

**TAKU GOLD CORP.**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**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 December 31, 2015. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion is dated April 21, 2016, should be read in conjunction with the audited annual financial statements of the Company for the year ended December 31, 2015, 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"). Information contained herein is presented as at April 21, 2016 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 CSE Canadian Venture 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 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 companies for a mix of cash, shares and work expenditure commitments. The following technical disclosure was prepared by Mark Fekete, B.Sc. P.Geol., a director of Taku and a qualified person under NI 43-101. The Company's principal business activities include acquiring and developing mineral properties. At June 30, 2015, the Company's principal mineral interests are located in Canada as follows:

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

Taku currently holds four properties in the Klondike-White Gold district of Yukon. The Klondike, located just south of Dawson City, Yukon 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 following the discovery of the Golden Saddle deposit in 2009. The Klondike-White Gold district lies within an underexplored part of the loosely defined Tintina Gold Belt. This metallogenic province has past production of 29.9 million ounces and 39.3 million ounces of resources for total gold resources of 69.2 million ounces. Notable gold deposits are Donlin Creek, Ft. Knox, Pogo in Alaska, and Brewery Creek in Yukon. Rosebute and Sulphur are Taku's most active projects in the area.

### **Rosebute Gold Project**

The 694-claim (14,365-ha) 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.

From 2010 to 2012, Taku completed airborne geophysical and reconnaissance soil geochemical surveys over roughly 70% of the property, detailed grid soil sampling over a number of target areas, limited

trenching and drilling at the Nor'west zone and limited trenching at the Hudbay zone. In 2013, Taku did Geoprobe® geochemical and resistivity and induced polarization geophysical profiles over the Hudbay zone in an effort to outline bedrock structures and upgrade the original gold-in-soil anomaly to a high confidence drill target.

The Nor'west zone consists of three distinct gold-in-soil anomalies within a 200-hectare area that ring two rounded radiometric anomalies. The limited drilling done in 2012 did not fully explain the gold-in-soil anomalies, nor did it identify any specific structures. More surface work is required to better define targets before any more drilling is done.

The Hudbay zone continues for at least 1.4km, varies from 150 to 350m wide and shows a maximum gold-in-soil value of or 0.92 grams per tonne gold ("gpt Au"). Rock samples from trenches have returned up to 6.2gpt Au over 5.0 metres. The southern end of the zone appears especially prospective with almost every soil sample showing strongly anomalous gold values over an area 500m long by 350m wide. The Hudbay zone has an additional subzone leading southeast referred to as the "Southeast" zone that continues over a length of 650m, varies from 50 to 250m wide and has returned up to 0.10gpt Au in soil. The Hudbay and Southeast zones show a strong correlation of gold to silver, tellurium and mercury. This pathfinder suite is distinct from the Nor'west zone where gold appears to be related to silver, arsenic and antimony. It is probable that the two zones are due to different mineralization types.

Of the two zones, Hudbay presently qualifies as the best target for additional exploration work. Taku intends to further evaluate Hudbay with drilling. Soil geochemical sampling is also recommended for parts of the Rosebute property located to west and south of Hudbay where no sampling has been done to date. The estimated cost of the proposed work is \$400,000 subject to available financing.

### **Sulphur Gold Project**

The 543-claim (11,344-ha) Sulphur property is located approximately 45km 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%.

From 2010 to 2012, Taku completed airborne geophysical and reconnaissance soil geochemical surveys over the entire property, detailed grid soil sampling over five target areas named the "Lions", "Esk", "Riders", "Blues" and "Stamps" zones, and limited trenching and drilling at the Lions and Blues zones. In 2013 Taku completed six Geoprobe® geochemical and resistivity and induced polarization geophysical profiles over the Blues zone in an effort to outline bedrock structures and upgrade the original gold-in-soil anomaly to a high confidence drill target. This work identified three potential gold-bearing bedrock structures marked by resistivity contrasts and anomalous Geoprobe® results.

In 2015, Taku completed a 43.7 km VLF electromagnetic survey over the Lions zone. This work identified a conductor ("VLF-05") 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 VLF-05. It is recommended that VLF-05 be tested for gold mineralization by drilling in 2016 at an estimated cost of \$150,000 subject to available financing.

### **Bishop-Montana Gold Project**

The 504-claim 10,432-ha Bishop-Montana property is located 50km south of Dawson City and covers the headwaters of Bishop and Montana creeks. 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%. The Bishop-Montana claims all

expire in 2016, and Taku does not intend to renew them. All expenses related to Bishop-Montana were written off in previous years.

