



**AurCrest Gold Inc.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the three months ended March 31, 2017 and 2016

(Expressed in Canadian Dollars)

## AURCREST GOLD INC. MANAGEMENT'S DISCUSSION AND ANALYSIS

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The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of AurCrest Gold Inc. ("AurCrest" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the three months ended March 31, 2017 and 2016. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion, dated May 30, 2017, should be read in conjunction with the Company's condensed consolidated interim financial statements for the three months ended March 31, 2017 and the audited annual consolidated financial statements for the years ended December 31, 2016 and 2015, together with the notes thereto. Results are reported in Canadian dollars and have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The Company trades on the TSX Venture Exchange under the symbol "AGO". Further information about the Company and its operations can be obtained from the offices of the Company or from [www.sedar.com](http://www.sedar.com).

### EXECUTIVE SUMMARY

The Company is a Ontario-based mineral exploration company focused on the acquisition, exploration and development of mineral resources. The Company holds several gold and base metal properties in Northern Ontario, including the Richardson Lake gold exploration prospect. The Company has historically and will continue to actively engage and involve the local First Nations communities in advancing exploration projects.

**Richardson Lake** is a gold exploration prospect located in the Birch-Uchi belt of the Red Lake mining division in Northwestern Ontario consisting of ten unpatented mineral claims called the Richardson Lake property totaling approximately 1,700 hectares. In late 2011 and into 2012 the Company completed eight drill holes for a total of 1,613 metres with a new gold discovery in hole RL-12-07. In May 2013, the Company received an exploration permit from the Ministry of Northern Development and Mines to further explore the Richardson Lake gold discovery. The Company completed an airborne magnetic survey of the property in July 2014, identifying a second target formation on the property. In late summer through fall 2014, the Company completed four drill holes for a total of 1,975 metres as part of an Aboriginal training program, and a further short exploratory program in November 2014 east of the discovery.

**Western Fold** is a gold exploration prospect located in the Birch-Uchi belt of the Red Lake mining subdivision in Northwestern Ontario, contiguous to the Richardson Lake property, consisting of twelve unpatented mineral claims totaling approximately 2,300 hectares. The property was also surveyed by the 2014 airborne magnetic survey program, identifying several targets of interest.

The Richardson Lake property discovery and Richardson Lake/Western Fold survey target areas are the focus of exploration for the Company.

The Company's mission statement is as follows:

- 1) Create and maintain important relationships with the local indigenous peoples and to share the benefits the industry has to offer through employment and ownership in the Company's efforts;
- 2) Capitalize on the experience and technical abilities of the Company's management team to effectively explore for gold and associated metals deposits in Northwestern Ontario;
- 3) Source and employ the most advanced exploration technologies available;
- 4) Enter into strategic relationships and generate sufficient capital to maintain a continuously high level of exploration and development activity; and
- 5) Increase shareholder value by adhering to AurCrest's objectives.

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A key initiative continued by the Company is its relationship building with the First Nation communities and their role in the future of exploration in Canada. The Company has completed two financings with the Lac Seul First Nation and is represented by a member of the community as President & CEO of the Company, President of Wiigwaasaatig Energy Inc. ("WEI") and a member of the Board of Directors. AurCrest also signed a significant exploration agreement with the Webequie First Nation, which was the first of its kind in Ontario's 'Ring of Fire'. AurCrest has chosen an approach of "consultation and inclusion" in planning of the Company's 'Social License to Operate' or 'SLO' with First Nations potentially affected by Company activities, and feel that the Company is at the forefront of the important industry relationship developments necessary to support continued exploration.

The Company has formed WEI as a privately-held subsidiary, which is mandated to establish renewable energy business structures as partnerships with First Nation communities and the mineral exploration and development industry proximal to those First Nations. This Corporate Social Responsibility energy initiative is intended to i) reduce the diesel dependency for electrical generation in remote First Nations and mineral development sites, ii) provide an economic base contributor for First Nations involved in the WEI partnerships, and iii) develop supplier-consumer relationships with mineral developments proximal to First Nations communities. WEI is an Aboriginally-driven corporation, with First Nations representation and direction at both management and Board levels.

