MANAGEMENT DISCUSSION & ANALYSIS
FOR THE THREE MONTHS ENDED MAY 31, 2016

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 and also on the Company's website at www.klondikegoldcorp.com.

Management Discussion and Analysis

This Management Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited condensed interim consolidated financial statements of the Company for the three months ended May 31, 2016.

The Company's unaudited condensed interim 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 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 July 25, 2016. 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.

Yukon Properties

Claim Owner	Property Name	Number of Claims	Area (sq km)	Area (ha)
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.	Sulphur	113	20.9	2085.7
Klondike Gold Corp.	Washington Ck	235	47.5	4750.0
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 / Sulphur Ck / Washington Ck ("Klondike Properties")

Title Holder: Klondike Gold Corp.

KG Ownership: 100%
Acquisition Method: Staked
Underlying Royalties: No
Land: 302 km^2 claims & 2.1 km^2 Crown Grants
Claims: 1,641 claims, 14 Crown Grants
Location: 20 km Southeast of Dawson City
586700 m E 7086000 m N, UTM ZONE 7N (NAD83)
Mineral Targets: Gold

Recent Work

Recent Exploration on the Klondike Properties

The Company's exploration of the Klondike district to date supports a Jurassic age orogenic gold deposit model of mineralization with similarities including age and veining style to the nearby Golden Saddle deposit discovered by Underworld Resources and acquired by Kinross Gold in 2011. The recent Goldcorp Inc. $520 million bid for Kaminak Gold Corp. has renewed interest in the gold potential of the region.

For the 2016 season the Company plans to drill at least 50 shallow holes to test at-surface gold-bearing quartz vein outcrops hosted by different host rocks in a diversity of structural settings. Most of the holes will test outcropping gold-bearing quartz veins that have never been drilled. The drill program is a direct application of an orogenic gold model of mineralization which predicts a >2 km vertical range of gold-bearing veining.

The drill program is now underway, one month ahead of schedule. The majority of the program is expected to be complete in July. Time will remain for follow up of significant intercepts from early holes, or for testing new prospecting discoveries, or for expanding the currently planned program.

On July 17, 2016, the Company announced first assay results from 2016 drilling. A total of 41 diamond drill holes have been completed to this date as part of the drill program which began in mid-May (see News Release June 14, 2016 and May 18, 2016). The campaign has averaged nearly one diamond drill hole completion per day using one drill. A cumulative 3,100 meters of core has been recovered and processed during this period. Up to an additional 1,500 meters of drilling totalling over, and approximately, 50 drill holes is planned.

Diamond drill target areas tested so far include Nugget, and Violet Ridge on the Lonestar Property, and the Hunker target on the Dominion Property. The 3.5 km long Violet Ridge target area is divided into “310”, “Isaac”, and “Violet Mine” subzones based on geology.

DRILLING RESULTS: NUGGET ZONE

The Nugget Zone has successfully been doubled from 100 meters to 200 meters in length. EC16-32, a 50 meter step out to the east, encountered the best gold mineralization drilled to date assaying **5.1 g/t Au over 14.34 meters (including 19.6 g/t Au over 2.4 meters)**.

The Company first drilled the Nugget Zone in 2015 and outlined two parallel east-west striking zones of gold-bearing quartz veins (the “Upper” and “Lower zones; see NR October 15, 2015) over a 100 meter strike length. In 2015, hole EC15-03 intersected near-surface mineralization averaging 5.3 g/t Au over 7.6 meters starting at 4.4 meters downhole.

In 2016 a total of 11 drill holes, EC16-23 to EC16-33, tested the vicinity of Nugget Zone. Hole EC16-32 intersected visible gold-bearing quartz veins averaging 5.1 g/t Au over 14.34 meters from 3.55 meters downhole starting at the bedrock surface, representing the best result to date from the Nugget Zone. A 22 cm interval from 5.1 meters assayed 147 g/t Au. The hole is a 50 meter step out to the east. Veining intensity and tenor of mineralization is strengthening and remains open in this direction. The hole was drilled at a steep (-85 degree) angle.

EC16-31 is a shallow (-50 degree) angle hole from the same location as EC16-32. EC16-32 intersected 0.7 g/t Au over 16.9 meter from 5.85 meters downhole starting just below the bedrock surface.

