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# SOLIDUSGOLD INC.

## Management Discussion and Analysis

**FOR THE NINE MONTHS  ENDED DECEMBER 31, 2015**

### *Introduction*

This Management Discussion and Analysis ("MD&A") of SolidusGold Inc. (the "Company") has been prepared by management as of February 16, 2016 and should be read in conjunction with the unaudited condensed consolidated interim financial statements and related notes thereto of the Company for the nine months ended December 31, 2015. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), including IAS 34 – *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB"). All dollar figures are expressed in Canadian dollars unless otherwise stated. These documents and additional information on the Corporation are available on SEDAR at www.sedar.com.

### *Forward-looking Statements*

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities legislation and "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 (collectively, "forward-looking information"). In certain cases, forward-looking information can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes", or variations or the negative 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" or the negative of these terms or comparable terminology. By their very nature, forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. The Company disclaims any obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

### 1. *Executive Summary*

SolidusGold Inc. (the "Company") was incorporated on April 13, 2011 under the laws of British Columbia under the name "Mantra Capital Inc.". On September 4, 2014, the Company changed its name to SolidusGold Inc. and commenced trading on the TSX Venture Exchange ("TSX-V") under the new symbol of "SDC".

The Company is a growth company focused on the exploration and development of precious and base metals. The Company currently an undivided 100% interest in the Honeymoon Property ("Honeymoon"), an early stage gold-silver-copper property located in British Columbia.

**The Wind Mountain property** option agreement entitling the Company to acquire an undivided 100% interest in the property in Nevada was terminated by the Company on August 4, 2015. For further details regarding Wind Mountain Property (see also Note 4).

**The Honeymoon property** is an early stage gold-silver-copper property located on the west side of Adams Lake, British Columbia, approximately 85 km northeast of Kamloops, British Columbia. It is comprised of 43 mineral claims which total approximately 19,772 hectares. All mineral claims are in good standing until November 15, 2015. For further details regarding the Honeymoon Property (see also Note 15(b) – Subsequent Events).

The Company and the Optionor of the Honeymoon property mutually cancelled the Option Agreement on June 10, 2015 and entered into a purchase and sale agreement of undivided 100% right, title and interest in and to the Honeymoon Property and to concurrently terminate the Option Agreement the parties entered into in August 2013 under which the Company had a option to acquire the property. The Company agreed to pay $3,500 (paid) as consideration for the property and issue 70,000 common shares (issued) to the Vendor.

On November 6, 2014, the Company entered into a Plan of Arrangement ("Arrangement Agreement") with Mantra Mining Inc. ("Mantra"). Mantra is a wholly owned subsidiary of the Company and was incorporated on October 30, 2014 under BC Business Corporations Act for the purposes of completing the Arrangement Agreement. Under the terms of the Arrangement Agreement, the Company will assign its interest in the Honeymoon Property and transfer cash to the Mantra. In consideration for such assignment and transfer, Mantra will issue to the Company common shares that are equal to the number of outstanding common shares of the Company at the effective date as agreed upon by the Company and Mantra. In December 2014, the Arrangement Agreement which was approved by the Company's shareholders and by the British Columbia Supreme Court is subject to final approval by the TSX-V. The Company has terminated the Arrangement Agreement as of the end of the September 2015.

### 2. *Highlights for the nine months ended December 31, 2015*

The Company's cash position at December 31, 2015 was $19,972. The Company also held a $5,050 short-term investment at December 31, 2015. During the nine months ended December 31, 2015, the Company incurred a comprehensive loss of $679,449 and an accumulated deficit of $2,005,740 as compared to a comprehensive loss of $632,216 and accumulated deficit of $1,148,442 during the nine months ended December 31, 2014.

The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

On June 10, 2015, the Company and the Optionor for the Honeymoon Property mutually cancelled Option Agreement and entered into a purchase and sale agreement of undivided 100% right, title and interest in and to the Honeymoon Property and to concurrently terminate the Option Agreement the parties entered into in August 2013 under which the Vendor granted the Company an option to acquire the property. The Company agreed to pay $3,500 (paid) as consideration for the property and issue 70,000 common shares (issued) to the Vendor.