The Company, through WEI, entered into a Letter of Intent with Cat Lake First Nation (the "Cat Lake LOI") for mutual collaboration to investigate the feasibility of and develop up to a 40 MW renewable energy project at Cat Lake (the "Project"). The Project is expected to incorporate a phased blend of wind, solar, geothermal and biomass technologies, capable of energizing community needs and mineral exploration and development sites proximal to Cat Lake. The Company also entered into a Technical Consulting Agreement with Maple Energy and Mining Inc. ("Maple Energy") to provide technical and advisory services to WEI with regards to the Project. Subsequent to year end, WEI signed an extension to the LOI with Cat Lake First Nation.

### **Activities**

#### **2017**

- The Company through WEI signed an extension to the Cat Lake LOI for the 40MW renewable energy Project.
- The Company received regulatory approval for the Definitive Option Agreement (the "Pistol Bay Option Agreement") with Pistol Bay Mining Inc. (TSX-V:PST) ("Pistol") for 108 mining claims with a total of 321 claim units with an area of 5,136 hectares, being the Confederation Lake Property and the Fredart Lake Property and received 1 million common shares of Pistol and the second payment of \$25,000.
- The Company retained IBK Capital Corporation as Financial Advisor for a period of two years for the purposes of auction of Richardson Lake claims bearing net smelter return royalties to third parties.
- The Company closed a first tranche of a brokered private placement of 1,000,000 Working Capital Units for gross proceeds of \$50,000.
- The Company closed a second tranche of a brokered private placement of 500,000 Working Capital Units for gross proceeds of \$25,000.
- The Company appointed Executive Vice-President Chris Angecneb to the position of President & CEO.

#### **2016**

- On March 17, 2016, the Company entered a Technical Consulting Agreement with Maple Energy to provide technical and advisory services to WEI as needed on a fee-for-service basis. In addition, Aurcrest has granted Maple Energy 750,000 options to acquire common shares of the company exercisable at \$0.05 per share for a period of three years. The options vest over two years with 250,000 options vesting and exercisable immediately; a further 250,000 options vesting and exercisable in one year; and a further 250,000 options vesting and exercisable in two years.

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- On March 22, 2016, the Company, through WEI, entered into a LOI with Cat Lake First Nation for mutual collaboration to investigate the feasibility of developing up to a 40 MW renewable energy project at Cat Lake.
- On April 27, 2016, the Company closed a private placement of 1,500,000 Working Capital Units (the "WC Units") for gross proceeds of \$75,000.
- On June 22, 2016, the Company completed a convertible debenture financing of \$50,000, repayable in one year with 10% interest per year, at a rate of one common share for each \$0.05 of loan converted, with 1,000,000 detachable warrants entitling the lender to acquire one additional common share exercisable at \$0.05 per detachable warrant until June 22, 2017.
- On November 1, 2016, the Company announced the signing of the Pistol Bay Option Agreement for the Confederation Lake Property and Fredart Lake Property, for Pistol to acquire 100% interest in the subject properties by paying AurCrest an aggregate of \$250,000 and issuing an aggregate of 5,000,000 common shares over four years with an initial payment of \$25,000 and the issuance of 1,000,000 common shares on closing, the payment of a further \$25,000 within 90 days following closing and the payment of \$50,000 and the issuance of 1,000,000 common shares on each of the four anniversaries following closing. Each of the AurCrest properties is subject to a 2% net smelter returns royalty in favour of third parties.

### MINERAL PROPERTIES

#### **Richardson Lake area properties (Richardson Lake & Western Fold)**

The Richardson Lake area properties are situated in the Red Lake Mining Division approximately 100 km northeast of the Town of Red Lake. The property is 100% owned by the Company with an underlying NSR royalty of 2%. The property is known to contain five areas with gold mineralization or gold mineralization potential. The most significant mineralization tested by the Company to date occurs at the Discovery zone at the westernmost bay of Richardson Lake where the gold is hosted by quartz veins and breccia, which are encompassed by a broad zone of silicification, carbonization, and sericitization.

The Company owns 100% of six claims that make up the Richardson Lake Property originally optioned in 2002. An additional two claims were staked by the Company in early 2010, plus 23 claims staked in early 2011. The original six claims plus an area of influence around the claims, comprising 6 staked claims, are subject to the Company's obligation to pay a NSR royalty of 2% to a third party.

