BLACK DRAGON GOLD CORP.
(formerly Astur Gold Corp.)
FORM 51-102F1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2017
(Expressed in Canadian dollars unless otherwise noted)

Background

This Management's Discussion and Analysis ("MD&A") of Black Dragon Gold Corp. (formerly Astur Gold Corp.) ("Black Dragon Gold" or the "Company"), provides analysis of the Company's financial results for the three months ended March 31, 2017 and should be read in conjunction with the accompanying unaudited condensed consolidated interim financial statements for the three months ended March 31, 2017 and the related notes thereto, prepared in accordance with International Accounting Standard No.34, Interim Financial Reporting. This MD&A should also be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2016 and the related notes thereto. All amounts are expressed in Canadian dollars, unless otherwise stated. All documents previously mentioned are available for viewing on SEDAR at www.sedar.com. This MD&A is based on information available as at May 30, 2017.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including that within the Company's financial statements and MD&A, are complete and reliable.

Certain statements made may constitute forward-looking statements. Such statements involve a number of known and unknown risks, uncertainties and other factors. Actual results, performance and achievements may be materially different from those expressed or implied by these forward-looking statements.

Additional information related to the Company is available for view on the Company's website www.blackdragongold.com and on SEDAR at www.sedar.com.

Company Overview

Black Dragon Gold Corp. was incorporated under the laws of the Province of British Columbia on August 20, 2007. The Company completed its Initial Public Offering ("IPO") in February 2008 and commenced trading on the TSX-V. On Listing the, the Company was classified as a Capital Pool Company ("CPC") as defined by Policy 2.4 of the TSX Venture Exchange (the "TSX-V"). In April 2010, the Company completed its Qualifying Transaction and was classified as a junior mining issuer with the TSX-V. The Company's head office address is Suite 545 – 999 Canada Place, Vancouver, British Columbia, V6C 3E1. The registered and records office address is located at Suite 2080 – 777 Hornby Street, Vancouver, British Columbia, V6Z 1S4.

Company Restructuring

On July 11, 2016, the Company entered into strategic agreements facilitated by Lionsbridge Pty Ltd. ("Lionsbridge") for the restructuring of the Company. The Company changed its name from Astur Gold Corp. to Black Dragon Gold Corp. and began trading on the TSX Venture Exchange under the symbol BDG.V.

During the year ended December 31, 2016, Lionsbridge, RMB and the Company entered into an option agreement, under which RMB has granted the Company the option (the "Option") to repay the secured debt facility owed by the Company to RMB in consideration for: (1) a cash payment of US$3,050,000; (2) a 2% net smelter returns royalty on the first 800,000 ounces of gold produced from the Company's Salave Project (the "NSR") and; (3) U.S $6,000,000 if, over a three year period, the Company enters into any sale, merger or joint venture involving the Salave Project where the Salave Project is valued in excess of US$10,000,000. The NSR may be repurchased by the Company at any time until the earlier of (a) receipt of primary environmental approvals for the Salave Project or (b) December 31, 2017 for a cash payment of US$3.0 million. Under the Option Agreement, RMB granted Lionsbridge the exclusive right until September 6, 2016 (the "Exclusivity Period"), as extended to May 28, 2017, to arrange the necessary financing to exercise the Option.

The Company entered into a services agreement (the "Services Agreement") with both Lionsbridge and Westech International Pty Ltd. ("Westech") under which Lionsbridge will provide the Company with corporate management services. Westech will be engaged by the Company to provide technical services from time to time for the development of the Company's business. The Services Agreement received TSX Venture Exchange approval subsequent to approval by the Board of Directors and disinterested shareholders of the Company.

Under the terms of the Services Agreement, the management and Board of Directors of the Company was restructured. All previous management and the Board of Directors tendered their resignations. The Board of Directors were replaced with Brian Wesson, Clyde Wesson, Stephan Kim and Chris Towsey.