EC16-27 is a 50 meter step out to the west and was drilled at a shallow -50 degree angle. EC16-27 intersected a quartz vein array averaging 0.5 g/t Au over 6.0 meters from 48.5 meters downhole. EC16-28 was drilled at a steep -85 degree angle from the same position and intersected minor quartz veining with no significant assays. EC16-27 marks the western limit of gold-bearing quartz veining at the Nugget Zone. Two more holes, EC16-29 and EC16-30, drilled 50 meters further to the west, failed to intersect quartz veining and had no significant assays.

EC16-23 to EC16-26 were tests of the hangingwall above the Nugget Zone. EC16-23 and EC16-24 appear to have reached the Nugget vein position and intersected minor quartz veining with no significant assay. EC16-25 and EC16-26 did not have significant veins or assays, and did not test the Nugget target. EC16-33 tested the footwall below the Nugget Zone and intersected a new vein which assays 7.6 g/t Au over 0.4 meters from 23.07 meters.

DRILLING UPDATE: VIOLET (310)

A total of 9 holes have been completed to July 17th over a 550 meter strike extent of individual outcropping gold-mineralized quartz veins located originally by c.1900 prospectors and rediscovered in 2016 by company prospectors. Fine flakes of visible gold were observed in drill core from two holes, consistent with surface prospecting samples (see News Release May 18, 2016). This area has not previously been drill tested. Assays are pending.

DRILLING UPDATE: VIOLET (ISAAC)

A total of 4 holes have been completed over a 175 meter strike extent testing individual outcropping quartz veins located in c.1900 trenches and pits. All holes intersected the target quartz veins, and also intersected zones of silicification. This is the first discovery within the region of extensive bulk alteration of the host rock. This area has not previously been drill tested. Assays are pending.

DRILLING UPDATE: VIOLET (VIOLET MINE)

A total of 4 holes have been completed over a 450 meter strike extent testing two gold-mineralized shafts including beneath the 50 meter deep Violet Mine excavated in 1903. All holes hit their target. This area has not previously been drill tested. Assays are pending.

The 310 target quartz veins are interpreted to be continuous with Isaac target quartz veins and silicification. Total combined length of this mineralized system is 2,500 meters, which remains open in both directions. The Violet Mine target veining is interpreted to be geologically identical but on a parallel structure that has a 700 meter length in outcrop. Prospecting and mapping efforts are underway to extend these zones.

DRILLING UPDATE: HUNKER TARGET, DOMINION PROPERTY

A total of 10 holes have been completed at the Dominion Property located 30 km east of the Lonestar Property. Drilling targeted individual outcropping gold-mineralized quartz veins over a 900 meter length. Nine of ten holes hit the target quartz veins. Two holes targeted a c.1900 prospecting shaft exposing a 3 meter wide galena-pyrite mineralized quartz vein which has previously yielded gold assays up to 81 g/t Au in prospecting samples (see News Release January 19, 2015). Two holes testing beneath this quartz vein each intersected >3 meters of galena-pyrite mineralized quartz vein. Assays are pending for all Dominion holes.

Of geological significance, several holes at Dominion exhibit extended intervals of fracture veining controlling pervasive alteration. This style of pervasive alteration at Dominion, some 30 km from similar alteration at Violet, validates the company's exploration model that bulk tonnage targets exist alongside high-grade vein targets within the Company's extensive land package.

Prospecting Results: Violet Ridge

Gold-bearing quartz veins in outcrop at Violet Ridge now have a mapped strike length of 2,200 meters at surface, up from 600 meters strike length reported previously (see News Release May 18, 2016). A total of 25 samples collected over a 200 meter length at Violet Ridge assayed between 0.5 g/t Au and 59.2 g/t Au out of 37 samples. Three samples contained visible gold. A total of 12 rock grab samples were later collected from two 'lost' areas of circa 1900 prospect pits and trenches relocated using 1949-era airphotos. Four samples from trench/pit workings assayed 0.8 to 4.2 g/t Au all with anomalous silver up to 96 g/t Ag; eight samples collected 200 meters away from trenches assayed 0.2 to 9.2 g/t Au all with anomalous silver up to 97 g/t Ag. (Prospecting samples are selective in nature; systematic test results may vary significantly.) The quartz veining is along strike from other outcropping quartz veins (reported May 18th) identified in other c.1900 workings along the ridge.

New Staking

Klondike Gold has acquired the "Washington Creek" property totalling 235 quartz claims (47.5 square kilometers) by staking. The "Washington Creek" property is located adjacent to the Company's Gold Run property and covers an interpreted sub-regional fault; part of a system of previously unrecognized faults relating to the introduction of orogenic gold-bearing mineralization cutting the Klondike region.