Drilling on the property commenced in late 2011 and continued into March of 2012. AurCrest completed the winter 2011/2012 drilling program on Richardson Lake in March 2012 completing eight NQ drill holes for a total of 1,613 metres. Results from this program included a new gold discovery in hole RL-12-07. Located in a new area of the property, this discovery provides the Company with an entirely new and very promising area to drill. Hole RL-12-07 encountered 15 metres of 1.83 g/t gold, including 9 metres of 2.95 g/t, including 4 metres of 6 g/t and 3 metres of 7.4 g/t. The highest individual sample within the discovery zone was 1 metre of 11.1 g/t gold. In late summer through the fall of 2014, the Company continued drilling on this project. Results include RL-14-08 with an average grade of 1.85 g/t Au over 18 metres, including 2.93 g/t Au over 10 metres including 6.0 g/t Au over 4.5 metres, including 7.57 g/t Au over 3.5 metres, and including 10.4 g/t over 2.5 metres. In November 2014 the Company completed a follow-up drill program designed to test the area east of the discovery. The Company allowed several claims to expire in 2016, choosing to maintain 22 claims with significant exploration targets in good standing.

The Company has chosen to define these contiguous mineral claim units as two separate properties. The **Richardson Lake Property** consists of ten mineral claim units totaling approximately 1,700 hectares, including the six claims originally optioned by the Company and four claims affected by the area of influence bearing an underlying 2% NSR royalty to a third party. The **Western Fold Property** consists of twelve mineral claim units totaling approximately 2,300 hectares staked by the Company.

#### **Confederation Lake**

The Company's Confederation Lake properties, originally comprising eight (8) claim groups covering approximately 11,700 hectares, were acquired from GlencoreXstrata by incurring exploration

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expenditures totaling \$3.5 million over four years, including 16,000 metres of diamond drilling. GlencoreXstrata retains a back-in option for a 50% participating interest in any deposit indicated by an independent scoping study to contain at least 8 million tonnes of massive sulphide or one million ounces of gold by expending 150% of AurCrest's expenditures on the property, or cash payment equal to that amount. If the back-in option is exercised, a joint venture will be formed relating to the area (a "Project Area") defined to contain the deposit. Should GlencoreXstrata elect not to exercise its back-in option, GlencoreXstrata will retain a 2% NSR royalty relating to the relevant Project Area. In addition, GlencoreXstrata will receive a one-time cash payment of \$500,000 due upon submission of the first such scoping study with respect to which GlencoreXstrata does not exercise its back-in option and a further sum of \$1.5 million payable upon commercial production from that Project Area. GlencoreXstrata also retains the right to carry out a sole risk exploration drilling program to confirm the contents of an independent scoping study delivered by the Company. The agreement anticipates that there may be more than one Project Area on the property.

The Confederation Lake properties are currently subject to a Definitive Option Agreement with Pistol for 108 mining claims with a total of 321 claim units with an area of 5,136 hectares, being the Confederation Lake Property and the Fredart Lake Property. Pistol can acquire 100% interest in the subject properties by paying AurCrest an aggregate of \$250,000 and issuing an aggregate of 5,000,000 common shares over four years with an initial payment of \$25,000 and the issuance of 1,000,000 common shares on closing (paid), the payment of a further \$25,000 within 90 days following closing (paid) and the payment of \$50,000 and the issuance of 1,000,000 common shares on each of the four anniversaries following closing. Each of the AurCrest properties is subject to a 2% net smelter returns royalty in favour of third parties.

### **McFaulds Lake**

The Company currently holds a 100% interest in a group of properties (4,000 hectares) within the area known as 'The Ring of Fire' located in the Lower James Bay region of Ontario, in the proximity of McFaulds Lake.

### **Bridget Lake**

On September 16, 2008 (the "effective date"), the Company signed an option agreement with Sendero for the exclusive right for Sendero to earn up to a 75% interest in the Bridget Lake property, comprising 9 claim units covering approximately 144 hectares, in Ball Township, Red Lake Mining Division, Northwestern Ontario. Sendero earned a 65% interest by incurring \$50,000 in exploration expenses, making cash compensation to the Company totaling \$50,000 and issuing 400,000 common shares of Sendero to the Company. Sendero declined a second option to acquire an additional 10% interest. The Company signed a joint venture agreement whereby Sendero will be operator of the joint venture with Red Lake Gold Mines (a partnership of Goldcorp Inc. and Goldcorp Canada Ltd.) having acquired a 40% interest in Sendero's interest in the Property.