Lionsbridge is dedicated to the creation of shareholder and investor wealth by providing clients with a holistic suite of corporate management, consultancy and financial solutions. Lionsbridge benefits from experience in both ownership and management of natural resources companies in global markets and across the entire natural resources sector.

Westech is a global resource engineering firm with the expertise and experience to offer our clients holistic technical solutions for natural resource projects encompassing the entire value chain from initial review to extraction and sale. Our depth of expertise allows us to offer our clients a plethora of engineering and technical solutions covering their needs over the entire life cycle from feasibility works to EPC and EPCM, project construction and improvement review and optimisation.

Further information on both Lionsbridge and Westech can be found at: www.lionsbridge.com.au and www.westech.com.au

Strategy Moving Forward

Management is focused on creating shareholder value through fast tracking the progress of the Salave asset to production. Before assuming management of the Company, Lionsbridge identified the construction permitting issues and the RMB debt as the sole restraints on the realisation of the assets significant value. Management resolved the RMB debt by renegotiating an option to repurchase the USD 10 million facility to USD 3.05 million plus certain other consideration, as discussed above. The Company has executed definitive agreements to give effect to the option. Management's strategy for the construction approval was on clearing adversarial legal proceedings to allow the Company to reset the relationships with the relevant authorities and stakeholders. All proceedings have now been concluded with the final proceedings being dismissed by the Superior Court of Justice of Asturias during the current quarter. The Company will now work closely with the government, stakeholders and TetraTech Inc. (UK) ("TetraTech") to develop a feasibility study that meets the requirements of all stakeholders and allow the Company to extract the resources as per the rights associated with the Salave mining concessions.

The Company has appointed TetraTech to work with Westech and the Company to complete a Preliminary Economic Assessment ("PEA") and Feasibility Study for Salave.

Overview of the Salave Project

The Salave Project is comprised of five, 30 year term mining concessions (renewable up to 90 years) over the resource area and an investigative permit which collectively covers an area of 3,426.97 hectares. Within the concession boundaries, the Company owns 109,753 m^2 of freehold land over the surface mineralisation. The company applied for an administrative authorisation permit ("AAP") in 2015, which is similar to a construction permit. This was denied due to the Company not adequately addressing the concerns of the relevant stakeholders in relation to certain water issues. The Company subsequently brought administrative judicial proceedings against the relevant authorities claiming both the reversal of the decision and €8 million in damages. The legal proceedings essentially blocked the development process as it halted further consultation and negotiation. All judicial proceedings have now been dismissed.

The project has had some €55 million spent on its development and resource definition. A prominent geophysical anomaly coincident with favourable geology, alteration and mineralization defines a significant gold target that prompted intense drilling campaigns by major gold companies resulting in some 69,000 metres of drilling plus extensive social, environmental and engineering studies and testwork. The drilling to date has delineated a measured and indicated mineral resource of 6,522,000 tonnes containing 933,000 ounces of gold at a grade of 4.51 gram per tonne gold ("g/t Au") at a 2.0 g/t Au cut off, plus an additional 1,078,000 tonnes of inferred mineral resources grading 3.05 g/t Au containing 106,000 ounces of gold . The NI43-101 mineral resource estimate was carried out by Mine Development Associates ("MDA") of Reno, Nevada and the supporting technical report with effective date of October 7, 2016 was subsequently amended and released on January 31, 2017. The amended technical report is available on SEDAR and the Company's web site. Readers are cautioned that mineral resources that are not mineral reserves do not have economic viability. The quantity and grade of reported Inferred Mineral Resources in this estimation lack sufficient geological evidence to verify the geological, grade or quality continuity required to define these Inferred resources as an Indicated or Measured resource. It is reasonably expected that the majority of the Inferred resources could be upgraded to Indicated mineral resources with continued exploration.

