

# **StrikePoint Gold Inc.**

## **Management's Discussion and Analysis**

For the six months ended June 30, 2016

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This Management's Discussion and Analysis ("MD&A") of StrikePoint Gold Inc. ("StrikePoint" or the "Company") provides an analysis of the Company's financial results for the six months ended June 30, 2016 and should be read in conjunction with the accompanying unaudited condensed consolidated interim financial statements for the six months ended June 30, 2016 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 annual consolidated financial statements for the year ended December 31, 2015 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](http://www.sedar.com). This MD&A is based on information available as at August 26, 2016.

Management is responsible for the preparation and integrity of the Company's 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, is complete and reliable.

This discussion contains forward-looking statements that involve risks and uncertainties. Such information, although considered to be accurate and actual results may differ materially from those anticipated in the statements made. Additional information on the Company is available for viewing on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.strikepointgold.com](http://www.strikepointgold.com).

### **Company Description**

StrikePoint Gold Inc. (the "Company" or "StrikePoint") is an exploration stage Company engaged in the acquisition, exploration and development of mineral properties of merit in Canada with the aim of developing them to a stage where they can be exploited at a profit or arranging joint ventures whereby other companies provide funding for development and exploitation. The Company also has a wholly-owned subsidiary, Braveheart Gold Inc., incorporated in Alberta.

The Company's exploration activities are focused on mineral exploration in the Lobstick area near Lake of the Woods, Ontario, on the Black Raven property in the Hemlo District, Ontario and in the Angelina area in southeast Manitoba. To date, the Company has not yet determined whether these properties contain economically recoverable minerals.

The Company is listed on the Canadian TSX Venture Exchange ("TSX-V") under the symbol SKP.

### **Private Placement**

During April 2016, the Company completed a non-brokered private placement, raising gross proceeds of \$1,020,000 through the issuance of 10,200,000 shares at a price of \$0.10 per share. No finders' fees were paid in conjunction with this private placement.

### **Options granted**

During April 2016, the Company granted 1,200,000 stock options which are exercisable for a period of 5 years at a price of \$0.15 per share and 980,000 stock options which are exercisable for a period of 5 years at a price of \$0.19 per share.

### **Share Consolidation**

On February 26, 2016, the Company's common shares were consolidated on a basis of one post-consolidated common share for every ten pre-consolidated common shares. The numbers of shares presented in this MD&A have all been adjusted to reflect the impact of this share consolidation.

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### **Black Raven Property - Ontario**

On February 19, 2015, the Company entered into an Assignment and Assumption Agreement (the "Assignment Agreement") with Entourage Metals Ltd. ("Entourage"), a Canadian public company, whereby Entourage has assigned to the Company all of its rights under an existing option agreement dated February 28, 2011, as amended on February 26, 2013 and as further amended on February 28, 2014 (the "Option Agreement"), to acquire a 100% interest in and to the Black Raven Property, located in NW Ontario. As consideration for the Assignment Agreement, the Company issued, on closing, 100,000 common shares to Entourage.

In order for the Company to earn an undivided 100% interest in the Black Raven Property, the Company will be required to:

- issue 10,000 common shares (issued) and pay \$25,000 (paid) to seven individuals (the "vendors") (the original optionors) on or before February 28, 2015;
- issue 10,000 common shares (issued) and pay \$25,000 (paid) to the vendors on or before February 28, 2016; and
- issue 50,000 common shares to Entourage within 15 business days following the completion and filing of a NI 43-101 compliant resource of at least 500,000 ounces Au or the equivalent in situ value of Cu, Pb, Zn, Ag or other precious metals.

During the year ended December 31, 2015 and the six months ended June 30, 2016, the Company incurred \$8,529 and \$Nil, respectively, of exploration expenditures on the Black Raven Property. The expenditures incurred during the year ended December 31, 2015 were comprised of \$3,685 for geological consulting fees, field costs \$638, travel \$1,206 and \$3,000 for core storage costs.