A Class 3 quartz mining land use plan ("MLUP") permit was received in 2015 for the Lone Star Property. The term of the permit is for 5 years expiring July 2020. The Class 3 MLUP permit allows Klondike Gold to conduct advanced exploration activities subject to various conditions including mitigation measures, remediation requirements, and archeological and ecological provisions among others. Klondike Gold also has a Class 3 MLUP permit in place for its Dominion Property expiring August 2017.

Lone Star 2015 Drill Results

A 2015 diamond drill program was completed to test various areas of quartz veining containing visible gold within the Lone Star property. The drill program consisted of 1,374 metres drilled in 19 holes. Drilling tested zones at Nugget, Gay Gulch, and Buckland in a 2 km by 1 km area within the Lone Star property, each with outcrop or sub-crop quartz veining containing visible gold but with a diversity of geophysical expression, structural setting, and host lithology.

Visible gold was identified in fifteen of the nineteen drill holes and in all targeted zones. Visible gold occurs within a series of quartz veins occurring in defined quartz vein arrays extending over multi-metre widths at the Nugget Zone, at Gay Gulch, and in several holes in the Buckland target area. These quartz vein arrays are following magnetic ‘breaks’ or inferred faults in all cases.

In detail, the 2015 exploration drilling tested several zones including Nugget (EC15-01 to EC15-06), Lower Nugget (EC15-07), Gay Gulch (EC15-08 to EC15-13), and various in the Buckland area (EC15-14 to EC15-19) with outcrop or sub-crop quartz veining containing visible gold. Core logging results show that individual quartz veins with visible gold can be 0.05 to 1.0 metres in thickness and that “zones” are comprised of several to many related quartz veins (“vein arrays”) occurring over widths of up to ~10 metres true thickness and which exhibit along-strike and down-dip continuity. The volume of quartz veining relative to wallrock, expressed as “% quartz veining” or “% QV” is an important exploration indicator relating to gold grade. Property-scale exploration focussed on locating near-surface volumes of gold mineralized quartz veining, and this objective will continue for 2016.

Nugget Zone 2015 Drill Results

Holes EC15-01 through EC15-04 intersected a quartz vein array with interesting results. Holes EC15-05 and EC15-06 were collared in front of this zone, and contained fewer veins in the lower vein array to meaningfully carry a weighted average.

Summary of Nugget Zone Significant Drill Results

Hole ID	Dip	From (m)	To (m)	Interval (m)	True Thickness (m)	Grade Au g/t	% QV
EC15-01	-45	3.8	11.45	7.65	7.65	4.6	27
EC15-02	-85	4.4	11.6	7.2	5.7	2.3	15
EC15-03	-85	4.4	12.0	7.6	6.1	5.3	22
EC15-03	-85	47.8	49.6	1.8	1.4	7.4	27
EC15-04	-45	21.1	24.1	3.0	3.0	5.7	58

Gay Gulch 2015 Drill Results

A new discovery of a gold-bearing quartz veining was made near Gay Gulch along Eldorado Creek in drill hole EC15-10. A 2.8 metre zone including a 0.5 metre quartz vein was intersected that contains coarse clots of gold up to 2.5 cm in size. After removing all the coarse visible gold clots from the assay sample, the remaining split interval assayed 420 g/t Au over 0.5 metre, within an extended interval that averaged 75.6 g/t Au over 2.8 metres. The Gay Gulch Zone was tested from pairs of holes at 50 metre spaced intervals along a 100 metre total length. Each drill pad had a -50 and a -85 dipping hole collared from it. All holes were drilled at 210 azimuth. Along the strike of the locally sub-cropping Gay Gulch quartz veining, holes EC15-08 and EC15-09 tested the easterly end (section 950E), holes EC15-10 and EC15-11 tested the middle (section 1000E), and holes EC15-12 and EC15-13 tested the westerly end (section 1050E).

Drilling encountered brittle felsic volcanics, fractured and cut by a quartz vein array. The quartz veining is related to a prominent (magnetic low) fault that extends for 2,600 metres from Gay Gulch. The Gay Gulch drilling was done adjacent to Eldorado Creek on the right limit bank of Eldorado placer claim 36. By 1900, a 34 ounce gold nugget had been discovered on placer claim 36 and a larger 72 ounce nugget was discovered on placer claim 34 located 250 metres downstream. The Gay Gulch fault transects both of these placer claims.