Table 1.1 Salave Project Measured and Indicated Gold Resources Only, 2.0 g Au/t Cutoff

Measured			Indicated			Measured + Indicated		
Tonnes	G Au/t	Oz Au	Tonnes	G Au/t	Oz Au	Tonnes	G Au/t	Oz Au
514,000	5.87	97,000	6,008,000	4.39	847,000	6,522,000	4.51	944,000

Table from NI43-101 MDA Amended Technical Report on the Salave Gold Project, amended January, 31 2017

TetraTech have been appointed to rebuild the geological resource models, complete a PEA and feasibility study. The extraordinary amount of technical work completed to date has cleared the way to fast track the completion of the feasibility study.

The large quantum of large size core drilling has allowed pilot scale metallurgical testwork to be carried out. The most comprehensive metallurgical program consisting of bench-scale and pilot testing was managed by Ausenco Ltd. From 2005 to 2006 on two bulk samples from the Upper and Lower Zones of the Salave orebody.

The results from metallurgical testwork to date indicate that the Salave mineralisation is refractory and shows consistently high gold recoveries by flotation and subsequent pressure or bio oxidation of the sulphide concentrate. The Ausenco testwork demonstrated that the Salave ore is moderately hard with a bond work index ranging from 16.3 to 17.2 kWh/tonne, yields flotation recoveries ranging from 96.3 to 97.8% and subsequent recovery from pressure oxidation of the gold bearing sulphide concentrate of over 98%. The resulting overall potential gold recovery is approximately 96.5%.

Douglas Turnbull, P.Geo., is the Company’s Qualified Person as defined by National Instrument 43-101 and has reviewed and approved the technical disclosure in this MD&A.

Private Placements

During August 2016, the Company issued 10,282,592 units for gross proceeds of $514,130 in conjunction with a non-brokered private placement. Each unit is comprised of one common share and one share purchase warrant. Each warrant enables the holder to acquire one common share with an exercise price of $0.07 per share, expiring August 12, 2018. If, during the warrant term, the closing price of the Company’s common shares is at least $0.20 for a period of twenty consecutive trading days, the Company may, at its option, accelerate the expiry date of the warrants by issuing a news release or giving written notice thereof all holders of warrants, and in such case, the warrants will expire on the earlier of the 30th day after the date on which the news release or written notice is disseminated by the Company, and the original expiry date. A cash finder’s fee of $37,500 was paid to Lionsbridge Pty Ltd., a company controlled by the Company’s CEO. In addition, the Company paid cash issuance costs of $21,608.

During December 2016, the Company issued 3,940,000 units for gross proceeds of $216,700 in conjunction with the closing of two tranches of a non-brokered private placement. Each unit is comprised of one common share and one share purchase warrant. Each warrant enables the holder to acquire one common share with an exercise price of $0.11 per share, expiring between December 6 and December 22, 2018. If, during the warrant term, the closing price of the Company’s common shares is at least $0.22 for a period of twenty consecutive trading days, the Company may, at its option, accelerate the expiry date of the warrants by issuing a news release or giving written notice thereof all holders of warrants, and in such case, the warrants will expire on the earlier of the 30th day after the date on which the news release or written notice is disseminated by the Company, and the original expiry date. The Company paid a finder’s fee of $660.

During February 2017, after the appointment of one of Australia’s premier brokerage houses to act as a financial services consultant, the Company has arranged a private placement for maximum proceeds of $11-million through the issuance of a maximum of 200 million units. Each unit is priced at $0.055 per unit and is composed of one common share of the Company and one warrant. Each warrant entitles the holder to acquire one additional common share of the company at a price of $0.11 per common share for a period of 24 months. If, during this 24-month period, the volume-weighted average price of the Company's common shares is at least $0.22 for a period of seven consecutive trading days, the Company may, at its option, accelerate the expiry date of the warrants by issuing a news release or giving written notice thereof to all holders of the warrants, and, in such case, the warrants will expire on the earlier of: (i) the 30th day after the date on which the news release or written notice is provided by the Company; and (ii) the original expiry date. Proceeds from the private placement will be used for payment of the RMB debt settlement, general working capital and to advance the Company's property. A finder's fee may be payable in connection with the private placement. The units issued in connection with the private placement are subject to TSX Venture Exchange approval and will also be subject to a statutory four-month hold period. In regard to the private placement, the Company has closed on a small portion through the issuance of 765,000 units for total proceeds of $42,075, which units will be subject to a hold period expiring on July 29, 2017 (as to 400,000 units), and July 30, 2017 (as to 365,000 units).

