds of \$625,000 and 9,568,082 non-flow through units at a price of \$0.18 per unit for gross proceeds of \$1,722,255. Each non-flow through unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of \$0.20 per common share until November 17, 2017.

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a price of \$0.18 per unit for gross proceeds of \$168,011. Each non-flow through unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of \$0.20 per common share until December 15, 2017.

### **Authorized share capital**

The authorized share capital consists of an unlimited number of common shares.

### **Common Shares**

As at the date of this MD&A, an aggregate of 33,809,266 common shares are issued and outstanding.

### **Preferred Shares**

As at the date of this MD&A, there are nil preferred shares issued and outstanding.

### **Warrants**

As at the date of this MD&A, the Company has the following warrants outstanding:

Number Outstanding	Exercise Price Per Share	Expiry Date
293,750	\$2.00	October 22, 2015
60,000	\$1.20	October 30, 2016
2,155,788	\$1.00	January 18, 2017
9,568,082	\$0.20	November 17, 2017
933,395	\$0.20	December 15, 2017
<b>13,011,015</b>		

### **Options**

As at the date of this MD&A, the Company has the following options outstanding:

Number Outstanding	Exercise Price Per Share	Expiry Date
<b>2,850,000</b>	\$0.12	December 16, 2024

## **Additional Disclosure**

### **Contractual Obligations**

The Company has future obligations under various contracts relating to an operating lease and minimum conditional and non-conditional exploration commitments to keep properties agreements in good standing. The obligations for any conditional exploration expenditures are non-binding, as the Company has the option to relinquish these licenses and any right to the properties at any time. A summary of these contractual obligations (based on undiscounted cash flows) as at February 28, 2015:

	Total	< 1 Year	1-3 Years	3-5 Years	5+ Years
Operating Lease	\$40,811	\$20,962	\$19,849	\$Nil	\$Nil

KG46 holds a mortgage with a remaining term of 0.3 years. KG46's commitment for future minimum payments in respect of the mortgage commitment is as follows:

	Total	< 1 Year	1-3 Years	3-5 Years	5+ Years
Mortgage	\$176,000	\$176,000	\$Nil	\$Nil	\$Nil

## Risks and Uncertainties

The Company is subject to a number of risks and uncertainties due to the nature of its business. The Company's exploration and development activities expose the Company to various financial and operational risks that could have a significant impact on its level of operating cash flows in the future. Readers are advised to study and consider risk factors stressed below. The following are identified as main risk factors that could cause actual results to differ materially from those stated in any forward-looking statements made by, or on behalf of, the Company.

### ***Financing***

The Company's future financial success depends on the ability to raise additional capital from the issue of shares or the discovery of properties which could be economically justifiable to develop. Such development could take years to complete and resulting income, if any, is difficult to determine. The sales value of any mineralization potentially discovered by the Company is largely dependent upon factors beyond the Company's control, such as the market value of the products produced.

### ***Properties***

Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

### ***General Resource Exploration Risks and Competitive Conditions***

The resource exploration industry is an inherently risky business with significant capital expenditures and volatile metals markets. The marketability of any minerals discovered may be affected by numerous factors that are beyond the Company's control and which cannot be predicted, such as market fluctuations, mineral markets and processing equipment, and changes to government regulations, including those relating to royalties, allowable production, importing and exporting of minerals, and environmental protection. This industry is intensely competitive and there is no guarantee that, even if commercial quantities are discovered, a profitable market will exist for their sale. The Company competes with other junior exploration companies for the acquisition of mineral claims as well for the engagement of qualified contractors. Metal prices have fluctuated widely in recent years, and they are determined in international markets over which the Company has no influence.

### ***Governmental Regulation***

Regulatory standards continue to change, making the review process longer, more complex and therefore more expensive. Exploration and development on the Company's properties are affected by government regulations relating to such matters as environmental protection, health, safety and labour, mining law reform, restrictions on production, price control, tax increases, maintenance of claims, and tenure. There is no assurance that future changes in such regulations couldn't result in additional expenses and capital expenditures, decreasing availability of capital, increased competition, reserve uncertainty, title risks, and delays in operations. The Company relies on the expertise and commitment of its management team, advisors, employees and contractors to ensure compliance with current laws.

## Outlook

The Company in 2014 divested property interests in Portugal and British Columbia in return for cash, meaningful share positions, and a royalty interest. This strategy will allow Klondike Gold shareholders indirect participation in mineral discoveries in a portfolio of Portuguese and British Columbia properties. The share positions are maintained as investments.

The Company in 2014 initiated the takeover of 100% of publically held Klondike Star Mineral Corporation, and also the acquisition of 50% of a privately held Yukon company. These acquisitions allowed the Company to consolidate ownership in all hard rock and placer claims into one entity, Klondike Gold.

Subsequently, the Company signed an assignment of lease agreement on the Indian River (McKinnon Creek) placer property in exchange for a 20% royalty on gross production of gold, subject to an underlying 5% royalty. The royalty has the potential for providing material future cash flows for the Company.

The Company has raised approximately \$2.5M in funds allocated to working capital and exploration activities through a non-brokered private placement.

These transactions will allow the Company to maintain its financial focus on its core Yukon assets going forward, and to have sufficient funds to execute a modest systematic exploration program on its Yukon lands in 2015.

On February 24, 2015 the Company announced that the Board approved an \$800,000 exploration program for 2015 focused on the Lone Star and Dominion Properties, Yukon Territory. The program consists of the collection of target specific geophysics, soil geochemistry, trenching, plus prospecting and mapping. In addition, the Company has budgeted for an initial test of approximately 1,000 meters of diamond drilling contingent upon continued positive detailed exploration results. Subsequent to the period, on April 30, 2015 the Company announced the commencement of the 2015 exploration program.

The technical and scientific information contained within the Management Discussion and Analysis has been reviewed and approved by Peter Tallman, P.Geo., President and CEO of the Company and Qualified Person as defined by National Instrument 43-101 policy.