### **Exploration and evaluation assets**

None of the Company's exploration and evaluation assets have reached the development stage and as a result are considered exploration and evaluation assets. The Company capitalizes acquisition costs that result in the acquisition and retention of exploration and evaluation assets or an interest therein and expenses all exploration and evaluation expenditures. The amount shown for exploration and evaluation assets represents acquisition costs to date and does not necessarily reflect present or future values. If the properties are sold, allowed to lapse or are no longer of interest, accumulated capitalized costs are written off.

Expenditures on properties in which the Company does not have a registered or contractual interest are expensed as incurred.

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**SUMMARY OF QUARTERLY RESULTS**

For the eight most recent quarters:

	<b>March 31 2017</b>	<b>December 31 2016</b>	<b>September 30 2016</b>	<b>June 30 2016</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Net income (loss) for the period	25,683	(89,111)	(59,139)	(54,657)
Net Income (loss) per share (basic and diluted)	0.00	0.00	0.00	0.00

  

	<b>March 31 2016</b>	<b>December 31 2015</b>	<b>September 30 2015</b>	<b>June 30 2015</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Net (loss) for the period	(65,821)	(98,348)	(73,658)	(26,598)
Net loss per share (basic and diluted)	0.00	0.00	0.00	0.00

The variations in net loss between quarters are generally due to timing of the Company's exploration activities.

Net income for the three months ended March 31, 2017 is a result of the receipt and valuation of 1,000,000 common shares of Pistol.

**RESULTS OF OPERATIONS**

The Company's net income for the three months ended March 31, 2017 was \$25,683 or \$0.00 per share (a net loss of \$65,821 or \$0.00 for the three months ended March 31, 2016).

General and administrative expenses of \$48,808 for the three months ended March 31, 2017 (\$68,380 for the three months ended March 31, 2016) included costs associated with the promotion, financing and regulatory compliance activities of the Company, and overhead of the Company's Toronto administrative facilities, as noted below.

For the three months ended March 31	<b>2017</b>	2016
	<b>\$</b>	<b>\$</b>
Consulting and management fees	<b>25,500</b>	20,839
Office rent	-	12,889
Professional fees (legal & audit)	<b>17,428</b>	25,503
Shareholder communications, advertising and promotion	<b>2,350</b>	5,957
Regulatory and filing fees	<b>3,369</b>	1,805
Office costs	<b>161</b>	1,270
Travel	-	117
	<b>48,808</b>	68,380

During the three months ended March 31, 2017, exploration and project evaluation activities included the receipt of 1 million common shares of Pistol totaling \$50,000 (\$nil for the three months ended March 31, 2016).

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**EXPLORATION EXPENDITURES**

**Property acquisition cost**

	Balance at January 1, 2017 \$	Additions (Disposals) \$	Balance at March 31, 2017 \$
Richardson Lake	60,200	-	60,200
Amount capitalized	60,200	-	60,200

	Balance at January 1, 2016 \$	Additions (Disposals) \$	Balance at December 31, 2016 \$
Richardson Lake	60,200	-	60,200
Confederation Lake	10,250	(10,250)	-
Amount capitalized	70,450	(10,250)	60,200

**Exploration & project evaluation**

	Cumulative expenditures as at January 1, 2017 \$	Expenditures for the three months ended March 31, 2017 \$	Cumulative expenditures as at March 31, 2017 \$
Richardson Lake	2,217,173	10,000	2,227,173
Confederation Lake	10,420,321	(50,000)	10,380,321
Other	4,341,319	-	4,341,319
<b>Amount expended</b>	<b>16,978,813</b>	<b>(40,000)</b>	<b>16,948,813</b>

	Cumulative expenditures as at January 1, 2016 \$	Expenditures for the year ended December 31, 2016 \$	Cumulative expenditures as at December 31, 2016 \$
Richardson Lake	2,199,053	18,120	2,217,173
Confederation Lake	10,435,071	(14,750)	10,420,321
Other	4,340,636	683	4,341,319
<b>Amount expended</b>	<b>16,974,760</b>	<b>4,053</b>	<b>16,978,813</b>

"Other" includes exploration expenditures on projects with minor activity during the period and includes the Bridget Lake, McFaulds Lake and the Fredart Lake properties, all of which are in Northern Ontario.