During March 2017, the Company issued 765,000 units for gross proceeds of $42,075 in conjunction with the closing of a tranche of the non-brokered private placement discussed above.

During May 2017, the Company issued 570,000 units for gross proceeds of $31,350 in conjunction with the closing of a tranche of the non-brokered private placement discussed above.

The Company has satisfied a due diligence on the ground in Spain and is moving ahead with the process to raise the funding. The funding is expected to be concluded in May 2017. The Company is raising sufficient capital with the goal to repay RMB, complete the relevant reports and studies, and for general working capital purposes.

Convertible Debentures

During April 2017, the Company closed on convertible debentures totaling $251,000. The debentures bear interest at a rate of 15% per annum, payable at maturity. The debentures will mature and be repayable on or before April 18, 2019. The debentures are convertible into common shares in the Company at a conversion price of $0.055 per share until April 18, 2018, and $.10 per share thereafter until April 18, 2019. Each $1,000 in principal amount of debentures also includes 18,181 common share purchase warrants. Each warrant entitles the holder to acquire one additional common share of the company at a price of $0.11 per common share for a period of 24 months. If, during this 24-month period, the volume-weighted average price of the Company's common shares is at least $0.22 for a period of seven consecutive trading days, the Company may, at its option, accelerate the expiry date of the warrants by issuing a news release or giving written notice thereof to all holders of the warrants, and, in such case, the warrants will expire on the earlier of: (i) the 30th day after the date on which the news release or written notice is provided by the Company; and (ii) the original expiry date. In connection with the issuance of the debentures, the holder thereof will be granted a right to nominate a member for election to the Company's board of directors at any meeting of shareholders where directors are to be elected, provided such nominee is acceptable to regulatory authorities, for so long as the debentures are outstanding.

Pursuant to a service agreement dated July 11, 2016, and previously approved by the TSX Venture Exchange, Lionsbridge Capital Pty. Ltd., a company owned and controlled by Brian S. Wesson, chief executive officer, B. Clyde Wesson, chief operating officer, and Amelia Wesson, vice-president, will be receiving a finder's fee of 570,454 shares in connection with the closing of the debentures.

Quarterly Results

The following table summarizes information, on a quarterly basis, for the last eight quarters:

	Three month period ended March 31, 2017	Three month period ended December 31, 2016	Three month period ended September 30, 2016	Three month period ended June 30, 2016
Total assets	$ 54,611	$ 143,038	$ 199,304	$ 130,927
Working capital deficiency	(14,600,926)	(14,045,396)	(13,159,734)	(12,063,255)
Shareholders' (deficiency)	(14,598,779)	(14,043,175)	(13,157,433)	(12,060,868)
Net (loss) income and comprehensive (loss) income	(685,878)	(1,100,733)	(1,552,636)	(466,346)
(Loss) income per share	(0.01)	(0.03)	(0.04)	(0.01)

	Three month period ended March 31, 2016	Three month period ended December 31, 2015	Three month period ended September 30, 2015	Three month period ended June 30, 2015
Total assets	$ 113,725	$ 165,498	$ 205,206	$ 291,339
Working capital deficiency	(11,597,002)	(11,870,103)	(10,938,519)	(9,688,235)
Shareholders' (deficiency)	(11,594,522)	(11,867,522)	(10,937,279)	(9,686,995)
Net (loss) income and comprehensive (loss) income	273,000	(934,243)	(1,250,284)	(298,534)
(Loss) income per share	0.01	(0.03)	(0.03)	(0.01)

Results of Operations

Three Months Ended March 31, 2017

During the three months ended March 31, 2017 (the "current period"), the Company incurred a loss of $685,878 compared to net income of 273,000 incurred during the three months ended March 31, 2016 (the "comparative period"). The significant variances resulted from the following:

Foreign exchange gain (loss)
During the current period, the Company incurred a $96,094 foreign exchange gain compared to a $738,526 foreign exchange gain incurred during the comparative period. This variance related mainly to the change in the US$:Cdn$ foreign exchange rate as it affected US$-denominated liabilities.

