

**TAKU GOLD CORP.**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2017**  
**Management Discussion and Analysis (MD&A) Form 51-102F1**

**OVERVIEW**

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of Taku Gold Corp. (the "Company" or "Taku") constitutes management's review of the factors that affected the Company's financial and operating performance for the three months and year ended March 31, 2017. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion is dated May 30, 2017, should be read in conjunction with the audited annual financial statements of the Company for the year ended December 31, 2016, together with the notes thereto, and the unaudited interim financial statements for the three months ended March 31, 2017, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The audited annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The unaudited interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") for interim financial reporting and, accordingly, include condensed information and notes required by IFRS for interim financial statements. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results for the interim periods presented are not necessarily indicative of the results that may be expected for any future period. Information contained herein is presented as at May 30, 2017, unless otherwise indicated.

The Company is currently engaged in exploration and development of mineral properties and does not have any source of revenue or operating assets. The recoverability of the amounts shown for mineral properties is dependent upon the ability of the Company to obtain necessary financing to complete exploration, technical studies and, if warranted, development and future profitable production or proceeds from the disposition of properties. The amounts shown as mineral properties represent costs to date and do not necessarily represent present or future values.

The Company is a reporting issuer under applicable securities legislation in the provinces of Alberta and British Columbia and its outstanding common shares ("Common Shares") are listed on the Canadian Securities Exchange (the "CSE") under the symbol "TAK".

Further information about the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

**Adoption of International Financial Reporting Standards ("IFRS")**

The Company's financial statements and the financial data included in the MD&A have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee.

**Cautionary Note Regarding Forward-Looking Statements**

Except for statements of historical fact relating to the Company, certain information contained in this MD&A constitutes "forward-looking information" under Canadian securities legislation. Forward-looking information may include, but is not limited to, statements with respect to the potential of the Company's properties; the future price of coal, gold, silver and copper; success of exploration activities; cost and timing of future exploration and development; the estimation of mineral resources; conclusions of

economic evaluations; requirements for additional capital; and other statements relating to the financial and business prospects of the Company. Generally, forward-looking information can be identified by the use of forward-looking terminology such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations 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”. Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, and is inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks related to: unexpected events and delays during permitting; the possibility that future exploration results will not be consistent with the Company’s expectations; timing and availability of external financing on acceptable terms and in light of the current decline in global liquidity and credit availability; uncertainty of mineral resources; future prices of coal, gold, silver and copper; currency exchange rates; government regulation of mining operations; failure of equipment or processes to operate as anticipated; risks inherent in coal, gold, silver and copper exploration and development including environmental hazards, industrial accidents, unusual or unexpected geological formations; and uncertain political and economic environments. Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

## **MINERAL PROPERTIES**

Taku holds a portfolio of mineral properties located in Yukon and northern British Columbia. The Company’s principal business activities include acquiring and developing mineral properties. The Company explores for its own account but also derives revenue and furthers exploration or development by farming out mineral property interests in whole or in part to other exploration firms for a mix of cash, shares and work expenditure commitments. The following technical disclosure was prepared by Mark Fekete, B.Sc. P.Geo., a director of Taku and a qualified person under NI 43-101. At March 31, 2017, the Company’s principal mineral properties are located in Canada as described below.

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

Taku currently holds five properties in the Klondike-White Gold district of Yukon. The Klondike, located just south of Dawson City, is famous for the gold rush of 1898 and its rich placer gold deposits. The White Gold area lies just south of the Klondike and has only recently been recognized for its hard rock gold potential. This potential is highlighted by the Coffee deposit held by Goldcorp Inc. Coffee was discovered in May 2010 by Kaminak Gold Corp., and by January 2016 was taken to the positive feasibility stage based on 2.9 million indicated ounces gold and 2.2 million inferred ounces gold. Kaminak was bought by Goldcorp in May 2016 in an all share transaction valued at \$520 million. Coffee is currently on a fast track to full production by 2020.