### **Quartz Gold Project**

The 146-claim (3,022-ha) Quartz property is located 30km southeast of Dawson City at the headwaters of Calder 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 2010, Taku completed airborne geophysical and soil geochemical surveys on the property. In 2011 additional soil sampling was done at the north end of the property to follow up favourable results in 2010. No work is anticipated for 2016. Taku is actively looking to sell or farm-out an interest in this property.

### **Wounded Moose Gold Project**

The 66-claim (1,366-ha) Wounded Moose property is located 65km southwest of Dawson City at the headwaters of Wounded Moose 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 2010, Taku completed an airborne geophysical survey over the property. In 2011, Taku completed soil geochemical surveys over the majority of the property, and later did detailed grid soil sampling over nine target areas. In 2013, prospecting and rock geochemical sampling, soil geochemical sampling and trenching was completed at the north end of the property to follow up favourable gold-in-soil values from 2011. Values up to 2.3gpt Au were obtained from trench samples. For 2016 Taku intends to complete ground geophysical surveys over a number of gold-in-soil target areas at an estimated cost of \$25,000 subject to available financing.

### **Tag Gold-Silver Project, British Columbia**

The 26-claim (2,429-ha) Tag Gold-Silver property is located 35km due west of Atlin on Taku Arm of Tagish Lake. The lake provides good access by barge and float plane. The property covers 6.2km 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. Sediment-hosted, structurally controlled gold deposits are some of the world's most significant gold resources. The Tag property shows all the features that characterize these deposit types.

Between 2006 and 2008, Taku completed airborne geophysical, soil geochemical and prospecting surveys as well as extensive surface trenching and 11,476m of drilling in 69 drill holes. 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 indicated mineral resources are 250,000 tonnes @ 2.97gpt Au (cut) and 12.09gpt Ag (cut), and estimated inferred mineral Resources of 400,000 tonnes @ 2.98gpt Au (cut) and 9.91gpt Ag. 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 this Tag project. The Tag property remains wide open for further exploration. In 2016, Taku intends to complete ground geophysical, prospecting and sampling surveys along the length of the 025FZ in an effort to find new drill targets outside the Main zone. The estimated cost of this work is \$75,000 subject to available financing.

### **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:

	<b>31 Dec-15</b>	<b>30 Sept-15</b>	<b>30 June-15</b>	<b>31 Mar-15</b>	<b>31 Dec-14</b>	<b>30 Sept-14</b>	<b>30 June-14</b>	<b>31 Mar-14</b>
	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
Net Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Earnings (loss)	( 444,757)	( 20,231)	924	(33,650)	(2,468,813)	(75,685)	(90,277)	(130,962)
Loss per share	(\$0.05)	(\$0.01)	\$0.00	(\$0.00)	(\$0.35)	(\$0.01)	(\$0.01)	(\$0.02)

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

	Three Months Ended December 31, 2015	Three Months Ended December 31, 2014	Year Ended December 31, 2015	Year Ended December 31, 2014
<b>EXPENSES</b>				
Consulting	\$ -	\$ 20,500	\$ -	\$ 124,000
Directors fees	-	1,000	-	5,500
Management fees	-	15,000	-	82,500
Office and miscellaneous	1,112	11,558	14,823	63,571
Professional fees	14,000	29,522	28,770	66,722
Transfer agent, filing fees	2,668	5,281	22,133	28,282
Travel and promotion	-	(32)	4,669	9,871
Website development	-	67	450	307
	17,780	82,896	70,845	380,753
<b>OTHER ITEMS</b>				
Impairment of exploration and evaluation asset	426,977	2,386,948	426,977	2,386,948
Interest income	-	(1,031)	(108)	(1,965)
<b>LOSS BEFORE INCOME TAXES</b>				
Income tax expense (recovery)	426,977	2,468,813	497,714	2,765,736
	-	-	-	-
<b>NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD</b>				
	\$ 444,757	\$ 2,468,813	\$ 497,714	\$ 2,765,736
<b>BASIC AND FULLY DILUTED LOSS PER SHARE</b>				
	\$ 0.05	\$ 0.08	\$ 0.06	\$ 0.39

## RESULTS OF OPERATIONS

### *Year ended December 31, 2015, compared with year ended December 31, 2014*

The Company's loss totaled \$497,714 for the year ended December 31, 2015, which compares with a loss of \$2,765,736 the year ended December 31, 2014. The decrease in loss of \$2,268,022 was principally due to:

- Miscellaneous, professional fees Consulting, Director's fees, travel and promotion decreased as a result of very little activity in the company.
- Consulting fees decreased by \$124,000 can be attributed to decreased corporate activities.

