# SOLIDUSGOLD INC.

## Management Discussion and Analysis

**FOR THE YEAR ENDED MARCH 31, 2016**

### *Introduction*

This Management Discussion and Analysis ("MD&A") of SolidusGold Inc. (the "Company") has been prepared by management as of July 15, 2016 and should be read in conjunction with the audited consolidated financial statements and related notes thereto of the Company for the year ended March 31, 2016. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") 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 holds an undivided 100% interest in the Honeymoon Property ("Honeymoon"), an early stage gold-silver-copper property located in British Columbia. The Company is continuing to pursue the acquisition of additional properties in the precious metals sector.

**The Wind Mountain property** option agreement entitling the Company to acquire an undivided 100% interest in the Wind Mountain property in Nevada was terminated by the Company on August 1, 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 were in good standing until November 15, 2015. On November 12, 2015, the Company renewed 2 mineral claims. The claims were renewed by making a cash-in-lieu payment to remain in good standing with the Province of British Columbia until May 15, 2016 and were subsequently renewed on May 12, 2016 until November 15, 2016. On November 15, 2015, the company allowed the remaining 41 mineral claims to lapse. Of these claims, 5 were re-staked on November 16, 2015 and will remain in good standing until November 15, 2016.

On May 27, 2015 the Company and the Optionor of the Honeymoon Property mutually cancelled the Option Agreement that was entered into on August 29, 2013 and concurrently entered into a purchase and sale agreement for an undivided 100% right, title and interest in and to the Honeymoon Property. Pursuant to the terms of the sale and purchase agreement the Company agreed to pay $3,500 (paid) and issue 70,000 common shares (issued) as consideration for the property.

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 terminated the Arrangement Agreement on August 1, 2015.

## 2. *Highlights for the year ended March 31, 2016*

The Company's cash position at March 31, 2016 was $94,491. The Company also held a $5,050 short-term investment at March 31, 2016. During the year ended March 31, 2016 ("FY2016"), the Company incurred a comprehensive loss of $748,540 as compared to a loss of $811,065 during the year ended March 31, 2015 ("FY2015"), representing a decrease in loss of $62,525. The Company had an accumulated deficit of $2,075,831 as at March 31, 2016 as compared to an accumulated deficit of $1,327,291 as at March 31, 2015.

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.

### 2. *Highlights for the year ended March 31, 2016 (continued)*

On May 27, 2015 the Company and the Optionor of the Honeymoon Property mutually cancelled the Option Agreement that was entered into on August 29, 2013 and concurrently entered into a purchase and sale agreement for an undivided 100% right, title and interest in and to the Honeymoon Property. Pursuant to the terms of the sale and purchase agreement the Company agreed to pay $3,500 (paid) and issue 70,000 common shares (issued) as consideration for the property.

On August 24, 2015, the Company issued 75,000 common shares with a fair value of $7,500 in satisfaction of $10,500 owing to Sona Capital Ltd. The Company recorded a gain on debt settlement of $3,000 on the transaction.

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 until May 15, 2016 and were subsequently renewed on May 12, 2016 until November 15, 2016. 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 and will remain in good standing until November 15, 2016.

On March 1, 2016, the Company issued 500,000 common shares with a fair value of $30,000 at the time of issuance in satisfaction of $25,000 of outstanding debt owing to an arm's length party. The Company recorded a loss on debt settlement of $5,000 on the transaction. All shares are subject to a four month hold which expires on July 2, 2016.

On March 9, 2016, the Company completed a non-brokered private placement at 3,316,000 units at a price of $0.05, raising gross proceeds of $165,800. The Company incurred share issuance costs of $4,157 in connection with the private placement. Each unit consists of one common share and one transferable share purchase warrant. All shares are subject to a four month hold which expires on July 10, 2016. Each share purchase warrant entitles the holder to purchase one common share of the Company until March 9, 2018 at an exercise price of $0.05 per warrant in the first year after issuance, and $0.06 per warrant in the second year after issuance. No value was ascribed to the warrants as the Company uses the residual value to measure the fair value of the warrants.

### 3. *Selected Annual Information*

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

| | **March 31, 2016** | **March 31, 2015** | **March 31, 2014** |
|---|---|---|---|
| Total revenues | $Nil | $Nil | $Nil |
| Loss for the year | $(748,540) | $(811,065) | $(362,402) |
| Loss per share* | $(0.02) | $(0.02) | $(0.01) |
| Total assets | $153,807 | $616,359 | $362,420 |
| Total long term liabilities | $Nil | $Nil | $Nil |

### *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 | 203,728 | 343,622 |
| **Total expenditure at March 31, 2016** | **$ 652,144** | **$ 251,941** | **$ 904,085** |

**Wind Mountain Property**

During FY2016, the Company incurred $1,421 of expenses on exploration work related to the Wind Mountain Property.

The Company terminated the Option Agreement on August 1, 2015 citing poor market conditions and continued erosion of the gold price.

**Honeymoon Property**

During FY2016, the Company incurred $6,562 of expenses on exploration work related to the Honeymoon Property.