Coffee's rapid path from discovery to feasibility has attracted the attention of other majors. In November 2016 a new company, White Gold Corp., was formed by the amalgamation of 21 properties covering 12,301 claims. This transaction was supported by Agnico Eagle Mines Ltd. with a \$14.3 million equity investment. Moreover White Gold recently solidified its lead status in the Klondike-White Gold district by entering into a binding purchase agreement dated May 18, 2017, with Kinross Gold Corp., pursuant to which it has agreed to acquire a 100% interest of Kinross's properties in the area. The acquisition cost includes the issuance of 17.5 million White Gold shares to Kinross which upon completion of the transaction will give Kinross a 19.9% stake in the company.

In addition there are numerous advanced projects held by juniors in the district including Boulevard (Independence), Eldorado (Klondike) Lucky Joe (Golden Predator), QV (Comstock), etc. Taku has been in this rapidly emerging gold camp since 2010 and is well placed with a strategic land position, a large database and local knowledge. The Company's main projects are Rosebute and Sulphur. Taku also holds the Quartz, Wounded Moose and Bishop properties.

### **Rosebute Gold Project**

The 694-claim (14,365-hectare) Rosebute property is located approximately 65 kilometres due south of Dawson City, at the headwaters of Rosebute Creek, a tributary of the Yukon River. Taku holds the property 100% subject to a 2.0% royalty interest payable to the original property vendor. Taku has the right to purchase 1.0% of the royalty interest for \$2 million. To date three gold target areas have been generated on the property including the Nor'west, Hudbay and Southeast zones.

In May 2016 Independence Gold Corp. optioned Rosebute and completed surface geophysics, mapping and sampling at the Hudbay zone followed by a 12-hole (924-metre) rotary air blast drill program. In February 2017 Independence dropped the option.

Taku intends to further evaluate Rosebute in 2017 by extending the soil geochemical sampling to the south and west of the Hudbay zone. Reconnaissance ridge and spur-type soil sampling is also planned for the western third of the property where no exploration work has been completed to date. The estimated cost of this work, contingent upon successful financing, is \$115,000.

### **Sulphur Gold Project**

The 543-claim (11,344-ha) Sulphur property is located approximately 45 kilometres southeast of Dawson City and straddles Sulphur Creek. Taku holds the property 100% subject to a 2.0% royalty interest payable to the original property vendors. Taku has the right to purchase 1.0% of the royalty interest for \$1 million, and a right of first refusal to purchase the remaining 1%.

In 2015, Taku completed a 43.7 kilometre VLF electromagnetic survey over the Lions gold-in-soil zone. This work identified a conductor adjacent to the Lions zone that is the probable cause of the soil anomaly and is prospective as a gold-bearing bedrock structure. Moreover the 2012 trenching and drilling appears to have focused directly over the soil anomaly and did not test the conductor. In 2017 Taku intends to drill the conductor to determine if in fact it marks a gold-bearing bedrock structure. The estimated cost of this work, contingent upon successful financing, is \$295,000. Sulphur has been approved for a \$40,000 Yukon Mineral Exploration Program ("YMEP") grant.

### **McQ Gold Project, Yukon**

Elsewhere in Yukon Taku holds the 96-claim (2,006 hectares) McQ property located approximately 35 kilometres northwest of Mayo, Yukon. The property lies roughly 30 kilometres southwest of Victoria Gold's Eagle Gold project which has probable mineral reserves of 2.3 million ounces gold. McQ also adjoins the

north boundary of Golden Predator's Gold Dome property where exploration drilling has intercepted significant gold mineralization at the Tom, Swede, Hawthorne, Harvey, and Aorta Zones. Taku has identified a 300 metre long gold-in-soil anomaly on a ridge located in the southeastern corner of the property. Gold values are up to 260ppb Au with coincident elevated arsenic and silver. In 2017 Taku intends to do more soil geochemical sampling over the entire McQ property at an estimated cost of \$40,000, contingent upon successful financing. McQ has been approved for a \$25,000 YMEP grant.