Note: As disclosed in the Company's significant accounting policies (Note 2) exploration and project evaluation expenditure have been reflected in the statement of loss and comprehensive loss.

**LIQUIDITY AND CAPITAL RESOURCES**

As at March 31, 2017 and May 30, 2017, the Company had no sources of operating cash flows. The Company will therefore require additional funding which, if not raised, would result in the curtailment of activities and project delays. AurCrest had a working capital deficit of \$469,530 (a working capital deficit of \$544,088 as at December 31, 2016), and has an accumulated operating deficit of \$19,101,020. During the three months ended March 31, 2017, the Company raised \$50,000 through the sale of working capital units and \$31,500 through the issuance of a convertible loan and received 1 million common shares of Pistol with a total value at March 31, 2017 of \$95,000. On May 26, 2017 the Company also raised \$25,000 through the sale of working capital units. The Company's ability to continue as a going concern is uncertain and is dependent upon its ability to continue to raise adequate financing. There can be no assurances that the Company will be successful in this regard, and therefore, there is substantial doubt

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regarding the Company's ability to continue as a going concern, and accordingly, the use of accounting principles applicable to a going concern.

On April 27, 2016 the Company completed a sale of 1,500,000 working capital units for gross proceeds of \$75,000. Each unit consists of one common share and one common share purchase warrant, with each warrant entitling the holder to acquire one common share until April 27, 2021 at a price of \$0.05. A cash commission of \$6,750 and 150,000 broker warrants were paid and issued with respect to the sale of units.

On June 22, 2016 the Company completed a convertible loan financing of \$50,000 (the "Loan"). The Loan is repayable on June 22, 2017, with interest payable 10% per annum. The Loan is convertible at the rate of one common share for each \$0.05 of loan converted. 1,000,000 detachable warrants ("Detachable Warrants") were also issued to the lender. Each Detachable Warrant entitles the holder to acquire an additional common share exercisable at a price of \$0.05 per Detachable Warrant until June 22, 2017. The securities issued are subject to a hold period expiring on October 23, 2016.

A cash commission of \$2,000 and 40,000 broker warrants ("Broker Warrants") were paid to a finder with respect to the closing of the Loan. Each Broker Warrant entitles the holder to acquire a common share of the Company at a price of \$0.05 until June 22, 2017.

The conversion feature of the loan has been valued at 4,545 and is included under equity. The warrants issued as a fee for the loan have been valued at \$18,800 using a Black-Scholes option pricing model with the following assumptions: dividend rate 0%, annualized volatility of 210%, risk free rate of interest of .6% and an expected life of 1 year. The discount will be accreted over the term of the debenture utilizing the effective interest rate method at a 10.0% discount rate. An amount of \$5,884 was recorded as accretion expense on the statements of loss and comprehensive loss for the three months ended March 31, 2017.

### FINANCIAL INSTRUMENTS

The carrying amount of financial instruments approximates fair value. The Company's financial assets include cash, cash equivalents, and accounts receivable. The Company does not consider these assets to be subject to credit risk or interest rate risk.

### SHAREHOLDERS' EQUITY

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preference shares. As at March 31, 2017, the Company had no preference shares issued and outstanding.

#### Share capital

Share capital comprises the following:

	Number of shares	Amount \$
<b>Balance, December 31, 2015</b>	<b>73,074,191</b>	<b>18,444,209</b>
Private placement	1,500,000	75,000
Share issue expense	-	(6,750)
Share issue expense – compensation warrants	-	(5,605)
<b>Balance, December 31, 2016</b>	<b>74,574,191</b>	<b>18,506,854</b>
Private placement	1,000,000	50,000
Share issue expense	-	(4,500)
Share issue expense – compensation warrants	-	(5,600)
<b>Balance, March 31, 2017</b>	<b>75,574,191</b>	<b>18,546,694</b>
Private placement	500,000	25,000
<b>Balance, May 30, 2017</b>	<b>76,074,191</b>	<b>18,571,694</b>

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**Stock options**

On July 18, 2016, 1,150,000 common stock options with an exercise price of \$0.20 expired unexercised.