Management fees

During the current period, the Company incurred $297,810 of management fees paid or accrued to a company controlled by two of the Company's current directors. The fees were accrued by the directors to ensure the Company retained sufficient financial resources. During the comparative period, $15,000 of management fees was accrued to a company controlled by the Company's former CEO.

Directors' fees

During the current period, the Company incurred directors' fees expense totalling $27,000 compared to $Nil incurred during the comparative period.

General exploration costs

During the current period, the Company incurred general exploration expenses of $63,931 (2016 - $Nil) which included $60,000 paid or accrued to the Company's former CEO.

Share-based compensation

During the current period, the Company incurred share-based payments expense of $89,525 (2016 - $Nil), valued using the Black-Scholes model, as a result of granting stock options enabling the holders to acquire up to $2,430,000 common shares of the Company with an exercise price of $0.055 per share.

Cash Flows

Net cash used in operating activities during the three months ended March 31, 2017 was $114,656 (2016 - $140,890). The cash used in operating activities for the current period consists primarily of the operating loss and a change in non-cash working capital.

During the three months ended March 31, 2017, financing activities provided cash of $Nil (2016 - $82,816) from the loan facility agreement as well as $40,749 (2016 - $Nil) from net proceeds associated with a tranche of a private placement that closed during the current period.

Net cash provided by investing activities during the three months ended March 31, 2017, was $Nil (2016 – $Nil).

Financial Condition / Capital Resources

		March 31, 2017		December 31, 2016		December 31, 2015
Working capital deficiency	$	(14,600,926)	$	(14,045,396)	$	(11,870,103)
Deficit		(31,953,769)		(31,267,891)		(28,421,176)

The Company has financed its operations to date through the issuance of common shares and debt financing. The Company continues to seek capital through various means including the issuance of equity and/or debt.

The Company has a U.S. dollar-denominated loan facility agreement (the “Facility”) with RMB Australia Holdings Limited, which is currently being restructured. Further information on the Facility is available in Note 6 of the Company’s unaudited condensed consolidated interim financial statements for the three months ended March 31, 2017.

The Company’s unaudited condensed consolidated interim financial statements for the three months ended March 31, 2017 have been prepared on a going concern basis which assumes that the Company will be able realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. If adequate financing is not available when required, the Company may be unable to continue operating. The Company may seek such additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company’s shareholders and may result in dilution to the value of such interests.

The Company’s unaudited condensed consolidated interim financial statements for the three months ended March 31, 2017 do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements as at March 31, 2017 and as of the date of this report.

Related Party Transactions

The Company considers personnel with the authority and responsibility for planning, directing and controlling the activities of the Company to be key management personnel.

The following amounts were incurred with respect to officers and directors and former officers and directors of the Company:

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
Lionsbridge – management fees	$ 561,039	$ -
Doug Turnbull - Chief Executive Officer	60,000	60,000
Nick DeMare – Chief Financial Officer	-	7,500
iO Corporate Services Ltd.	36,000	-

There is $1,079,577 (December 31, 2016 - $970,089) in accounts payable and accrued liabilities at March 31, 2017 that are due to directors and officers, former directors and officers and to companies controlled by directors and officers and former directors and officers of the Company, subject to certain conditions.

Investor Relations Activities

The Company maintains a website at www.blackdragongold.com. There are no investor relation agreements in effect as at March 31, 2017 and as of the date of this report.