### Tag Gold-Silver Project, British Columbia

The 26-claim (2,429-ha) Tag Gold-Silver property is located 35 kilometres due west of Atlin on Taku Arm of Tagish Lake in Northern British Columbia. The property covers 6.2 kilometres of the 025 Fault Zone ("025FZ"). The 025FZ is a highly deformed interval of shearing, quartz veining, stockwork and breccia with disseminated to stringer sulphide mineralization that cuts calcareous sedimentary rocks.

In 2009, an initial NI43-101 compliant resource was estimated using a 3.0gpt gold equivalent cut-off on 28 eligible holes drilled at the "Main" zone. Estimated mineral resources are 250,000 tonnes at 2.97gpt Au and 12.09gpt Ag indicated, and 400,000 tonnes at 2.98gpt Au and 9.91gpt Ag inferred. This resource estimate is considered to be uneconomic by Taku. Additional drilling to expand the resource at the Main zone or to discover new mineralized zones is needed to further advance the Tag project. The Company has no work planned for Tag in 2017 as it expects to concentrate its exploration efforts in Yukon.

The following is a description of the Company's exploration and evaluation assets and the related spending commitments as at March 31, 2017:

	Canada		Total for Three month ended March 31, 2017
	Yukon Territory	TAG 025, BC	
<b>Property acquisition costs</b>			
Balance, beginning of year	\$ 717,703	\$ 1	\$ 717,704
Cash option payment received	-	-	-
<b>Balance, end of year</b>	<b>717,703</b>	<b>1</b>	<b>717,704</b>
<b>Exploration and evaluation costs</b>			
Balance, beginning of year	2,109,934	40,106	2,150,000
Costs incurred during year:			
Drilling, labour and related costs	30,404	2,550	32,954
<b>Balance, end of quarter</b>	<b>2,140,338</b>	<b>42,656</b>	<b>2,182,994</b>
<b>Balance, March 31, 2017</b>	<b>\$ 2,858,041</b>	<b>\$ 40,657</b>	<b>\$ 2,900,698</b>

### SUMMARY OF QUARTERLY RESULTS

The Company is an exploration stage entity engaged in the acquisition, exploration, evaluation and development of principally gold resource properties. At this time, any issues of seasonality or commodity market fluctuations have no direct impact on the Company's results or operations. The Company currently defers its exploration expenditures to mineral exploration properties. A summary of selected information for each of the eight most recent quarters is as follows:

	<u>31 Mar-17</u>	<u>31 Dec-16</u>	<u>30 Sept-16</u>	<u>30 June-16</u>	<u>31 Mar-16</u>	<u>31 Dec-15</u>	<u>30 Sept-15</u>	<u>30 June-15</u>
	<i>IFRS</i>	<i>IFRS</i>	<i>IFRS</i>	<i>IFRS</i>	<i>IFRS</i>	<i>IFRS</i>	<i>IFRS</i>	<i>IFRS</i>
Net Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Earnings (loss)	(56,701)	(232,896)	(66,678)	(16,863)	(2,712)	(444,757)	(20,231)	924
Loss per share	(\$0.00)	(\$0.01)	(\$0.01)	(\$0.00)	(\$0.05)	(\$0.01)	\$0.00	(\$0.00)

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

## RESULTS OF OPERATIONS

### *Three months ended March 31, 2017, compared with three months ended March 31, 2016*

The Company's loss totaled \$56,701 for the quarter ended March 31, 2017, which compares with a loss of \$2,701 the quarter ended March 31, 2016. The increase in loss of \$53,990 was principally due to:

- management fees increased by \$15,000 compared to previous year quarter;
- travel and promotion increased by \$6,919;
- professional fees increased by \$15,000 compared to previous year quarter; and
- office and miscellaneous increased by \$15,141.