The following summary sets out the activity in the Plan:

	Options #	Weighted average exercise price \$
<b>Outstanding and exercisable, December 31, 2015</b>	<b>2,920,000</b>	<b>0.14</b>
Granted	750,000	0.05
Expired	(1,250,000)	0.20
<b>Outstanding, December 31, 2016 and March 31, 2017</b>	<b>2,420,000</b>	<b>0.09</b>
<b>Exercisable, December 31, 2016</b>	<b>1,920,000</b>	<b>0.09</b>
<b>Exercisable, March 31, 2017 and May 30, 2017</b>	<b>2,170,000</b>	<b>0.09</b>

The following table sets out the details of the common stock options granted and outstanding as at March 31, 2017 and May 30, 2017:

Number of stock options	Number exercisable	Remaining contractual life	Exercise price per share	Expiry date
750,000	500,000	1.96 years	\$0.05	March 19, 2019
1,670,000	1,670,000	2.38 years	\$0.10	August 13, 2019
<b>2,420,000</b>	<b>2,170,000</b>			

The weighted average exercise price of the options outstanding at March 31, 2017 is \$0.09 per option.

**Warrants**

Certain issuances of common shares include warrants entitling the holder to acquire additional common shares of the Company. A summary of the warrant activity is as follows:

	Warrants #	Weighted average exercise price \$
<b>Outstanding, December 31, 2015</b>	<b>19,890,130</b>	<b>0.06</b>
Expired	(100,000)	0.25
Expired	(520,000)	0.05
Expired	(260,000)	0.055
Issued – private placement	1,500,000	0.05
Issued – convertible loan	1,000,000	0.05
Issued – compensation units	150,000	0.05
Issued – compensation warrants	150,000	0.05
Issued – compensation units	40,000	0.05
<b>Outstanding, December 31, 2016</b>	<b>21,850,130</b>	<b>0.06</b>
Issued – private placement	1,000,000	0.05
Issued – compensation units	100,000	0.05
Issued – compensation warrants	100,000	0.05
<b>Outstanding, March 31, 2017</b>	<b>23,050,130</b>	<b>0.06</b>
Issued – private placement	500,000	0.05
Issued – compensation units	50,000	0.05
Issued – compensation warrants	50,000	0.05
<b>Outstanding, May 30, 2017</b>	<b>23,650,130</b>	<b>0.06</b>

On January 21, 2016, 100,000 warrants, with an exercise price of \$0.25, expired unexercised.

On November 14, 2016, 520,000 compensation warrants, with an exercise price of \$0.05, and 260,000

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compensation options, with an exercise price of \$0.055 expired unexercised.

The composition of the outstanding warrants as at March 31, 2017 consists of the following:

	<b>Expiry date</b>	<b>Number</b>	<b>Exercise Price</b>
Warrants	August 19 2017	2,836,618	\$0.120
Warrants	April 25, 2019	2,600,000	\$0.050
Warrants	May 26 2019	500,000	\$0.050
Warrants	July 7, 2019	4,240,000	\$0.055
Warrants	August 5, 2019	200,000	\$0.055
Warrants	August 11, 2019	500,000	\$0.055
Warrants	August 15, 2019	1,060,000	\$0.055
Warrants	October 14, 2019	666,785	\$0.050
Warrants	October 23, 2019	450,000	\$0.055
Warrants	November 13, 2019	451,848	\$0.055
Warrants	November 14, 2019	2,600,000	\$0.055
Warrants	November 14, 2019	100,000	\$0.055
Warrants	July 13, 2020	1,000,000	\$0.050
Warrants	August 31, 2020	644,879	\$0.050
Warrants	November 30, 2020	1,000,000	\$0.050
Warrants	April 27, 2021	1,500,000	\$0.050
Warrants	June 22, 2017	1,000,000	\$0.050
Warrants	March 3, 2017	1,000,000	\$0.050
Warrants – compensation units	July 13, 2020	80,000	\$0.050
Warrants – compensation warrants	July 13, 2020	80,000	\$0.050
Warrants – compensation units	April 27, 2021	150,000	\$0.050
Warrants – compensation warrants	April 27, 2021	150,000	\$0.050
Warrants – compensation units	June 22, 2017	40,000	\$0.050
Warrants – compensation warrants	March 3, 2022	100,000	\$0.050
Warrants – compensation units	March 3, 2022	100,000	\$0.050
		<b>23,050,130</b>	

Additions to warrants from April 1, 2017 to May 31, 2017 include the following:

Warrants	May 26, 2022	500,000	\$0.050
Warrants – compensation units	May 26, 2022	50,000	\$0.050
Warrants – compensation warrants	May 26, 2022	50,000	\$0.050

**Shares reserved for issuance under conversion feature of convertible loan**

On June 22, 2016 the Company completed a convertible loan financing of \$50,000 (the "Loan"). The Loan is convertible at the rate of one common share for each \$0.05 of loan converted until June 22, 2017. Therefore the Company has reserved 1.0 million shares for issuance under this conversion feature.