The Company will grant a 2.5% net smelter royalty to the vendors upon commencement of commercial production, for which the Company may repurchase 60% of the 2.5% net smelter return royalty from the vendors for \$1,500,000.

### **Lobstick Property – Ontario**

On November 26, 2013, the Company entered into an option agreement with an unrelated individual (the "Optionor") whereby the Optionor granted the Company the option to acquire a 100% undivided right, title and interest in the optioned property (the "Lobstick Property") located in the Lobstick area near Lake of the Woods, Ontario.

In order to exercise the option, the Company must pay and issue to the Optionor:

- Payment of \$5,000 and the issuance of 5,000 common shares of the Company on or before December 15, 2013 of which \$5,000 was paid on December 11, 2013 with the issue date for the common shares extended to January 21, 2014 (issued);
- Payment of \$5,000 and the issuance of 5,000 common shares of the Company upon confirmation of plan and permit acceptance by the Ontario Ministry of Northern Development and Mines, paid and issued, respectively, on June 10, 2014;
- Payment of \$15,000 (paid) and the issuance of 10,000 common shares (issued) of the Company, on or before December 15, 2014;
- Payment of \$15,000 (paid) and the issuance of 10,000 common shares (issued) of the Company, on or before December 15, 2015;
- Payment of \$15,000 and the issuance of 10,000 common shares of the Company, on or before December 15, 2016; and
- Payment of \$15,000 and the issuance of 10,000 common shares of the Company, on or before December 15, 2017.

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In addition, the Company must fulfill all work commitments relating the Lobstick Property comprised of \$12,000 per year by April 8 of each year. The Company may accelerate the cash payments, share issuances and work commitments at its discretion. The Company will be the operator of the Lobstick Property during the term of the option agreement.

During the six months ended June 30, 2016 and the year ended December 31, 2015, the Company incurred the following exploration expenditures on the Lobstick Property:

	June 30, 2016	December 31, 2015
Assaying	\$ 18,675	\$ -
Core cutting	-	6,580
Drilling	-	107,314
Field costs	-	3,677
Geological consulting	35,765	14,698
Transportation	-	6,186
Travel	-	550
	<u>\$ 54,440</u>	<u>\$ 139,005</u>

Following the exercise of the option, the Company must pay and issue to the Optionor:

- \$50,000 plus 100,000 common shares of the Company within 30 days of filing a technical report under National Instrument 43-101 demonstrating mineral resources on any part of the Lobstick Property;
- \$50,000 plus 100,000 common shares of the Company within 30 days of filing a positive, bankable feasibility study (as defined under National Instrument 43-101) with respect to any part of the Lobstick Property; and
- A 3% net smelter return royalty with respect to the Lobstick Property upon commencement of commercial production, for which the Company may repurchase two-thirds of the 3% net smelter return royalty from the Optionor for \$1,000,000 for each one-third repurchased.

### Angelina Property – Manitoba

On March 20, 2014, the Company entered into an option agreement with JOVG Global Mineral Enterprises ("JOVG") on the Company's 100% owned Angelina property, located in Rice Lake Belt, Manitoba. Pursuant to the terms of the option agreement, JOVG, a private company based in Winnipeg, Manitoba, had the option to earn a 50% undivided interest in the Angelina property by conducting a minimum of \$150,000 in exploration work on the property before February 15, 2015 (incurred); a further \$150,000 by February 15, 2016 and a further \$250,000 by each of February 15, 2017 and 2018. During the year ended December 31, 2015, JOVG returned the property to the Company. During the year ended December 31, 2015 and the six months ended June 30, 2016, the Company incurred \$5,682 and \$Nil and \$Nil, respectively, of exploration expenditures on the Angelina Property. The expenditures incurred during the year ended December 31, 2015 were comprised of \$5,560 for geological consulting fees and \$122 for travel. No expenditures were incurred during the six months ended June 30, 2016.

