

**TAKU GOLD CORP.**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016**  
**Management Discussion and Analysis (MD&A) – Quarterly Highlights**

**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 nine months September 30, 2016. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion is dated November 29, 2016, should be read in conjunction with the audited annual financial statements of the Company for the year ended December 31, 2015, together with the notes thereto, and the unaudited interim financial statements for the nine months ended September 30, 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”). The unaudited interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) for interim financial reporting and, accordingly, include condensed information and notes required by IFRS for interim financial statements. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results for the interim periods presented are not necessarily indicative of the results that may be expected for any future period. Information contained herein is presented as at November 29, 2016, 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).

**MINERAL PROPERTIES**

Taku holds a portfolio of mineral properties located in Yukon and northern British Columbia. 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 companies 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. The Company’s principal business activities include acquiring and developing mineral properties. At September 30, 2016, the Company’s principal mineral interests are located in Canada as follows.

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

Taku currently holds four properties in the Klondike-White Gold district of Yukon. The Klondike, located just south of Dawson City, Yukon 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 following the discovery of the Golden Saddle deposit in 2009. The Klondike-White Gold district lies within an underexplored part of the loosely defined Tintina Gold Belt. This metallogical province has past production of 29.9 million ounces and 39.3 million ounces of resources for total gold resources of 69.2 million ounces. Notable gold deposits are Donlin Creek, Ft. Knox, Pogo in Alaska, and Brewery Creek in Yukon. Rosebute and Sulphur are Taku's most advanced projects in the area.

### **Rosebute Gold Project**

The 694-claim (14,365-ha) 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. In July 2016 signed an option agreement with Independence Gold Corp. ("Independence") whereby Independence may earn a 75% interest in Rosebute by making staged cash payments totaling \$295,000 (\$60,000 paid), issuing 1,000,000 million shares (200,000 issued) and completing work expenditures \$2,000,000 (\$300,000 in the first year) over a three year period.

Rosebute contains two significant new gold discoveries known as the Norwest and Hurbay zones, and is situated in close proximity to the Northern Access Route proposed by Goldcorp that will provide access to the multi-million-ounce Coffee gold deposit.

The Hurbay zone is identified by a 1.3km long gold-silver-tungsten-molybdenum soil geochemical anomaly that is open to the north and west. The Hurbay zone was previously tested by mechanical trenching which yielded results of 1.5 grams per tonne ("g/t") gold ("Au") over 20.0 metres ("m"), 6.2g/t Au over 5.0m and 0.35g/t Au over 81.0m (Taku press release - September 12, 2012).

In August 2016 Independence drilled 12 rotary air blast holes (923.5 m) at the Hurbay zone in 2016, and reported multiple broad zones of gold mineralization including 0.50g/t Au over 36.6m, 0.31g/t Au over 38.1m and 0.15g/t Au over 91.4m (Independence press release - October 27, 2016). Independence noted the better gold values are spatially associated with increased concentrations of massive, sulphide poor quartz veins. Moreover Independence plans to define the western extent of the Hurbay zone by collecting grid-style soil samples and completing geophysical surveys dataset to define drill targets in 2017.

### **Sulphur Gold Project**

The 543-claim (11,344-ha) Sulphur property is located approximately 45km 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%.

To date Taku has completed airborne geophysical and reconnaissance soil geochemical surveys over the entire property, and detailed grid soil sampling over five target areas named the "Lions", "Esks", "Riders", "Blues" and "Stamps" zones. Limited trenching and drilling has been done at the Lions and Blues zones. More recently geophysical surveys have identified potential gold-bearing bedrock structures at the Lions and Blues zones that remain to be drill tested.

Taku's most immediate target on Sulphur is a conductor ("VLF-05") that is situated adjacent to the Lions soil geochemical zone. It is the probable source of the soil anomaly and is prospective as a gold-bearing bedrock

structure. Moreover the previous trenching and drilling appears to have focused directly over the soil anomaly and did not intersect the VLF-05 structure. Taku intends to test for gold mineralization by drilling in 2016 at an estimated cost of \$150,000 subject to available financing.

### **Quartz Gold Project**

The 146-claim (3,022-ha) Quartz property is located 30km southeast of Dawson City at the headwaters of Calder 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%.

