



Management Discussion and Analysis
For the quarter ended
November 30, 2014

Overview:

This Management Discussion and Analysis of the financial condition and results of operations ("MD&A") of Kapuskasing Gold Corp. (the "Company" or "KAP") has been prepared based upon information available to the Company as at January 23, 2014 and should be read in conjunction with the unaudited interim financial statements and notes thereto as at and for the three and six months ended November 30, 2014 (the "current statements") and the audited financial statements and the notes thereto as at and for the year ended May 31, 2014. All financial data in this MD&A is reported in Canadian dollars and has been prepared in accordance with International Financial Reporting Standards ("IFRS").

Caution Regarding Forward-Looking Information:

Certain information contained in this MD&A may constitute forward-looking information, which is information regarding possible events, conditions or results of operations of the Company that is based upon assumptions about future economic condition and courses of action and which is inherently uncertain. All information other than statements of historical fact may be forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as "feel", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe", and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook. Forward-looking information contained in this MD&A includes, without limitation, our expectations regarding anticipated exploration activities and results and financing activities and other factors on our operating results, and the performance of global capital markets, commodity prices and interest rates.

Forward-looking information involves known and unknown risk, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. The Company believes the expectations reflected in the forward-looking information are reasonable but no assurance can be given that these expectations will prove to be correct and readers are cautioned not to place undue reliance on forward-looking information contained in this MD&A. Some of the risks and other factors which could cause results to differ materially from those expressed in the forward-looking information contained in this MD&A include, but are not limited to: risks relating to exploration results, market fluctuations, commodity price fluctuations and the strength of the Canadian, U.S. and other economies.

Readers are cautioned that the foregoing lists of factors are not exhaustive. Although the Company has attempted to identify important factors that could cause actual events and results to differ materially from those described in the forward-looking information, there may be other factors that cause events or results to differ from those intended, anticipated or estimated. The Corporation undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as otherwise required by law. All of the forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

Nature of the Business:

Kapuskasing Gold Corp. is a corporation under the laws of British Columbia whose common shares are listed on the TSX Venture Exchange ("TSXV") under the trading symbol "KAP". It is a "reporting" company in the provinces of British Columbia, Alberta and Ontario.

KAP is a gold exploration company that is actively engaged in exploring the Kapuskasing Structural Zone in the Borden Lake area of Northern Ontario.

Overall Performance:

The economic climate for early stage natural resource companies remained soft in the first two quarters of fiscal 2015, making it difficult for companies to secure the financing required to advance projects through additional exploration work. The Company believes that this market condition will remain in the short-term. As commodity prices begin to move upward, either due to basic supply demand metrics or due to outside economic forces, normalcy will begin to return to the junior markets, allowing for companies to expand on exploration programs.

During the quarter, KAP was successful in completing a small financing that will allow the company to commence a small scale exploration and reconnaissance program in the spring of 2015 to ensure all of the Company's claims remain in good standing.

The Company's management remains excited about the significant land position it has accumulated in the Kapuskasing Structural Zone near Borden Lake. Advanced exploration work being conducted in the region is seemingly confirming the thesis of the Company and its advisory board, that there are significant potential gold deposits in this region. As capital markets allow, KAP will be rapidly scaling up its exploration plans. It remains the Company's intention to complete an initial drill program on a selection of our land packages in fiscal 2015.

Results of Operations:

The Corporation's operating results for the six months ended November 30, 2014 and for the fiscal year ended May 31, 2014 are stated below; with the subsequent table representing selected quarterly results for the eight most recently completed quarters.

Results of Operations	November 30, 2014	May 31, 2014
Net loss	214,206	1,052,740
Loss per share, basic and diluted	(0.01)	(0.07)
Total assets	536,091	441,438
Total liabilities	372,407	251,590
Shareholders equity	163,684	189,848

	Three Months Ended			
	<u>Nov. 30, 2014</u> <u>Aug. 31, 2014</u> <u>May 31, 2014</u> <u>Feb. 28, 2014</u>			
Loss for the period	(146,342)	(67,954)	(125,324)	(830,757)
Basic and diluted loss per share	(0.00)	(0.00)	(0.01)	(0.00)
	<u>Nov. 30, 2013</u> <u>Aug 31, 2013</u> <u>May 31, 2013</u> <u>Feb. 28, 2013</u>			
Loss for the period	(48,361)	(48,298)	(705,356)	(52,367)
Basic and diluted loss per share	(0.00)	(0.00)	(0.03)	(0.00)

The May 31, 2013 loss was increased by the non-cash expense item of writing down certain exploration and evaluation assets by \$687,763.

The February, August and November 2013 quarters reduced level of losses reflects management's cost cutting efforts given the poor fund raising conditions for exploration companies in the current market.