**Fully diluted share capital**

As of March 31, 2017 the Company has issued 75,574,191 common shares, 2,420,000 common share stock options 23,050,130 common share purchase warrants and 1,000,000 shares reserved for issuance under a convertible loan. The number of common shares outstanding, on a fully-diluted basis is 102,044,321

As of May 30, 2017 the Company has issued 76,074,191 common shares, 2,420,000 common share stock options 23,650,130 common share purchase warrants and 1,000,000 shares reserved for issuance under a convertible loan. The number of common shares outstanding, on a fully-diluted basis is 103,144,321.

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**RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT REMUNERATION**

**Compensation of key management and directors**

Key management compensation expenses includes the Chief Executive Officer, the Executive Vice-President, the Chief Financial Officer. Share-based compensation includes key management and directors.

For the three months ended March 31	2017 \$	2016 \$
Management fees	22,500	22,500
Legal fees provided by a law firm related to William Johnstone	13,428	15,839
	<b>35,926</b>	<b>38,339</b>

  

Balances owing as at	March 31 2017 \$	December 31 2016 \$
Legal services provided by a law firm related to William Johnstone	167,311	151,237
Management fees	57,009	60,509
Directors loans	17,791	14,500
	<b>242,111</b>	<b>226,246</b>

These amounts were expensed in the period incurred as administrative and general expenses. The amounts paid and owing are measured at the exchange amount, are non-interest bearing and due on demand.

In May, 2015, directors of the Company loaned the Company working capital in the amount of \$14,500. The loans are in the form of demand promissory notes bearing interest at 10% per annum.

**COMMITMENTS, CONTINGENCIES AND GUARANTEES**

In accordance with an exploration agreement signed on February 4, 2010, the Company is committed to contribute 1.5% of all funds expended by the Company on its mining claims in the proximity of McFaulds Lake, Lower James Bay region of Ontario, as a contribution to a Community Sustainability Fund.

**OFF-BALANCE SHEET ARRANGEMENTS**

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

**CHANGES IN ACCOUNTING POLICIES AND FUTURE ACCOUNTING PRONOUNCEMENTS**

Certain pronouncements were issued by the IASB or the IFRIC became effective January 1, 2013 and were adopted by the Company on that date. The adoption of these accounting policies had no effect on the Company. These pronouncements are detailed in the audited consolidated financial statements for the year ended December 31, 2016.

**RISK FACTORS**

Given the Company's current status as an exploration stage company, there are numerous risk factors that could affect the Company's business prospects and future performance and are detailed in the audited consolidated financial statements and management's discussion and analysis for the year ended December 31, 2016. These risks and uncertainties are not the only ones facing the Company. Additional risks and uncertainties not presently known to the Company, or that the Company currently deems immaterial, may also affect the Company's business prospects and future performance.

## **AURCREST GOLD INC. MANAGEMENT'S DISCUSSION AND ANALYSIS**

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### **OUTLOOK**

AurCrest is focused on its 100% owned Richardson Lake area mineral claims, which have been defined internally by the Company as the Western Fold Property and the Richardson Lake Property. With the current gold price and the prospects for Richardson Lake area properties, it is management's view that focusing on these significant gold assets is in the best interest of its shareholders.

The Western Fold property, which hosts the Western Fold Formation, is comprised of twelve unpatented mineral claims staked by the Company in late 2010/early 2011 totalling approximately 2,300 hectares. These claims are not subject to any underlying net smelter returns royalty to any third party. The Company completed an airborne magnetic survey of the property in 2014, and have identified several targets for future exploration.