In 2010, Taku completed airborne geophysical and soil geochemical surveys on the property. In 2011 additional soil sampling was done at the north end of the property to follow up favourable results in 2010. No work is anticipated for 2017. Taku is actively looking to sell or farm-out an interest in this property.

### **Wounded Moose Gold Project**

The 66-claim (1,366-ha) Wounded Moose property is located 65km southwest of Dawson City at the headwaters of Wounded Moose 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 2013, Taku completed airborne geophysical and soil geochemical surveys over the entire property, did detailed grid soil sampling over nine target areas, and trenched a target with the most favourable gold-in-soil values. Although values up to 2.3gpt Au were obtained from trench samples, the trenching did not ascertain any gold-bearing structures.

In 2016 Taku did a ground electromagnetic survey over the trenched area in an effort to identify a bedrock structure that could be related to the elevated gold values noted in the trenches. As at the date of this report, the full results of the survey have not been compiled.

### **The McQ Property, Keno Hill District**

Elsewhere in Yukon, Taku acquired the McQ property in August 2016 by issuing 100,000 shares to the property vendor and paying staking costs of \$24,000. The McQ property comprises 96 contiguous claims (2,006 hectares), and is located approximately 35 kilometres northwest of Mayo, Yukon in the Keno Hill District. It lies roughly 30 kilometres southwest of Victoria Gold's Eagle Gold project which has stated NI 43-101 compliant probable mineral reserves of 91.6 million tonnes grading 0.78g/t Au containing 2,300,768 ounces of gold (Victoria Gold Corp. - Technical Report, Eagle Gold Project, Yukon dated May 29, 2015). The property 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 ([www.goldenpredator.com](http://www.goldenpredator.com), consulted September 7, 2016).

### **Tag Gold-Silver Project, British Columbia**

The 26-claim (2,429-ha) Tag Gold-Silver property is located 35km due west of Atlin on Taku Arm of Tagish Lake. The lake provides good access by barge and float plane. The property covers 6.2km 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 11,476m of drilling in 69 drill holes. In 2009, an initial NI 43-101

compliant resource was estimated using a 3.0g/t gold equivalent cut-off on 28 eligible holes drilled at the “Main” zone. Estimated indicated mineral resources are 250,000 tonnes @ 2.97g/t Au (cut) and 12.09g/t Ag (cut), and estimated inferred mineral Resources of 400,000 tonnes @ 2.98g/t Au (cut) and 9.91g/t Ag. 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 project. The Tag property remains wide open for further exploration.

In 2016, Taku completed ground electromagnetic, mapping, prospecting and sampling surveys at the “Barney” zone located approximately 4.2km north of the main zone. The goal of the work was to outline the extent of a quartz-carbonate breccia found along the margin of a small quartz diorite intrusion. The mapping was somewhat limited by the lack of outcrop in the area, but the ground electromagnetic survey outlined a number of northwest-trending faults that require further investigation for gold mineralization. Taku is actively looking to sell or farm-out an interest in this property.

## EXPLORATION AND EVALUATION ASSETS

The following is a description of the Company’s exploration and evaluation assets and the related spending commitments as at September 30, 2016:

	Canada		Total for Nine month ended September 30, 2016
	Yukon Territory	TAG 025, BC	
<b>Property acquisition costs</b>			
Balance, beginning of year	\$ 725,765	\$ 1	\$ 725,766
Cash option payment	25,000	-	25,000
Common shares under options agreement	55,000	-	55,000
Staking and related cost	26,838	-	26,838
<b>Balance, end of year</b>	<b>832,603</b>	<b>1</b>	<b>832,604</b>
<b>Exploration and evaluation costs</b>			
Balance, beginning of year	2,067,217	-	2,067,217
Costs incurred during year:			
Drilling, labour and related costs	17,648	-	17,648
Reimbursements	(3,190)	-	(3,190)
Impairment	-	-	-
<b>Balance, end of quarter</b>	<b>2,081,675</b>	<b>-</b>	<b>2,081,675</b>
<b>Balance, September 30, 2016</b>	<b>\$ 2,914,278</b>	<b>\$ 1</b>	<b>\$ 2,914,279</b>