The February 2014 loss is significantly larger than the comparable quarter because management decided to change the focus of the company, resulting in the impairment of claims dropped in the quarter.

The November 2014 loss is significantly higher than the comparable quarter because management engaged a third party to assisting in the marketing of the company in the financing completed in the first six months of the year.

Additional Information for Venture Issuer's Without Significant Revenue

	Nov. 30, 2014	Nov. 30, 2013
General and administration:		
Bank charges	\$ 246	\$ 44
Consulting	76,875	60,525
Investor relations	95,656	3,432
Office and miscellaneous	1,260	545
Professional fees	33,882	30,000
Rent	625	-
Transfer agent and filing fees	5,663	2,113
	<u>214,206</u>	<u>96,659</u>
Impairment of exploration and evaluation assets	-	-
Net and comprehensive loss for the period	<u>\$ 214,206</u>	<u>\$ 96,659</u>

Exploration properties:

Gold properties

In the first eight months of calendar 2014, the Company staked multiple gold properties in Northern Ontario including Borden North and South, Golden Route, Chapleau, Rollo and Schewabik.

All of the Yukon properties have been dropped to focus corporate resources on the Ontario properties.

Graphite properties

The Company has dropped all graphite properties to focus corporate resources on the Ontario gold properties.

The following table represents to amounts expended acquiring and exploring the Company's gold properties as at November 30, 2014 and May 31, 2014:

	Acquisition (\$)	Exploration (\$)	Impairment (\$)	November 30, 2014	May 31, 2014
Borden North	111,660	8,658	-	120,318	116,940
Borden South	27,550	-	-	27,550	27,550
Golden Route	7,920	-	-	7,920	7,920
Chapleau	41,980	-	-	41,980	41,980
Rollo	150,100	3,378	-	153,478	150,100
Schewabik	28,368	-	-	28,368	28,368
Total	367,578	12,036	-	379,614	372,858

Borden North Property, Ontario

On February 27, 2014 the Company entered into a purchase agreement to acquire a 100% interest in the Borden North Gold Property ("Borden North"). The Vendors retain a 2% Net Smelter Royalty, of which 1% may be repurchased for \$1,000,000. Under the terms of the agreement, the Company is to issue 600,000 shares to the Vendors and have agreed to issue an additional \$600,000 worth of bonus shares, issued and priced when the Company releases a 43-101 compliant measured and indicated resource of 2,000,000 ounces or more of gold within the claims of Borden North. In addition, the Company paid \$33,660 in cash as a repayment of staking costs associated with Borden North. Subsequent to year end, the Company received regulatory approval for the agreement and issued the 600,000 shares to the Vendors.

Borden South Property, Ontario

During the quarter, the Company acquired, by staking, the Borden South Gold Property in Ontario. The total cost associated with the acquisition was \$27,550.

Golden Route Property, Ontario

During the year, the Company acquired, by staking, the Golden Route Property in Ontario. The total cost associated with the acquisition was \$7,920.

Chapleau Property, Ontario

During the year, the Company acquired, by staking, the Chapleau Gold Property in Ontario. The total cost associated with the acquisition was \$16,660.

Rollo Property, Ontario

On February 25, 2014 the Company entered into a purchase agreement to acquire a 100% interest in the Rollo Gold Property in Ontario ("Rollo"). The Vendors retain a 2% Net Smelter Royalty, of which 1% may be repurchased for \$1,665,000. Under the terms of the agreement, the Company is to issue 1,000,000 shares to the Vendors and have agreed to issue an additional \$1,000,000 worth of bonus shares, issued and priced when the Company releases a 43-101 compliant measured and indicated resource of 2,000,000 ounces or more of gold within the claims of Rollo. In addition, the Company paid \$20,100 in cash as a repayment of staking costs associated with Rollo. Subsequent to year end, the Company received regulatory approval for the agreement and issued the 1,000,000 shares to the Vendors.

Schewabik Property, Ontario

During the year, the Company acquired, by staking, the Schewabik Gold Property in Ontario. The total cost associated with the acquisition was \$28,368.

Liquidity and Capital Resources:

The Company has a history of operating losses and of negative cash flows from operations. While management identifies projects of merit for acquisition, the Company will remain reliant on capital markets for future funding to meet its ongoing obligations.

Although private placements were completed in February 2014, May 2014, November 2014 and subsequent to the period raising, in aggregate, \$571,910, more funding will be required for future exploration of the new acquisitions, and for general working capital.

Off Balance-Sheet Arrangements:

The Company has no off-balance sheet arrangements at the time of this management discussion and analysis.