- Office and miscellaneous decreased by \$49,023 can be attributed to Company attending fewer trade shows

**Three months ended December 31, 2015, compared with three months ended December 31, 2014**

- Consulting fees decreased by \$20,500 can be attributed to decreased corporate activities.
- Transfer agent decreased by \$2,593 can be attributed low volume of stock trading.
- Impairment of exploration and evaluation asset decreased by \$ 2,041,839

**SELECTED QUARTERLY INFORMATION FOR THREE MONTHS ENDED DECEMBER 31**

	<u>2015</u>	<u>2014</u>	<u>2013</u>
	<i>IFRS</i>	<i>IFRS</i>	<i>IFRS</i>
Consulting fees	-	20,500	39,500
Management fees	-	15,000	22,500
Professional fees	14,000	29,522	11,136
Impairment of exploration and evaluation assets	426,977	2,386,948	6,121,330
Net income (loss) for period	(444,757)	(2,468,813)	(5,791,566)
Working capital	(58,904)	(116,325)	374,710
Mineral property and deferred costs	2,792,983	3,191,118	5,460,819
Shareholder equity	2,759,079	3,098,793	5,860,529

**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 December 31, 2015, the Company had \$6,857 in cash, 8,666,514 common shares issued and outstanding and 290,000 options outstanding.

During the year ended December 31, 2015, no share purchase warrants or stock options were exercised.

During the year ended December 31, 2015, the Company spent \$13,414 in operations and \$29,842 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 April 27, 2016, there were:

- 8,666,514 common shares outstanding; and
- No stock options outstanding;

## TRANSACTIONS WITH RELATED PARTIES

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

	Years ended	
	December 31, 2015	December 31, 2014
Consulting (b)	\$ -	\$ 75,000
Director fees (c)	-	5,500
Management fees (a)	-	82,500
Mineral property – exploration expenditures (a)	-	37,500
Professional fees (a)	-	41,400
Office rent and supplies (c)	-	32,200
	\$ -	\$ 274,100

- The Company paid \$0 in management fees to the President of the Company; \$0 in professional fees to the CFO/Secretary of the Company; and \$00 in mineral property exploration consulting to the VP of Exploration.
- \$0 in consulting fees for administration to a private company controlled by two directors of the Company;
- \$0 to the directors of the Company as director fees;
- \$0 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:

	December 31, 2015	December 31, 2014
Directors or companies controlled by directors of the Company	\$ -	\$ 161,400

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

## OFF-BALANCE SHEET ARRANGEMENT

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

## SIGNIFICANT ACCOUNTING POLICIES AND NEW ACCOUNTING POLICIES

A detailed summary of the Company's significant accounting policies is included in note 2 of the Company's audited financial statements for the year ended December 31, 2015.

## CRITICAL ACCOUNTING ESTIMATES

The Company is a development stage company. The audited financial statements have been prepared using accounting principles applicable to a going concern which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. There are conditions which may raise doubt regarding this assumption. The financial statements do not include adjustments that would be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

The amounts recorded for capitalized exploration and evaluation assets, stock based compensation and future income taxes are based on estimates. By their nature, these estimates are subject to measurement uncertainty and changes in these estimates may impact the financial statements for future periods. Amounts recorded for exploration and evaluation assets represent costs incurred to date and are not intended to reflect present or future values. The recoverability of amounts shown for exploration and

evaluation assets is dependent upon the discovery of economically recoverable reserves and future production or proceeds from the disposition thereof.

## **FINANCIAL INSTRUMENTS**

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

The Company's exposure to financial risk factors is detailed in the annual financial statements. While the Company is a development stage company and has no production or sales revenues, it bears commodity price risk in that commodity prices may influence investors and thus impact the outcome of the Company's future equity financings. The Company considers that supply and demand fundamentals for gold remain strong.

## **CAPITAL DISCLOSURE**

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents. As at December 31, 2015, the Company has not entered into any debt financing.

The Company is dependent on the capital markets as its sole source of operating capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects. The Company is not subject to any capital requirements.

## **INVESTOR RELATIONS ACTIVITIES**

Investor Relations activities of the Company consisted of the dissemination of news releases by officers and directors. In addition, management of the Company responded to requests by shareholders and investment dealers for information, and disseminated financial information as required by applicable laws. The Directors of the Company have been actively contacting interested parties. The Company has engaged an IR company during the period under review and intends to engage in significant public relations and investor relations activities in the future in order to achieve its long-term goals.

## **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, 2015, 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).