

**TAKU GOLD CORP.**  
**FOR THE YEAR ENDED December 31, 2016**  
**Management Discussion and Analysis (MD&A) Form 51-102F1**

**OVERVIEW**

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of Taku Gold Corp. (the "Company" or "Taku") constitutes management's review of the factors that affected the Company's financial and operating performance for the three months and year ended December 31, 2016. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion is dated April 26, 2017, should be read in conjunction with the audited annual financial statements of the Company for the year ended December 31, 2016, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The audited annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Information contained herein is presented as at April 26, 2017 unless otherwise indicated.

The Company is currently engaged in exploration and development of mineral properties and does not have any source of revenue or operating assets. The recoverability of the amounts shown for mineral properties is dependent upon the ability of the Company to obtain necessary financing to complete exploration, technical studies and, if warranted, development and future profitable production or proceeds from the disposition of properties. The amounts shown as mineral properties represent costs to date and do not necessarily represent present or future values.

The Company is a reporting issuer under applicable securities legislation in the provinces of Alberta and British Columbia and its outstanding common shares ("Common Shares") are listed on the Canadian Securities Exchange (the "CSE") under the symbol "TAK".

Further information about the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

**Adoption of International Financial Reporting Standards ("IFRS")**

The Company's financial statements and the financial data included in the MD&A have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee.

**Cautionary Note Regarding Forward-Looking Statements**

Except for statements of historical fact relating to the Company, certain information contained in this MD&A constitutes "forward-looking information" under Canadian securities legislation. Forward-looking information may include, but is not limited to, statements with respect to the potential of the Company's properties; the future price of coal, gold, silver and copper; success of exploration activities; cost and timing of future exploration and development; the estimation of mineral resources; conclusions of economic evaluations; requirements for additional capital; and other statements relating to the financial and business prospects of the Company. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its

perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, and is inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks related to: unexpected events and delays during permitting; the possibility that future exploration results will not be consistent with the Company's expectations; timing and availability of external financing on acceptable terms and in light of the current decline in global liquidity and credit availability; uncertainty of mineral resources; future prices of coal, gold, silver and copper; currency exchange rates; government regulation of mining operations; failure of equipment or processes to operate as anticipated; risks inherent in coal, gold, silver and copper exploration and development including environmental hazards, industrial accidents, unusual or unexpected geological formations; and uncertain political and economic environments. Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

## **MINERAL PROPERTIES**

Taku holds a portfolio of mineral properties located in Yukon and northern British Columbia. The Company's principal business activities include acquiring and developing mineral properties. The Company explores for its own account but also derives revenue and furthers exploration or development by farming out mineral property interests in whole or in part to other exploration firms for a mix of cash, shares and work expenditure commitments. The following technical disclosure was prepared by Mark Fekete, B.Sc. P.Geo., a director of Taku and a qualified person under NI 43-101. At March 31, 2016, the Company's principal mineral properties are located in Canada as described below.

### **Klondike-White Gold District, Yukon**

Taku currently holds five properties in the Klondike-White Gold district of Yukon. The Klondike, located just south of Dawson City, is famous for the gold rush of 1898 and its rich placer gold deposits. The White Gold area lies just south of the Klondike and has only recently been recognized for its hard rock gold potential. This potential is highlighted by the Coffee deposit held by Goldcorp Inc. Coffee was discovered in May 2010 by Kaminak Gold Corp., and by January 2016 was taken to the positive feasibility stage based on 2.9 million indicated ounces gold and 2.2 million inferred ounces gold. Kaminak was bought by Goldcorp in May 2016 in an all share transaction valued at \$520 million. Coffee is currently on a fast track to full production by 2020.

Coffee's rapid path from discovery to feasibility has attracted the attention of other majors. In November 2016 a new company, White Gold Corp., was formed by the amalgamation of 21 properties covering 12,301 claims. This transaction was supported by Agnico Eagle Mines Ltd. with a \$14.3 million equity investment. In addition there are numerous advanced projects held by juniors in the district including Boulevard (Independence), Eldorado (Klondike) Lucky Joe (Golden Predator), QV (Comstock), etc. Taku has been in this rapidly emerging gold camp since 2010 and is well placed with a strategic land position, a large database and local knowledge. The Company's main projects are Rosebute and Sulphur. Taku also holds the Quartz, Wounded Moose and Bishop properties.

## **Rosebute Gold Project**

The 694-claim (14,365-hectare) Rosebute property is located approximately 65 kilometres due south of Dawson City, at the headwaters of Rosebute Creek, a tributary of the Yukon River. Taku holds the property 100% subject to a 2.0% royalty interest payable to the original property vendor. Taku has the right to purchase 1.0% of the royalty interest for \$2 million.