## 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:

	<u>30 Sept-16</u>	<u>30 June-15</u>	<u>31 Mar-16</u>	<u>31 Dec-15</u>	<u>30 Sept-15</u>	<u>30 June-15</u>	<u>31 Mar-15</u>	<u>31 Dec-14</u>
	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
Net Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Earnings (loss)	( 66,678)	( 16,684)	( 2,711)	( 444,757)	( 20,231)	924	(33,650)	(2,468,813)
Loss per share	(\$0.01)	(\$0.01)	(\$0.00)	(\$0.05)	(\$0.01)	\$0.00	(\$0.00)	(\$0.35)

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

	<b>Three Months Period Ended September 30, 2016</b>	<b>Three Months Period Ended September 30, 2015</b>	<b>Nine Months Period Ended September 30, 2016</b>	<b>Nine Months Period Ended September 30, 2015</b>
<b>LOSS BEFORE INCOME TAXES</b>				
Consulting (Note 12)	\$ 300	\$ -	\$ 300	\$ -
Management fees (Note 12)	15,000	-	20,000	-
Office and miscellaneous (Note 12)	26,118	13,325	31,427	13,711
Professional fees (Note 12)	17,724	102	17,308	14,770
Transfer agent, filing fees	5,634	2,135	12,133	19,465
Travel and promotion	1,356	4,669	4,356	4,669
Website development	546	-	810	450
	66,678	20,231	86,334	53,065
<b>Other items</b>				
Interest income	-	-	81	108
	(66,678)	(20,231)	(86,254)	(52,956)
<b>INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD</b>	\$ (66,678)	\$ (20,231)	\$ (86,254)	\$ (52,956)
<b>INCOME (LOSS) PER SHARE - BASIC AND FULLY DILUTED</b>	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)

## RESULTS OF OPERATIONS

### *Nine months ended September 30, 2016, compared with Nine months ended September 30, 2015*

The Company's loss totaled \$86,254 for the nine months ended September 30, 2016, which compares with a loss of \$53,065 the nine months ended September 30, 2015. The increase in loss of \$33,189 was principally due to:

- Management fees increased by \$20,000; and
- Office and miscellaneous increased by \$17,716.

## SELECTED QUARTERLY INFORMATION FOR THREE MONTHS ENDED SEPTEMBER 30

	<u>2016</u>	<u>2015</u>	<u>2014</u>
	<u>IFRS</u>	<u>IFRS</u>	<u>IFRS</u>
Consulting fees	-	-	28,5000
Management fees	15,000	-	22,500
Professional fees	17,724	102	(2,400)
Net income (loss) for period	(66,678)	20,231	(75,685)
Working capital	177,897	(48,832)	(4,628)
Mineral property and deferred costs	2,914,279	3,227,668	5,547,234
Shareholder equity	3,117,175	3,203,837	5,567,606

### 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 September 30, 2016, the Company had \$221,621 in cash, 14,216,514 common shares issued and outstanding.

During the quarter ended September 30, 2016, no share purchase warrants or stock options were exercised.

During the quarter ended September 30, 2016, the Company spent \$4,912 in operations and spent \$33,504 in mineral property acquisitions and exploration activities.

### SHARE CAPITAL

Issued and outstanding as at September 30, 2016, there were:

- a. 14,216,514 common shares outstanding; and
- b. 1,570,000 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:

	<u>Nine months Ended</u>	
	<u>September 30,</u>	<u>September 30,</u>
	<u>2016</u>	<u>2015</u>
Consulting (b)	\$ 20,000	\$ -
Director fees (c)	-	-
Management fees (a)	20,000	-
Mineral property – exploration expenditures (a)	-	-
Professional fees (a)	7,500	-
Office rent and supplies (d)	1,400	-
	<u>\$ 48,900</u>	<u>\$ -</u>

- (a) The Company paid \$20,000 in management fees to the President of the Company; \$7,500 in professional fees to the CFO/Secretary of the Company; and \$0 in mineral property exploration consulting to the VP of Exploration.
- (b) \$20,000 in consulting fees for administration to a private company controlled by two directors of the Company;
- (c) \$1,400 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:

	<b>September 30, 2016</b>	<b>December 31, 2015</b>
Directors or companies controlled by directors of the Company	\$ 48,900	\$ -

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

## **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, 2015, 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).

November 29, 2016

(s) Zachery Dingsdale

Zachery Dingsdale

President and Chief Executive Officer

(s) M. Bilal Bhamji

M. Bilal Bhamji

Chief Financial Officer