### *2. Highlights for the nine months ended December 31, 2015 (continued)*

On August 24, 2015, the Company issued 75,000 common shares at $0.14 per share in satisfaction of $10,500 in salary and GST owing to Steven Khan for his prior role as Interim Chief Executive Officer of the Company.

On November 3, 2015, the Company completed a non-brokered private placement of 952,381 common share shares at a price of $0.0525 per share, raising gross proceeds of $50,000. The Company incurred share issuance costs of $1,372 in connection with the private placement. All shares are subject to a four month hold period which expires on April 4, 2016.

On November 12, 2015, the Company renewed 2 mineral claims related to the Honeymoon Property. The claims were renewed by making a cash-in-lieu payment to remain in good standing with the Province of British Columbia. On November 15, 2015, the Company allowed the remaining 41 mineral claims related to the Honeymoon Property to lapse. Of these claims, 5 were re-staked on November 16, 2015.

On December 23, 2015, the Company announced that the board of directors has approved the issuance of 500,000 common share of the Company at a price of $0.05 per share in settlement of an outstanding debt in the amount of $25,000 owing to an arm's length party. The debt settlement is subject to approval of the TSX Venture Exchange.

### *3. Selected Annual Information*

The Company's fiscal year end is March 31. Selected annual information is presented as follows:

| | **March 31, 2015** | **March 31, 2014** | **March 31, 2013** |
|---|---|---|---|
| Total revenues | $Nil | $Nil | $Nil |
| Loss for the year | $(811,065) | $(362,402) | $(40,102) |
| Loss per share* | $(0.02) | $(0.01) | $(0.00) |
| Total assets | $616,359 | $362,420 | $268,962 |
| Total long term liabilities | $Nil | $Nil | $Nil |

* Loss per share for the fiscal year ending March 31, 2013 has been restated for comparative purposes to take into consideration the stock split that occurred in December 2013.

### *4. Results of Operations*

The following table represents the total expenditure incurred on each property to date.

| | | **Wind Mountain** | | **Honeymoon** | | **Total** |
|---|---|---|---|---|---|---|
| Exploration and evaluation of assets | $ | 512,250 | $ | 48,213 | $ | 560,463 |
| Accumulated exploration project costs | | 139,894 | | 216,125 | | 356,019 |
| **Total expenditure at December 31, 2015** | **$** | **652,144** | **$** | **264,338** | **$** | **916,482** |

**Wind Mountain Property**

The Company terminated the Option Agreement on August 4, 2015 citing poor market conditions and continued erosion of the gold price.

## *4. Results of Operations (continued)*

### Honeymoon Property

During Q3-2016, the Company incurred $Nil of expenses on exploration work related to the Honeymoon Property.

### Corporate Expenditure Summary

- Exploration and evaluation costs incurred during Q3-2016 totaled $7,983 (Q3-2015 - $258,682). The total of $1,421 exploration costs relates to the Wind Mountain project and $6,562 relates to the Honeymoon project.
- Management fees of $45,000 incurred during Q3-2016 equalled fees from Q3-2015 cost of $45,000.
- Office, administration and miscellaneous costs decreased $58,919 from $78,401 during Q3-2015 to $19,482 during Q3-2016 primarily due to decreased business activities in Q3-2016 compared to Q3-2015 and the elimination of fees paid to Tintina Resources Inc. ("Tintina") for accounting and administrative services.
- Professional and consulting fees decreased $111,606 from $143,908 during Q3-2015 to $32,302 during Q3-2016 primarily due to decreased legal fees and accounting fees incurred during the quarter for the plan of arrangment.
- Share-based payments of $40,693 incurred during Q3-2016 (Q3-2015 - $93,593) relate to the vesting of stock options granted on February 4, 2014 and August 15, 2014.