Related Party Transactions:

During the year, the Company entered into transactions with related parties comprised of directors, officers and companies with common directors as follows:

Related party	Nature of transactions
Andrew Davidson, CFO	Consulting fees
Dean Nawata, President & CEO	Consulting fees, promotion expenses

Included for the quarter ended November 30, 2014 and November 30, 2013 are the following items paid or accrued to key management personnel and/or companies with common directors. The Company has identified its directors and certain senior officers as its key management personnel.

Included in accounts payable and accrued liabilities is \$252,281 (2013 - \$108,325) payable to directors and officers.

	2014	2013
Professional Fees	\$ -	\$ 45,000
Consulting	75,000	30,000
Investor Relations	-	2,113
Totals	\$ 75,000	\$ 77,113

Financial Instruments:

As at November 30, 2014 the Company's financial instruments consist of cash, sales tax receivable, and accounts payable and accrued liabilities. The fair value of these financial instruments approximate carrying value since they are short term in nature and are receivable or payable on demand.

Critical Accounting Estimates and Judgments:

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual experience may differ from these estimates and assumptions.

The effect of a change in accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical accounting estimates and judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements are discussed below:

Judgements

Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

Title to mineral property interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Estimates

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 8.

Deferred taxes

The Company recognizes the deferred tax benefit related to deferred income and resource tax assets to the extent recovery is probable. Assessing the recoverability of deferred tax assets requires management to make significant estimates of future taxable profit. To the extent that future cash flows and taxable profit differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods from deferred income and resource tax assets.

Accounting Policies:

The Company has adopted the following new and revised standards, along with any consequential amendments, effective June 1, 2014. These changes were made in accordance with the applicable transitional provisions and did not have a material impact on the Company's financial statements:

IAS 32, "Financial Instruments: Presentation"

The IASB amended IAS 32, "Financial Instruments: Presentation" to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas:

- the meaning of 'currently has a legally enforceable right of set-off';
- the application of simultaneous realization and settlement;
- the offsetting of collateral amounts; and
- the unit of account for applying the offsetting requirements.

The amended standard is effective for annual periods beginning on or after January 1, 2014.

New standards not yet adopted

The Company is currently assessing whether or not the adoption of the following standards will have a material effect on the Company's future financial statements:

IFRS 9, "Financial Instruments"

In November 2009, the IASB published IFRS 9, "Financial Instruments", which covers the classification and measurement of financial assets as part of its project to replace IAS 39, "Financial Instruments: Recognition and Measurement." In October 2010, the requirements for classifying and measuring financial liabilities were added to IFRS 9. Under this guidance, entities have the option to recognize financial liabilities at fair value through earnings. If this option is elected, entities would be required to reverse the portion of the fair value change due to their own credit risk out of earnings and recognize the change in other comprehensive income. IFRS 9 is effective on January 1, 2018. Early adoption is permitted and the standard is required to be applied retrospectively.

Legal Matters:

None outstanding.

Disclosure Controls and Procedures:

On November 30, 2014, the Company carried out an evaluation of the effectiveness of its disclosure controls and procedures as required by Canadian securities laws. Based on this evaluation, management has concluded that the Company's disclosure control and procedures were effective to provide reasonable assurance that information required to be disclosed in the Company's annual filings and interim filings and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws, and that material information is accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure.

The Company has designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The Company has a limited number of employees and therefore internal controls that rely on segregation of duties are not possible in some cases. In these instances, the Company relies on senior management review and approval to ensure that the controls are as effective as possible.

Events After the Reporting Period:

Subsequent to the reporting period the Company closed a second tranche of the November financing; issuing 133,280 flow-through units at \$0.75 per unit, raising gross proceeds of \$9,996 and issuing 370,000 non-flow-through units at \$0.0675 per unit raising gross proceeds of \$24,975. Each unit consisted of one common share and one share purchase warrant. Each whole share purchase warrant entitles the holder to purchase a further share in the Company at a price of \$0.10 per share for 2 years after closing. Also as part of the financing, the Company issued 7,777 finders warrants exercisable at a price of \$0.10 per warrant for 2 years after closing.

On January 15, 2015, the Company issued 1,125,000 share stock options to employees, consultants, officers and directors of the Company. The stock options are exercisable at \$0.10 per share and expire on January 15, 2020.

Outstanding Share Data:

As of January 23, 2015, the number of common shares of the Company outstanding, or reserved for issue under convertible securities, is as follows:

Common Shares	Number
Shares outstanding	22,839,652
Options outstanding	1,975,000
Warrants outstanding	7,018,607
Fully diluted share capital	31,833,259

Current Directors and Officers:

Dean Nawata Director, CEO, President
Andrew Davidson, Director, CFO
John Kiernan, Director
Garry Clark, Director
Jon Armes, Director