From 2010 to 2013, Taku completed airborne geophysical and reconnaissance soil geochemical surveys over roughly 70% of the property, detailed grid soil sampling over a number of target areas, and limited trenching and drilling at the Nor'west and Hudbay zones. In May 2016 Independence Gold Corp. optioned Rosebute and completed surface geophysics, mapping and sampling at the Hudbay zone followed by a 12-hole (924-metre) rotary air blast drill program. In February 2017 Independence dropped the option.

The Nor'west zone consists of three distinct gold-in-soil anomalies within a 200-hectare area that ring two rounded radiometric anomalies. The limited drilling done in 2012 did not fully explain the gold-in-soil anomalies, nor did it identify any specific structures. The best drill intersection was 0.95 grams per tonne gold ("gpt Au") over 23.4 metres ("m"). More surface work is required to better define targets before any more drilling is done.

The Hudbay zone continues for at least 1.4 kilometres and varies from 150 to 350m wide. Rock samples from trenches have returned up to 6.2gpt Au over 5.0 metres. The southern end of the zone appears especially prospective with almost every soil sample showing strongly anomalous gold values over an area 500m long by 350m wide. The 2016 drilling by Independence, although limited, did encounter gold including 0.50gpt Au over 36.6m, 0.31gpt over 38.1m and 0.15gpt Au over 91.4 m. The Hudbay zone has an additional subzone leading southeast referred to as the "Southeast" zone that continues over a length of 650m and varies from 50 to 250m wide. Taku intends to further evaluate Rosebute in 2017 by extending the soil geochemical sampling to the south and west of the Hudbay zone. Reconnaissance ridge and spur-type soil sampling is also planned for the western third of the property where no exploration work has been completed to date.

## **Sulphur Gold Project**

The 543-claim (11,344-ha) Sulphur property is located approximately 45 kilometres southeast of Dawson City and straddles Sulphur Creek. Taku holds the property 100% subject to a 2.0% royalty interest payable to the original property vendors. Taku has the right to purchase 1.0% of the royalty interest for \$1 million, and a right of first refusal to purchase the remaining 1%.

From 2010 to 2012, Taku completed airborne geophysical and reconnaissance soil geochemical surveys over the entire property, detailed grid soil sampling over five target areas named the "Lions", "Esk", "Riders", "Blues" and "Stamps" zones, and limited trenching and drilling at the Lions and Blues zones. In 2013 Taku completed six Geoprobe® geochemical and resistivity and induced polarization geophysical profiles over the Blues zone in an effort to outline bedrock structures and upgrade the original gold-in-soil anomaly to a high confidence drill target. This work identified three potential gold-bearing bedrock structures marked by resistivity contrasts and anomalous Geoprobe® results.

In 2015, Taku completed a 43.7 kilometre VLF electromagnetic survey over the Lions zone. This work identified a conductor adjacent to the Lions zone that is the probable cause of the soil anomaly and is prospective as a gold-bearing bedrock structure. Moreover the 2012 trenching and drilling appears to have focused directly over the soil anomaly and did not test the conductor. In 2017 Taku intends to drill the conductor to determine if in fact it marks a gold-bearing bedrock structure.

## McQ Gold Project, Yukon

Elsewhere in Yukon Taku holds the 96-claim (2,006 hectares) McQ property located approximately 35 kilometres northwest of Mayo, Yukon. The property lies roughly 30 kilometres southwest of Victoria Gold's Eagle Gold project which has probable mineral reserves of 2.3 million ounces gold. McQ also adjoins the north boundary of Golden Predator's Gold Dome property where exploration drilling has intercepted significant gold mineralization at the Tom, Swede, Hawthorne, Harvey, and Aorta Zones. Taku has identified a 300 metre long gold-in-soil anomaly on a ridge located in the southeastern corner of the property. Gold values are up to 260ppb Au with coincident elevated arsenic and silver. In 2017 Taku intends to do more soil geochemical sampling over the entire McQ property.

## Tag Gold-Silver Project, British Columbia

The 26-claim (2,429-ha) Tag Gold-Silver property is located 35 kilometres due west of Atlin on Taku Arm of Tagish Lake in Northern British Columbia. The lake provides good access by barge and float plane. The property covers 6.2 kilometres of the 025 Fault Zone ("025FZ"). The 025FZ is a highly deformed interval of shearing, quartz veining, stockwork and breccia with disseminated to stringer sulphide mineralization that cuts calcareous sedimentary rocks. Sediment-hosted, structurally controlled gold deposits are some of the world's most significant gold resources. The Tag property shows all the features that characterize these deposit types.