The Richardson Lake property, which hosts the Jacquie-Girl Iron Formation and the Discovery holes RL-12-07 and RL-14-08, is comprised of ten unpatented mineral claims totaling approximately 1,700 hectares, including four claims staked by the Company in late 2010 and early 2011 and six unpatented mineral claims optioned 100% from the prospector Perry V. English. The original six claims plus an area of influence around said claims are subject to the Company's obligation to pay a net smelter returns royalty of 2%. The Company has retained IBK Capital Corp. as financial advisor with an intent to auction the Richardson Lake property or secure exploration program financing through joint venture or other means of capitalization.

The Company completed a field program in 2012 at the Richardson Lake property, which included 1,613 metres of drilling with a new gold discovery in hole RL-12-07. This hole returned assay results of 15.0 metres of 1.83 g/t gold, including 9.0 metres of 2.95 g/t, including 4.0 metres of 6.0 g/t and 3.0 metres of 7.4 g/t. The highest individual sample within the discovery zone was 1.0 metre of 11.1 g/t gold. Under an exploration permit received in 2013, the Company raised the capital necessary to complete 1,957.5 metres in 4 drill holes during the 2014 summer/autumn drill season to follow up on this discovery and to attempt definition of the continuation of this promising gold strike, and also complete 511 line kilometres of an airborne magnetic survey to compliment the drill work and begin exploring areas to the west. Drill hole RL-14-08 was drilled to a depth of 448.5 metres, and succeeded in hitting a gold bearing zone 140 metres south of the discovery in RL-12-07, and with remarkably consistent grades. RL-14-08 encountered 18.0 metres of 1.85 g/t gold, including 10.0 metres of 2.93 g/t, 4.5 metres of 6.0 g/t, 3.5 of 7.57 g/t, 2.5 metres of 10.4 g/t, and 1.0 metre of 15.0 g/t gold; This follow-up drill hole confirms the promising new discovery made in 2012. If the Richardson Lake property is not sold, AurCrest intends to complete further drilling in this area when it is able to raise additional financing to complete a meaningful program. The next phase of drilling will help to further establish this discovery, and the Company will endeavor to finance a meaningful drill program to outline this new gold discovery.

While the current capital markets for junior exploration companies are considered extremely depressed, it is management's view that gold as a commodity will remain attractive. The Company's decision to remain focused on this metal and this discovery along with our persistent team, will allow management to continue to market AurCrest in the coming months.

Christopher Angecone of the Lac Seul First Nation, having been on our Board since 2011, has accepted the position of President & CEO, helping to further implement our exploration and discovery of gold at Richardson Lake in the traditional lands shared primarily by the Cat Lake, Slate Falls, and Lac Seul First Nations. Former President & CEO Ian Brodie-Brown remains with the company as Director – Business Development

The Company formed WEI with the intention of deploying and operating wind, solar, and other renewable energy technologies through business partnerships with First Nation communities and the mineral exploration and development industry proximal to those First Nations. The need for First Nations electricity, clean and renewable over an out-of-date diesel dependency that does not meet their basic requirements, is as critical as any issue facing the communities in the north today. WEI, through the

**AURCREST GOLD INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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development of business structures and infrastructure in partnership with the Company's neighbouring First Nations, is uniquely positioned to create an economic base for those First Nations and grow the infrastructure necessary to power future mineral exploration and development activities.

AurCrest continues to strengthen its relationships with the local communities and believes that this ongoing focus will enhance future exploration success. These valued relationships, and the proper access to mineral exploration opportunities are integral, and above all, the most important part of our business endeavors.

Blaine Webster, P.Geol., a consultant to the Company and a qualified person as defined by National Instrument 43-101, has reviewed and approved the technical information contained in this MD&A.

**SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This Management's Discussion and Analysis contains forward-looking statements that involve risks and uncertainties, which may cause actual results to differ materially from the statements made. When used in this document, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect" and similar expressions are intended to identify forward-looking statements. Such statements reflect our current views with respect to future events and are subject to such risks and uncertainties. Many factors could cause our actual results to differ materially from the statements made, including those factors discussed in filings made by us with the Canadian securities regulatory authorities. Should one or more of these risks and uncertainties, such as actual results of current exploration programs, the general risks associated with the mining industry, the price of gold and other metals, currency and interest rate fluctuations, increased competition and general economic and market factors, occur or should assumptions underlying the forward looking statements prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, or expected. We do not intend and do not assume any obligation to update these forward-looking statements except as required by law. Shareholders are cautioned not to put undue reliance on such forward-looking statements.