**Corporate Expenditure Summary**

- Exploration and evaluation costs incurred during FY2016 totaled $(106) (FY2015 - $335,639). This amount is the net total of $1,421 exploration costs relating to the Wind Mountain project and $6,562 relating to the Honeymoon project, offset by $8,089 of mining exploration tax credit related to the Honeymoon property received during the fiscal year.
- Management fees of $60,000 incurred during FY2016 equalled fees from FY2015 of $60,000.
- Office, administration and miscellaneous costs decreased $59,135 from $96,255 during FY2015 to $37,120 during FY2016 primarily due to decreased business activities in FY2016 compared to FY2015 and the elimination of fees paid to Tintina Resources Inc. ("Tintina") for accounting and administrative services.
- Professional and consulting fees decreased $119,905 from $176,791 during FY2015 to $56,886 during FY2016 primarily due to decreased legal fees and accounting fees incurred for the plan of arrangement.
- Share-based payments of $47,066 incurred during FY2016 (FY2015 - $119,613) relate to the vesting of stock options granted on February 4, 2014 and August 15, 2014.
- Regulatory and transfer agent fees decreased $6,294 from $24,244 during FY2015 to $17,950 during FY2016 primarily due to the costs associated with the plan of arrangement incurred in FY2015.

### 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 |
|---|---|---|---|
| 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 | $ (178,849) | $ (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) |
| March 31, 2016 | $Nil | $ (70,091) | $ (0.00) |

### 6. *Liquidity and Capital Resources*

As at March 31, 2016, the Company reported working capital of $49,562. Net decrease in cash for FY2016 was $1,641, leaving cash on hand in the amount of $94,491.

Current assets excluding cash at March 31, 2016 consisted of a short-term investment of $5,050, accounts receivable of $6,549 and due from a related parties $19,504.

Current liabilities as at March 31, 2016 consisted of accounts payable and accrued liabilities of $76,032.

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

At the date of this MD&A, the Company had no off-balance sheet obligations. Commitments to incur exploration and evaluation costs are detailed in Note 6 of the consolidated financial statements for the year ended March 31, 2016.

### 8. *Transactions with Related Parties*

During the year ended March 31, 2016 and 2015, the Company entered into the following related party transactions:

| | | **2016** | | **2015** |
|---|---|---|---|---|
| Rent paid to Tintina Resources Inc. (“Tintina”) | $ | - | $ | 5,500 |
| Administration fees paid to Tintina | | - | | 50,385 |
| | $ | - | $ | 55,885 |
| | | | | |
| Due from AsiaBaseMetals Inc. (“AsiaBase”) | $ | 14,465 | $ | - |
| Due from Mantra Solar Systems Inc. (“Mantra”) | | 5,039 | | - |
| Total due from related parties | $ | 19,504 | $ | - |
| | | | | |
| Due to Sona Capital Ltd. | $ | 252 | $ | 5,936 |
| Due to Tintina | | 19,153 | | 23,153 |
| Due to Chief Financial Officer | | 6,023 | | 1,733 |
| Due to Collison Minecon Inc. | | 5,000 | | - |
| Total due to related parties | $ | 30,428 | $ | 30,822 |

### *8. Transactions with Related Parties (continued)*

Tintina was related by common directors. AsiaBase and Mantra are related by common directors. Sona Capital Ltd. is controlled by a director and former CEO. Collison Minecon Inc. is controlled by the CEO.

The amounts due to related parties were incurred in the normal course of business and have been included in accounts payable. The balances are non-interest bearing, unsecured and are due on demand.

Management fees incurred to Sona Capital Ltd. were settled through the issuance of common shares. Refer to Note 7 (j) in the FY2016 consolidated Financial Statements.

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:

| | | **2016** | | **2015** |
|---|---|---|---|---|
| Management fees | $ | 60,000 | $ | 60,000 |
| Consulting fees | | 16,181 | | 4,150 |
| Share-based payments | | 36,622 | | 103,948 |
| Total remuneration | $ | 112,803 | $ | 168,098 |

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

The preparation of these consolidated 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 consolidated 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.

### *9. Significant Accounting Estimates and Judgments (continued)*

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 consolidated 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.

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.

*IFRS 15 – Revenue from Contracts with Customers*

In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition.

### *10. Accounting Standards Issued but Not Yet Effective (continued)*

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 |
| **March 31, 2016:** | | | | |
| Cash | $ 94,491 | $ – | $ – | $ 94,491 |
| 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, due from related parties and accounts payable. 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.

As at March 31, 2016, the Company had working capital of $49,562. As at March 31, 2016, the Company had cash and short-term investment of $99,541 to settle accounts payable of $76,032 which fall due for payment within twelve months of the financial position date.

### *13. Outstanding Share Data*

Summary of Outstanding Share Data at July 15, 2016:

a. Authorized:
   Unlimited common shares without par value

   Issued and outstanding:
   49,393,506 common shares (3,082,492 common shares held in escrow)

b. Stock options:
   Options outstanding: 3,580,000 (360,000 options held in escrow)

c. Warrants:
   Warrants outstanding: 3,316,000

### *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 consolidated financial statementsfor the year ended March 31, 2016, 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 March 31, 2016. 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.

### *15. Subsequent Event*

On June 28, 2016 the Company completed a non-brokered private placement of 4,594,111 common shares at a price of $0.135 per share, raising gross proceeds of $620,205. All securities issued pursuant to the private placement are subject to a four month hold period from the date of issue.

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