Between 2006 and 2008, Taku completed airborne geophysical, soil geochemical and prospecting surveys as well as extensive surface trenching and 11,476 metres of drilling in 69 drill holes. In 2009, an initial NI43-101 compliant resource was estimated using a 3.0gpt gold equivalent cut-off on 28 eligible holes drilled at the "Main" zone. Estimated mineral resources are 250,000 tonnes at 2.97gpt Au and 12.09gpt Ag indicated, and 400,000 tonnes at 2.98gpt Au and 9.91gpt Ag inferred. This resource estimate is considered to be uneconomic by Taku. Additional drilling to expand the resource at the Main zone or to discover new mineralized zones is needed to further advance the Tag project. The Company has no work planned for Tag in 2017 as it expects to concentrate exploration efforts on its Yukon projects.

## SUMMARY OF QUARTERLY RESULTS

The Company is an exploration stage entity engaged in the acquisition, exploration, evaluation and development of principally gold resource properties. At this time, any issues of seasonality or commodity market fluctuations have no direct impact on the Company's results or operations. The Company currently defers its exploration expenditures to mineral exploration properties. A summary of selected information for each of the eight most recent quarters is as follows:

	<b>31 Dec-16</b>	<b>30 Sept-16</b>	<b>30 June-16</b>	<b>31 Mar-16</b>	<b>31 Dec-15</b>	<b>30 Sept-15</b>	<b>30 June-15</b>	<b>31 Mar-15</b>
	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
Net Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Earnings (loss)	( 232,896)	( 66,678)	( 16,863)	( 2,712)	( 444,757)	( 20,231)	924	(33,650)
Loss per share	(\$0.02)	(\$0.01)	(\$0.01)	(\$0.00)	(\$0.05)	(\$0.01)	\$0.00	(\$0.00)

In general, overall spending levels have varied commensurate with the changes in the Company's exploration, development and corporate activities

	Three Months Ended December 31, 2016	Three Months Ended December 31, 2015	Year Ended December 31, 2016	Year Ended December 31, 2015
<b>EXPENSES</b>				
Consulting	\$ 300	\$ -	\$ 600	\$ -
Management fees	15,000	-	35,000	-
Office and miscellaneous	30,756	1,112	62,183	14,823
Professional fees	10,988	14,000	28,296	28,770
Transfer agent, filing fees	9,779	2,668	21,912	22,133
Stock-based compensation	122,985	-	122,985	-
Travel and promotion	16,849	-	21,205	4,669
Website development	238	-	1,048	450
	206,895	17,780	293,229	70,845
<b>OTHER ITEMS</b>				
Impairment of exploration and evaluation asset	-	426,977	-	426,977
Interest income	1	-	(80)	(108)
Loss on fair value adjustment of marketable securities	26,000	-	26,000	-
<b>LOSS BEFORE INCOME TAXES</b>	26,001	426,977	25,920	497,714
<b>NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD</b>	\$ 232,896	\$ 444,757	\$ 319,149	\$ 497,714
<b>BASIC AND FULLY DILUTED LOSS PER SHARE</b>	\$ 0.02	\$ 0.05	\$ 0.03	\$ 0.06

## RESULTS OF OPERATIONS

### *Year ended December 31, 2016, compared with year ended December 31, 2015*

The Company's loss totaled \$319,149 for the year ended December 31, 2016, which compares with a loss of \$497,714 the year ended December 31, 2015. The decrease in loss of \$178,565 was principally due to:

- Impairment of exploration and evaluation asset was \$NIL in the current year compare to the previous year of \$426,977
- Stock based compensation was granted in the current year of \$122,985
- Office and miscellaneous increased by \$47,360 can be attributed to Companies increased promotion

### *Three months ended December 31, 2016, compared with three months ended December 31, 2015*

- Management fees increased by \$15,000 can be attributed to increased corporate activities.
- Stock-based compensation of \$122,985 for rewarding executives
- Transfer agent increased by \$2,593 can be attributed low volume of stock trading.
- Impairment of exploration and evaluation asset decreased by \$ 426,977
- Loss on fair value adjustment of marketable securities increased by \$26,000

## SELECTED QUARTERLY INFORMATION FOR THREE MONTHS ENDED DECEMBER 31

	<b>2016</b>	<b>2015</b>	<b>2014</b>
	<b>IFRS</b>	<b>IFRS</b>	<b>IFRS</b>
Consulting fees	300	-	20,500
Management fees	15,000	-	15,000
Professional fees	10,988	14,000	29,522
Impairment of exploration and evaluation assets	-	426,977	2,386,948
Net income (loss) for period	(232,896)	(444,757)	(2,468,813)
Working capital	82,021	(58,904)	(116,325)
Mineral property and deferred costs	2,867,744	2,792,983	3,191,118
Shareholder equity	3,014,765	2,759,079	3,098,793

### LIQUIDITY, CAPITAL RESOURCES AND BUSINESS PROSPECTS

The Company has no operating revenue and therefore must utilize its current cash reserves and rely on external financing to generate capital to maintain its capacity to meet working capital requirements and ongoing discretionary exploration programs. As a result, the Company continues to incur net losses. As of December 31, 2016, the Company had \$118,022 in cash, 14,216,514 common shares issued and outstanding.