## *5. Summary of Quarterly Results*

The following is a summary of certain financial information concerning the Company for the last eight reported quarters:

| Quarter Ended | Total Revenues | Net Loss | Net Loss Per share |
|---|---|---|---|
| March 31, 2014 | $Nil | $ (243,149) | $ (0.01) |
| June 30, 2014 | $Nil | $ (150,906) | $ (0.00) |
| September 30, 2014 | $Nil | $ (177,931) | $ (0.00) |
| December 31, 2014 | $Nil | $ (303,379) | $ (0.01) |
| March 31, 2015 | $Nil | $ (811,065) | $ (0.02) |
| June 30, 2015 | $Nil | $ (68,552) | $ (0.00) |
| September 30, 2015 | $Nil | $ (570,272) | $ (0.01) |
| December 31, 2015 | $Nil | $ (39,625) | $ (0.00) |

## *6. Liquidity and Capital Resources*

As at December 31, 2015, the Company reported negative working capital of $95,363. Net decrease in cash for Q3-2016 was $76,160, leaving cash on hand in the amount of $19,972.

Current assets excluding cash at December 31, 2015 consisted of a short-term investment of $5,050, amounts receivable of $3,508, Due from a related parties $21,000 and prepaid expenses of $1,250.

Current liabilities as at December 31, 2015 consisted of accounts payable and accrued liabilities of $146,143.

### *7. Off-Balance Sheet Arrangements and Commitments*

At the date of this MD&A, the Company had no off-balance sheet obligation. Commitments to incur exploration and evaluation costs are detailed in Note 6 of the condensed consolidated interim financial statements for the nine months ended December 31, 2015.

### *8. Key Management Personnel and related parties*

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

The Company had the following related party transactions:

| | | 2015 | | 2014 |
|---|---|---|---|---|
| Salary and benefits due from Mantra Solar Systems Inc. | | 1,556 | | - |
| Salary and benefits due from AsiaBaseMetals Inc. | | 19,444 | | - |
| | | 21,000 | | - |
| Due to SolidusGold Inc. | $ | 21,000 | $ | - |

The amount due to SolidusGold Inc. from Mantra Solar Systems Inc., a related party having two directors and Chief Financial Officer in common with the Company, is non-interest bearing, unsecured and is due upon demand.

The amount due to SolidusGold Inc. from AsiaBaseMetals Inc., a related party having three directors and Chief Financial Officer in common with the Company, is non-interest bearing, unsecured and is due upon demand.

Key management personnel receive compensation in the form of short-term employee benefits, share-based payments, and post-employment benefits. Key management personnel include the Chief Executive Officer, Chief Financial Officer, and directors of the Company. The remuneration of key management is as follows:

| | Nine months ended December 31, | | | |
|---|---|---|---|---|
| | | 2015 | | 2014 |
| Management fees | $ | 35,000 (i) | $ | 45,000 |
| Shares for debt | | 10,500 (i) | | - |
| CFO fees | | 10,725 | | - |
| Share-based payments | | 6,277 | | 81,072 |
| Total remuneration | $ | 62,502 | $ | 126,072 |

(i) Management fees presented on the Statement of Comprehensive Loss equals the sum of Management fees and Shares for debt, net of $500 GST as presented in this table.

### *9. Significant Accounting Estimates and Judgments*

The preparation of these condensed consolidated interim financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated interim financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

Significant accounts that require estimates as the basis for determining the stated amounts include recognition of deferred income tax assets, assessment of decommissioning provision, valuation of share-based payments and assessment of impairment of exploration and evaluation assets.

(i) Impairment

At the end of each reporting period the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate and its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective or assessments with a significant risk of material adjustment in the next year.

(ii) Going Concern

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgment. Management monitors future cash requirements to assess the Company's ability to meet these future funding requirements.

### *10. Accounting Standards Issued but Not Yet Effective*

Standards issued, but not yet effective, up to the date of issuance of the Company's condensed consolidated interim financial statements are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date.

New accounting standards effective for annual periods on or after April 1, 2016:

*IAS 1 – Presentation of Financial Statements*

In December 2014, amendments to IAS 1 were issued to address perceived impediments to preparers exercising their judgement in presenting their financial statements. The amendments clarify the definition of materiality, the presentation of items on the statement of financial position and statement of profit or loss and other comprehensive income, and ordering of notes in the financial statements.

*IFRS 10 – Consolidated Financial Statements*

In September 2014, amendments to IFRS 10 were issued to provide guidance on recognising gains and losses from the loss control of a subsidiary in the parent's profit or loss. In December 2014, further amendments to IFRS 10 were issued to address issues that have arisen in the context of applying the consolidation exception for investment entities.