	Notes	Three months ended	
		March 31, 2017	March 31, 2016
<b>Expenses</b>			
Consulting fees		\$ 300	\$ -
Management fees	12	15,000	-
Office and miscellaneous	12	15,141	217
Professional fees	12	15,000	424
Shareholder information, transfer agent and filing fee		3,562	6,222
Travel and promotion		6,919	-
Website costs		839	264
		56,761	2,792
<b>Other items</b>			
Interest income		(60)	(81)
		(60)	(81)
<b>Net loss and comprehensive loss for the period</b>		<b>\$ 56,701</b>	<b>\$ 2,711</b>
<b>Loss per share – basic and diluted</b>	10	<b>\$ 0.00</b>	<b>\$ 0.00</b>

## SELECTED QUARTERLY INFORMATION FOR THREE MONTHS ENDED MARCH 31

	<u>2017</u>	<u>2016</u>	<u>2015</u>
	<i>IFRS</i>	<i>IFRS</i>	<i>IFRS</i>
Consulting fees	\$ 300	\$ -	\$ -
Management fees	15,000	-	-
Professional fees	15,000	424	19,507
Impairment of exploration and evaluation assets	-	-	-
Net income (loss) for period	(56,701)	(2,711)	(33,650)
Working capital	32,367	(58,904)	4,510
Mineral property and deferred costs	2,900,698	2,789,793	3,193,633
Shareholder equity	\$ 2,958,064	\$ 2,756,367	\$ 3,223,143

## LIQUIDITY, CAPITAL RESOURCES AND BUSINESS PROSPECTS

The Company has no operating revenue and therefore must utilize its current cash reserves and rely on external financing to generate capital to maintain its capacity to meet working capital requirements and ongoing discretionary exploration programs. As a result, the Company continues to incur net losses. As of March 31, 2017, the Company had \$44,994 in cash, 14,216,514 common shares issued and outstanding.

During the quarter ended March 31, 2017, no share purchase warrants or stock options were exercised.

During the quarter March 31, 2017, the Company spent \$40,077 in operations and spent \$32,954 in mineral property acquisitions and exploration activities.

The Company's management believes that the Company has sufficient funds for the next nine months to enable to meet the ongoing obligations as they become due. The Company recognizes that it will require additional funding which the Company will raise through the market and debt instruments but there can be no assurance the management can raise the required capital.

To the date of this MD&A, the cash resources of the Company are held in cash with a major Canadian financial institution. The Company continues to have no debt and its credit and interest rate risk is minimal. Accounts payable and accrued liabilities are short-term and non-interest bearing. The Company's liquidity risk with financial instruments is minimal. In addition, accounts receivable are composed mainly of sales tax receivable from government authorities in Canada.

## SHARE CAPITAL

Issued and outstanding as at March 31, 2017, there were:

- a) 14,216,514 common shares outstanding;
- b) 1,360,000 options outstanding; and
- c) 5,000,000 warrants outstanding.

## TRANSACTIONS WITH RELATED PARTIES

The Company had the following transactions in the normal course of operations with directors and companies with common directors:

	Three Month Ended	
	March 31, 2017	March 31, 2017
Management fees <sup>1</sup>	\$ 15,000	\$ -
Mineral property - exploration expenditures <sup>2</sup>	15,000	-
Professional fees <sup>1</sup>	15,000	-
Office rent and supplies <sup>3</sup>	15,000	-
	\$ 60,000	\$ -

1. The Company paid \$15,000 in management fees to the President of the Company; \$15,000 in professional fees to the CFO/Secretary of the Company
2. The Company paid \$15,000 in mineral property exploration consulting to the VP of Exploration; and
3. \$15,000 in rent to a private company controlled by two directors of the Company

The following amounts due to related parties are included in trade payables and accrued liabilities:

	March 31, 2017	December 31, 2016
Directors or companies controlled by directors of the Company	\$ 83,659	\$ -

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

## **RISK FACTORS**

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position. Please refer to the section entitled "Risk Factors" in the Company's management's discussion and analysis for the fiscal year ended December 31, 2016, available on SEDAR at [www.sedar.com](http://www.sedar.com). There have been no significant changes to such risk factors since that date.

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

## **ADDITIONAL INFORMATION**

Additional information relating to the Company, including the most recently completed fiscal year, is available on SEDAR at [www.sedar.com](http://www.sedar.com).

May 30, 2017

(s) Zachery Dingsdale

Zachery Dingsdale

President and Chief Executive Officer

(s) M. Bilal Bhamji

M. Bilal Bhamji

Chief Financial Officer