Summary of Gay Gulch Drilling Assay Results

Hole ID	Dip	From (m)	To (m)	Interval (m)	True Thickness (m)	Grade Au g/t	% QV
EC15-08	-85	41.90	47.25	5.35	4.00	1.6	16
EC15-09	-50	19.30	20.40	1.10	1.10	1.9	18
EC15-10	-85	23.90	26.70	2.80	2.10	75.6	33
	Including	23.90	24.40	0.50	0.40	420.0	100
EC15-11	-50	21.20	23.05	1.85	1.85	1.0	
EC15-12	-85	-	-	-	-	-	-
EC15-13	-50	19.45	21.00	1.55	1.55	10.9	10

Dominion Property 2015 Exploration

Magnetics surveying was completed first at the Dominion Property, combined with orthophotography, and used as a mapping and prospecting base for systematic evaluation of trenches and outcrops. Mapping of all trenches and sampling of quartz veins was completed in late June. Assays from individual mineralized veins range between 0.2 g/t gold to a high of 48 g/t gold and 50 g/t silver to a high of 509 g/t silver. (This sampling is deliberately selective in nature; systematic test results may vary significantly. These results, when combined with 2014 sampling continue to show a focussed target area of interest of some 850 metres by 200 metres extent in the central portion of the Dominion Property. Work to date shows this target contains an outcropping array of gold-mineralized quartz veins, sporadically with visible gold, and with individual veins ranging from 0.1 metres to 3.0 metres in thickness. The area has not been diamond drill tested. This target is proposed for testing in 2016.

Please refer to the Company's news releases for further details on assay results which can be found on the Company's website at www.klondikegoldcorp.com or on SEDAR at www.sedar.com.

Indian River Placer

Title Holder:	Klondike Gold
KG Ownership:	100%
Acquisition Method:	Leased/Staked
Underlying Royalty:	5%
Land:	13.4 km^2
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.

In 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 received 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. During the three months ended May 31, 2016, the lease agreement was not renewed and 316 Mining removed equipment and completed reclamation of mined areas.

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 2015 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.

The Company received $216,341 in royalties on the Indian River property in 2014 and $526,994 in 2015.

British Columbia Properties

The Company’s properties 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 May 31, 2016:

Claim Owner	Property Name	Number of Claims	Area (sq km)	Area (ha)
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.	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

During the three months ended May 31, 2016, the Company announced that it had entered into a property purchase agreement (the “Agreement”) with Rise Resources Inc. (“Rise”) for the acquisition by Rise of 100% of a portfolio of certain of the Company’s British Columbia properties.

The terms for the Agreement are as follows:

- Payment within 60 days of signing of $50,000 in cash, and payment of 1,500,000 Rise shares and 1,500,000 Rise warrants to purchase 1,500,000 shares for a period of 24 months (collectively the “First Closing”). Subsequent to May 31, 2016, $50,000 in cash, 1,500,000 Rise shares and 1,500,000 Rise warrants were received from Rise.

- Payment upon the one-year anniversary of First Closing of $150,000 in cash, and payment of 2,000,000 Rise shares and 1,000,000 Rise warrants to purchase 1,000,000 shares for a period of 24 months.

- Klondike will retain a 2.0% NSR and Rise will have the right to purchase 50% of this royalty for $1,000,000 at any time after the First Closing.

Overall Financial Performance

Financial Condition

As at May 31, 2016, a total of $8.31 million was held in exploration and evaluation assets (February 29, 2016 - $8.12 million), all of which was invested in the Yukon. Total assets increased to $11.05 million (February 29, 2016 - $9.35 million), total liabilities increased to $0.09 million (February 29, 2016 - $0.09 million) and shareholders' equity increased to $10.86 million (February 29, 2016 - $9.16 million).

During the three months ended May 31, 2016, the Company closed a non-brokered private placement of 760,250 flow through shares at a price of $0.16 per share for gross proceeds of $121,640 and 2,706,857 non-flow through units at a price of $0.14 per unit for gross proceeds of $378,960. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at an exercise price of $0.20 per common share until April 4, 2019.

During the three months ended May 31, 2016, the Company closed a non-brokered private placement of 4,000,000 non-flow through units at a price of $0.30 per unit for gross proceeds of $1,200,000. Each unit consists of one common share and one half of a common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at an exercise price of $0.35 per common share until November 30, 2018.

Results from Operations

During the three months ended May 31, 2016, the Company's cash increased by $1,334,279. Cash provided by financing activities included $1,672,582 received on the issuance of shares, net of share issuance costs, and $78,333 in proceeds from the exercise of warrants. Cash used in investing activities included $183,981 used to fund exploration and evaluation expenditures, $27,829 on the purchase of equipment and $25,000 on the purchase of a term deposit. Cash used in operating activities totaled $184,671 (2015 - $98,090).