Outstanding Share Data

The following table summarizes the Company's outstanding share data as of the date of this report:

	Number of shares issued or issuable
Common shares	52,908,807
Stock options (exercise prices ranging from $0.055 to $0.40, expiring between June 2, 2017 and February 22, 2019)	4,295,000
Warrants (exercise price of between $0.07 and $0.11 per share, expiring between August 12, 2018 and May 1, 2019)	20,121,023

Financial Instruments and Risk Management

Fair value

The inputs used in making fair value measurements are classified within a hierarchy that prioritizes their significance. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets and liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

The carrying value of receivables and accounts payable and accrued liabilities and loan facility approximated their fair value because of the short-term nature of these instruments. Cash is measured at fair value using Level 1 inputs. The carrying value of deposits also approximates its fair value.

Financial instruments measured at fair value on the consolidated statements of financial position are summarized in levels of fair value hierarchy as follows:

Assets	Level 1	Level 2	Level 3	Total
Cash	$ 31,927	$ -	$ -	$ 105,834

The Company has exposure to the following risks from its use of financial instruments:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's cash is held at large financial institutions and it believes it has no significant credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company manages its liquidity risk by forecasting cash flows from operations, and anticipating investing and financing activities. As at March 31, 2017, the Company had current assets of $52,464 to settle current liabilities of $14,653,390 which either have contractual maturities of less than 30 days and are subject to normal trade terms or are due on demand.

Market risk

Market risk is the risk of loss that may arise from changes in market factors, such as interest rates and foreign exchange rates.

a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

In June 2013, the Company closed a loan facility agreement with RMB Australia Holdings Ltd. Borrowings made against this loan facility agreement are subject to interest at LIBOR plus 6% per annum. The LIBOR is derived from a filtered average of several world banks' interbank deposit rates for larger loans with maturities between overnight and one full year and is subject to change and therefore subject to interest rate risk. Based on the Company's loan facility balance at March 31, 2017, a 1% change in LIBOR would result in a $104,000 change in annual interest expense.

b) Foreign currency risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company funds certain operations, exploration and administrative expenses in Spain by using Euros converted from its Canadian bank accounts. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk. Based on the Company's Euro denominated financial instruments at March 31, 2017, a 10% change in exchange rates between the Canadian dollar and the Euro would result in a $34,102 change in foreign exchange gain or loss.

In August 2013, the Company's loan facility agreement with RMB Australia Holdings Ltd. was amended so that all borrowings and repayments will be made in US dollars. Based on the Company's US dollar loan facility balance at December 31, 2016, a 10% change in exchange rates between the Canadian dollar and the US dollar would result in a $928,000 change in foreign exchange gain or loss.

Accounting standards and interpretations issued but not yet applied

As at the date of this report, the following standards have not been applied in these financial statements:

(i) IFRS 9 *Financial Instruments*: effective for annual periods beginning on or after January 1, 2018. IFRS 9 replaces multiple classification and measurement models in IAS 39 with a singular model that has only two classification categories: amortized cost and fair value. IFRS 9 prohibits reclassifications except in rare circumstances when the entity's business model changes. The new standard removes the requirement to separate embedded derivatives from financial asset hosts. It requires a hybrid contract to be classified in its entirety at either amortized cost or fair value.

Management is currently assessing the impact of these new standards on the Company's accounting policies and financial statement presentation.

Risks and Uncertainties

Natural resources exploration, development, production and processing involve a number of business risks, some of which are beyond the Company's control. These can be categorized as operational, legal, financial and regulatory risks.

- Operational risks include finding and developing reserves economically, marketing production and services, product deliverability uncertainties, changing governmental law and regulation, hiring and retaining skilled employees and contractors and conducting operations in a cost effective and safe manner. The Company continuously monitors and responds to changes in these factors and adheres to all regulations governing its operations. Insurance may be maintained at levels consistent with prudent industry practices to minimize risks, but the Company is not fully insured against all risks, nor are all such risks insurable.