During the year ended December 31, 2016, no share purchase warrants or stock options were exercised.

During the year ended December 31, 2016, the Company spent \$193,185 in operations and spent \$85,000 in mineral property acquisitions and exploration activities.

The Company's management believes that the Company has sufficient funds for the next nine months to enable to meet the ongoing obligations as they become due. The Company recognizes that it will require additional funding which the Company will raise through the market and debt instruments but there can be no assurance the management can raise the required capital.

To the date of this MD&A, the cash resources of the Company are held in cash with a major Canadian financial institution. The Company continues to have no debt and its credit and interest rate risk is minimal. Accounts payable and accrued liabilities are short-term and non-interest bearing. The Company's liquidity risk with financial instruments is minimal. In addition, accounts receivable are composed mainly of sales tax receivable from government authorities in Canada.

### SHARE CAPITAL

Issued and outstanding as at December 31, 2016, there were:

- a. 14,216,514 common shares outstanding; and
- b. 1,360,000 options outstanding;

## TRANSACTIONS WITH RELATED PARTIES

The Company had the following transactions in the normal course of operations with directors and companies with common directors:

	Years ended	
	December 31, 2016	December 31, 2015
Management fees (a)	35,000	-
Mineral property – exploration expenditures (b)	76,082	-
Professional fees (a)	15,000	-
Office rent and supplies (d)	36,400	-
Stock-based compensation	74,153	-
	\$ 236,635	\$ -

- The Company paid \$35,000 in management fees to the President of the Company; \$15,000 in professional fees to the CFO/Secretary of the Company
- The Company paid \$76,802 in mineral property exploration consulting to the VP of Exploration;
- \$0 to the directors of the Company as director fees;
- \$36,400 in rent to a private company controlled by two directors of the Company

The following amounts due to related parties are included in trade payables and accrued liabilities:

	December 31, 2016	December 31, 2015
Directors or companies controlled by directors of the Company	\$ 50,396	\$ -

These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

## OFF-BALANCE SHEET ARRANGEMENT

The Company does not have any off-balance sheet items.

## SIGNIFICANT ACCOUNTING POLICIES AND NEW ACCOUNTING POLICIES

A detailed summary of the Company's significant accounting policies is included in note 2 of the Company's audited financial statements for the year ended December 31, 2016.

## CRITICAL ACCOUNTING ESTIMATES

The Company is a development stage company. The audited financial statements have been prepared using accounting principles applicable to a going concern which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. There are conditions which may raise doubt regarding this assumption. The financial statements do not include adjustments that would be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

The amounts recorded for capitalized exploration and evaluation assets, stock based compensation and future income taxes are based on estimates. By their nature, these estimates are subject to measurement uncertainty and changes in these estimates may impact the financial statements for future periods. Amounts recorded for exploration and evaluation assets represent costs incurred to date and are not intended to reflect present or future values. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves and future production or proceeds from the disposition thereof.

## **FINANCIAL INSTRUMENTS**

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

The Company's exposure to financial risk factors is detailed in the annual financial statements. While the Company is a development stage company and has no production or sales revenues, it bears commodity price risk in that commodity prices may influence investors and thus impact the outcome of the Company's future equity financings. The Company considers that supply and demand fundamentals for gold remain strong.

## **CAPITAL DISCLOSURE**

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents. As at December 31, 2016, the Company has not entered into any debt financing.

The Company is dependent on the capital markets as its sole source of operating capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects. The Company is not subject to any capital requirements.

## **INVESTOR RELATIONS ACTIVITIES**

Investor Relations activities of the Company consisted of the dissemination of news releases by officers and directors. In addition, management of the Company responded to requests by shareholders and investment dealers for information, and disseminated financial information as required by applicable laws. The Directors of the Company have been actively contacting interested parties. The Company has engaged an IR company during the period under review and intends to engage in significant public relations and investor relations activities in the future in order to achieve its long-term goals.

## **RISK FACTORS**

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position. Please refer to the section entitled "Risk Factors" in the Company's management's discussion and analysis for the fiscal year ended December 31, 2016, available on SEDAR at [www.sedar.com](http://www.sedar.com). There have been no significant changes to such risk factors since that date.

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

**ADDITIONAL INFORMATION**

Additional information relating to the Company, including the most recently completed fiscal year, is available on SEDAR at [www.sedar.com](http://www.sedar.com).

April 26, 2017

(s) Zachery Dingsdale

Zachery Dingsdale

President and Chief Executive Officer

(s) M. Bilal Bhamji

M. Bilal Bhamji

Chief Financial Officer