The Company's comprehensive loss for the three months ended May 31, 2016, was $189,464 which was up from $75,810 for the three months ended May 31, 2015. Operating expenses were $342,836 for the three months ended May 31, 2016 compared to $158,867 for the three months ended May 31, 2015. The increase in operating expenses is due mainly to share-based compensation.

Summary of Quarterly Results

Quarter Ended

	May 31, 2016 $	Feb. 29, 2016 $	Nov. 30, 2015 $	Aug. 31, 2015 $
Other Income (Loss)	12,841	36,375	17,878	108,208
Net Income (Loss)	(329,995)	(178,085)	(109,242)	(48,701)
Net Income (Loss) Per Share	(0.01)	(0.00)	(0.00)	(0.00)

	May. 31, 2015 $	Feb. 28, 2015 $	Nov. 30, 2014 $	Aug. 31, 2014 $
Other Income (Loss)	27,028	(564,986)	184,689	(31,848)
Net Income (Loss)	(131,839)	(1,083,754)	41,995	(247,728)
Net Income (Loss) Per Share	(0.00)	(0.03)	(0.00)	(0.02)

Included in net loss for the quarter ended May 31, 2016, was share-based compensation of $147,837. 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 joint venture of $195,624, as a result of the Company marking its equity investment in KG46 up to fair value on acquisition of the remaining 50% of 46799 Yukon Inc.

Financial Liquidity and Capital Resources

Working Capital

The Company had working capital of $1,917,559 at May 31, 2016, compared to working capital of $544,614 at February 29, 2016. The Company's cash position at May 31, 2016, was $1,857,267 and at February 29, 2016, was $522,988.

Transactions with Related Parties

The Company entered into the following transactions and had the following balances payable with related parties. The transactions were recorded at fair value. Balances outstanding are non-interest bearing, unsecured and have no specific terms of repayment.

a) During the three months ended May 31, 2016, the Company was charged consulting fees of $34,500 (May 31, 2015 – $34,500) by Atlantic Zinc Resources Ltd., a company owned by the CEO of the Company. As at May 31, 2016, nil (February 29, 2016 - $12,075) was payable to Atlantic Zinc Resources Ltd.

b) During the three months ended May 31, 2016, the Company was charged $35,006 (May 31, 2015 – $30,000) by Fiore Management and Advisory Corp. ("Fiore"), a company whose CEO is a director of the Company, for corporate administration services included in consulting and wages. Share-based compensation of $17,308 (May 31, 2015 - nil) was recorded on stock options granted to Fiore.

Key Management Compensation

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Included in share-based compensation for the three months ended May 31, 2016, was $108,173 for stock options granted to directors and officers of the Company (May 31, 2015 - nil).

New Accounting Standards and Interpretations

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, entitles 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, 2018. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

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

Financial assets and financial liabilities are measured on an ongoing basis at fair value or amortized cost. The disclosures in the notes to these financial statements describe how the categories of financial instruments are measured and how income and expenses, including fair value gains and losses, are recognized.

Financial Instrument Classifications

The Company has classified cash and cash equivalents and restricted cash as fair value through profit or loss financial assets. Available-for-sale investments are classified as available for sale. Amounts receivable, and reclamation bonds are classified as loans and receivables. Trade and other payables, and due to related parties are classified as other financial liabilities. Management did not identify any material embedded derivatives, which require separate recognition and measurement.

Disclosures about the inputs to financial instrument fair value measurements are made within a hierarchy that prioritizes the inputs to fair value measurement.

The three levels of the fair value hierarchy are:

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

The fair values of the Company's reclamation bonds, amounts receivable, trade and other payables, and due to related parties approximate their carrying value, due to their short-term maturities. The Company's cash and cash equivalents, restricted cash, and available-for-sale investments are measured at fair value using Level 1 inputs.

As at May 31, 2016, the Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk is attributable to amounts receivable which is primarily comprised of amounts owing from the Government of Canada for input tax credits receivable. Accordingly, the Company does not believe it is subject to significant credit risk.