- Legal risks include the future outcome of the Company's legal challenge before the Asturias Court of Justice challenging the decision to reject approval of a proposed underground mine operation for the Salave project. It is noted that the Company is the plaintiff in these proceedings and the outcome is not expected to stop the exploitation of the mining concessions.

- Financial risks include commodity prices, interest rates and the Canadian dollar, United States dollar and the Euro exchange rate, all of which are beyond the Company's control.

- Regulatory risks include the possible delays in getting regulatory approval to the transactions that the Board of Directors believe to be in the best interest of the Company, and include increased fees for filings, the introduction of ever more complex reporting requirements the cost of which the Company must meet in order to maintain its exchange listing.

There can be no assurance that future financing will be available or, if available, that it will be on reasonable terms. If financing is obtained by issuing common shares from treasury, control of the Company may change and investors may suffer additional dilution. To the extent financing is not available, lease payments, work commitments, rental payments and option payments, if any, may not be satisfied and could result in a loss of property ownership or earning opportunities for the Company.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this MD&A are forward-looking statements or forward-looking information (collectively "forward-looking statements") within the meaning of applicable securities legislation. We are hereby providing cautionary statements identifying important factors that could cause the actual results to differ materially from those projected in the forward-looking statements. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance are not historical facts and may be forward-looking and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or the negatives thereof or variations of such words and phrases or statements that certain actions, events or results "if" "may", "could", "would", "might" or "will" be taken, occur or be achieved.

Forward-looking statements in this MD&A include, but are not limited to, statements with respect to: (i) the estimation of inferred and indicated mineral resources; (ii) that once the Company obtains a positive Environmental Impact Declaration ("EID") and the authorization of the project, it will be able to commence construction of the Salave gold mine, pending municipal permits; (iii) the market and future price of gold; (iv) the timing, cost and success of future exploration and development activities; (v) currency fluctuations; (vi) requirements for additional capital; and (vii) increases in mineral resource estimates (vii) possible outcomes of the Company's lawsuit against the Ministry of Economy and Employment of the Principality of Asturias.

Forward-looking statements are 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, but which may prove to be incorrect. The Company believes that the assumptions and expectations reflected in such forward-looking information are reasonable.

Assumptions have been made regarding, among other things, the estimation of mineral resources, the realization of resource estimates, gold and other metal prices, the timing and amount of future exploration and development expenditures, the estimation of initial and sustaining capital requirements, the availability of necessary financing and materials to continue to explore and develop the Salave Gold Property in the short and long-term, the progress of development and exploration activities, and assumptions with respect to currency fluctuations, environmental risks, title disputes or claims, and other similar matters. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used. While the Company considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predicted outcomes may not occur or may be delayed. The risks, uncertainties and other factors, many of which are beyond the control of the Company, that could influence actual results include, but are not limited to: risks inherent in the exploration and development of mineral deposits, including risks relating to changes in project parameters as plans continue to be redefined, risks relating to variations in ore reserves, grade or recovery rates resulting from current exploration and development activities, risks relating to changes in the price of gold, silver and copper and the worldwide demand for and supply of such metals, risks related to current global financial conditions, uncertainties inherent in the estimation of mineral resources, access and supply risks, reliance on key personnel, risks inherent in the conduct of mining activities, including the risk of accidents, labour disputes, increases in capital and the risk of delays or increased costs that might be encountered during the development process, regulatory risks, including risks relating to the acquisition of the necessary licenses and permits, financing, capitalization and liquidity risks, including the risk that the financing necessary to fund the exploration and development activities at the Salave Gold Property may not be available on satisfactory terms, or at all, risks related to disputes concerning property titles and interest, and environmental risks.

Readers are cautioned that the foregoing lists of factors are not exhaustive.

The forward-looking statements in this MD&A are based on the reasonable beliefs, expectations and opinions of management on the date of this MD&A. Although we have attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There is no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information.

The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement. Except as required by applicable securities laws, the Company does not undertake any obligation to publicly update or revise any forward-looking statements contained in this MD&A.