*IFRS 11 – Joint Arrangements*

In May 2014, an amendment to IFRS 11 was issued addressing guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendment now specifies the appropriate accounting treatment for such acquisitions and requires applying the principles in IFRS 3 – *Business Combinations,* when acquiring an interest in a joint operation that constitutes a business.

New accounting standards effective for annual periods on or after April 1, 2018:

*IFRS 9 - Financial Instruments*

In November 2009, as part of the IASB project to replace IAS 39 Financial Instruments: Recognition and Measurement, the IASB issued the first phase of IFRS 9 Financial Instruments, that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities. In November 2013, new general hedge requirements were added to the standard. In July 2014, the final version of IFRS 9 was issued and adds a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics.

The extent of the impact of adoption of these standards and interpretations on the consolidated financial statements of the Company has not been determined.

### *11. Financial Instruments and Financial Risk*

International Financial Reporting Standards 7, *Financial Instruments: Disclosures*, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair Value of Financial Instruments

The Company's financial assets include cash and short-term investment and are classified as Level 1. The carrying value of these instruments approximates their fair values due to the relatively short periods of maturity of these instruments.

Assets measured at fair value on a recurring basis were presented on the Company's statements of financial position are as follows:

| | Fair Value Measurements Using | | | |
|---|---|---|---|---|
| | Quoted Prices in Active Markets For Identical Instruments (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Total |
| **December 31, 2015:** | | | | |
| Cash | $ 19,972 | $ – | $ – | $ 19,972 |
| Short-term investment | 5,050 | – | – | 5,050 |
| **March 31, 2015:** | | | | |
| Cash and cash equivalents | $ 96,132 | $ – | $ – | $ 96,132 |
| Short-term investment | 5,000 | – | – | 5,000 |

Financial risk management objectives and policies

The Company's financial instruments include cash, short-term investment, accounts payable and amounts due to related parties. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) *Currency risk*

The Company has operations in the United States which are transacted into U.S. dollars. Accordingly, the Company is exposed to foreign exchange risk with respect to these transactions. The Company has not undertaken hedging activities to mitigate this risk.

The Company does not have any significant foreign currency denominated monetary liabilities.

### *11. Financial Instruments and Financial Risk (continued)*

(ii) *Interest rate risk*

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term.

The Company has not entered into any derivative instruments to manage interest rate fluctuations.

(iii) *Credit risk*

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The credit risk on cash is limited because the cash are composed of financial instruments issued by Canadian banks and companies with high credit ratings as assigned by international credit-rating agencies. Therefore, the Company is not exposed to significant credit risk.

(iv) *Liquidity risk*

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations.

December 31, 2015, the Company had negative working capital of $95,363. As at December 31, 2015, the Company had cash and short-term investment of $25,022 (March 31, 2015 - $101,132) to settle accounts payable of $146,143 which fall due for payment within twelve months of the financial position date. As a result, management intends to raise capital through the issuance of new shares however, as at February 16, 2016 this has not been completed

### *13. Outstanding Share Data*

Summary of Outstanding Share Data at February 16, 2016:

a. Authorized:
   Unlimited common shares without par value

   Issued and outstanding:
   40,983,395 common shares (6,164,994 common shares held in escrow)

b. Stock options:
   Options outstanding: 3,580,000

c. Warrants:
   Warrants outstanding: Nil

### *14. Disclosure Controls*

Management has designed disclosure controls and procedures, or has caused them to be designed under its supervision to provide reasonable assurance that material information relating to the Company is made known to management, particularly during the period in which the annual filings are being prepared. Management has also designed such internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and preparation of the condensed consolidated interim financial statements for the nine months ended December 31, 2015, in accordance with IFRS.

The Chief Executive Officer and Chief Financial Officer of the Company have evaluated the effectiveness of the Company's disclosure controls and procedures in place as at December 31, 2015. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer of the Company concluded that the design and operations of these controls and procedures were effective.

Additional disclosures pertaining to the Company's management information circulars, material change reports, press releases and other information are available on the SEDAR website at www.sedar.com. The shareholders will be kept informed of any material changes.