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. Moreover, the Company manages liquidity risk by actively pursuing additional share capital issuances to settle its obligations in the normal course of its operating, investing and financing activities, and through the use of cash proceeds from gold sales. As at May 31, 2016, the Company had a cash and cash equivalent balance of $1,857,267 to settle current liabilities of $88,015.

a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of price risk: interest rate risk, currency risk, and price risk:

i) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company holds its cash and cash equivalents in bank accounts that earn variable interest rates. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values of the Company's cash and cash equivalent balances as at May 31, 2016. The Company manages interest rate risk by maintaining an investment policy for short-term investments included in cash equivalents. This policy focuses primarily on preservation of capital and liquidity. The Company monitors the investments it makes and is satisfied with the credit rating of its banks. The Company does not have any interest bearing debt.

ii) Foreign currency risk

The Company does not transact in currencies other than the Canadian dollar, and is therefore not subject to foreign currency risk.

iii) 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.

Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Outstanding Share Data

Authorized share capital

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

Common Shares

During the three months ended May 31, 2016, the Company closed a non-brokered private placement of 760,250 flow through shares at a price of $0.16 per share for gross proceeds of $121,640 and 2,706,857 non-flow through units at a price of $0.14 per unit for gross proceeds of $378,960. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at an exercise price of $0.20 per common share until April 4, 2019.

During the three months ended May 31, 2016, the Company closed a non-brokered private placement of 4,000,000 non-flow through units at a price of $0.30 per unit for gross proceeds of $1,200,000. Each unit consists of one common share and one half of a common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at an exercise price of $0.35 per common share until November 30, 2018.

Cash transaction costs of $28,018 were incurred as share issue costs and 58,571 non-flow through units with a deemed value of $0.14 were issued as finders fees in relation to the private placements closed during the three months ended May 31, 2016.

As at the date of this MD&A, an aggregate of 46,031,386 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

During the three months ended May 31, 2016, 2,765,428 share purchase warrants were issued pursuant to the private placement discussed above. The warrants are exercisable at a price of $0.20 per common share until April 4, 2019.

During the three months ended May 31, 2016, 2,000,000 share purchase warrants were issued pursuant to the private placement discussed above. The warrants are exercisable at a price of $0.35 per common share until November 30, 2018.

During the three months ended May 31, 2016, 466,667 share purchase warrants were exercised for gross proceeds of $78,333.

Subsequent to May 31, 2016, 65,000 share purchase warrants were exercised for gross proceeds of $13,000.

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

Number Outstanding	Exercise Price Per Share	Expiry Date
60,000	$1.20	October 30, 2016
2,155,788	1.00	January 18, 2017
9,336,415	0.20	November 17, 2017
933,395	0.20	December 15, 2017
3,115,000	0.15	December 23, 2017
2,000,000	0.35	November 30, 2018
2,765,428	0.20	April 4, 2019
20,366,026	$0.29	

Stock Options

During the three months ended May 31, 2016, 1,025,000 incentive stock options were granted to directors, officers, employees, charities, and consultants of the Company. The options are exercisable at a price of $0.19 per share until April 19, 2026. The fair value of the stock options was estimated on the date of grant in the amount of $147,837 using the Black-Scholes valuation model with the following assumptions i) exercise price per share of $0.19; ii) expected share price volatility of 75%; iii) risk free interest rate of 1.59%; iv) no dividend yield. All of these options vested immediately.

Subsequent to May 31, 2016, the Company granted 710,000 incentive stock options to directors, officers, employees, and consultants of the Company. The options are exercisable at a price of $0.28 per common share until June 21, 2026. As at the date of this MD&A, the Company has the following stock options outstanding:

Number Outstanding	Exercise Price Per Share	Expiry Date
2,850,000	$0.12	December 16, 2024
1,025,000	0.19	April 19, 2026
710,000	0.28	June 21, 2026
4,585,000	$0.16	

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 May 31, 2016:

	Total	< 1 Year	1-3 Years	3-5 Years	5+ Years
Operating Lease	$11,910	$11,910	$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

Management believes there is potential for further discoveries and concomitant possibility for value creation at its gold properties in the Klondike district, Yukon. Through exploration in 2015 and to date in 2016, the Company identified gold mineralization in outcrop and drilling at the Lone Star and Dominion Properties that warrants further testing.

Our conviction in continued well-planned, efficient exploration remains unchanged, however management recognizes the need to safeguard the Company's treasury and advance our programs in measured steps. Following review of 2015 exploration results, the Company has planned a $750,000 exploration budget for 2016 work comprised primarily of drill testing. The Company is currently proceeding with the drilling program which has shown promising results from drilling as well as prospecting. The Company has identified an exploration model that predicts the area has significant potential for future discovery of gold mineralization. Additional funding may be required as the drilling program expands.

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.