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### Results of Operations

#### Three Months ended June 30, 2016

During the three months ended June 30, 2016 (the "current period"), the Company incurred a loss of \$443,727 compared to a loss of \$683,100 during the three months ended June 30, 2015 (the "comparative period"). The significant variances are as follows:

##### *Administration*

During the current period, the Company incurred \$4,500 for office administration compared to \$Nil during the comparative period. On January 1, 2016, the Company commenced paying \$1,500 per month for office administration.

##### *Exploration*

During the current period, the Company incurred \$35,765 of exploration expenditures, comprised of geological consulting costs on the Lobstick property, compared to \$8,643 incurred during the comparative period, primarily comprised of geological services on the Lobstick property.

##### *Rent*

During the current period, the Company incurred \$9,000 of rent expense compared to \$5,400 during the comparative period. On January 1, 2016, the Company commenced paying \$3,000 per month for office rent.

##### *Share-based payments*

Share-based payments expense of \$321,608 was incurred during the current period compared to \$534,059 incurred during the comparative period. This relates to share-based payments expense ( a non-cash transaction) relating to 2,180,000 stock options granted during the current period and 1,000,000 stock options granted during the comparative period.

#### Six Months ended June 30, 2016

During the six months ended June 30, 2016 (the "current six-month period"), the Company incurred a loss of \$573,665 compared to a loss of \$822,388 during the six months ended June 30, 2015 (the "comparative six-month period"). The significant variances are as follows:

##### *Administration*

During the current six-month period, the Company incurred \$9,000 for office administration compared to \$Nil incurred during the comparative six-month period. On January 1, 2016, the Company commenced paying \$1,500 per month for office administration.

##### *Exploration*

During the current six-month period, the Company incurred \$54,440 of exploration expenditures, comprised of assaying and geological consulting costs on the Lobstick property, compared to \$16,741 incurred during the comparative six-month period, comprised of geological services on the Lobstick property.

##### *Rent*

During the current six-month period, the Company incurred \$18,000 of rent expense compared to \$10,800 during the comparative six-month period. On January 1, 2016, the Company commenced paying \$3,000 per month for office rent.

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### *Share-based payments*

Share-based payments expense of \$321,608 was incurred during the current six-month period compared to \$552,294 incurred during the comparative six-month period. This relates to share-based payments expense (a non-cash transaction) relating to 2,180,000 stock options granted during the current six-month period.

### *Option payments*

During the current six-month period, the Company paid \$25,000 and issued 10,000 common shares pursuant to the Black Raven option agreement. The market value of the common shares on the date of issuance was \$0.15 per share.

During the comparative period, the Company issued 120,000 common shares pursuant to the Black Raven and Lobstick option agreements. The market value of the common shares on the date of issuance was \$0.20 per share. In addition, the Company paid \$25,000 pursuant to the Black Raven option agreement.

## **Liquidity and Capital Resources**

As at June 30, 2016, the Company had cash and cash equivalents on hand of \$1,112,325 (December 31, 2015 - \$146,441), current assets of \$1,133,997 (December 31, 2015 - \$188,062), total assets of \$1,139,333 (December 31, 2015 - \$194,218) and total liabilities of \$10,324 (December 31, 2015 - \$15,002). As at June 30, 2016, the Company had no long-term debt outstanding. There are no known trends in the Company's liquidity or capital resources.

The Company has financed its operations to date primarily through the sale of mineral properties, issuance of common shares and the exercise of stock options and share purchase warrants. The Company continues to seek capital through various means including the issuance of equity and/or debt.

During April 2016, the Company completed a non-brokered private placement, raising gross proceeds of \$1,020,000 through the issuance of 10,200,000 shares at a price of \$0.10 per share. No finders' fees were issued in conjunction with this private placement.

During June 2016, the Company received proceeds totaling \$186,200 in conjunction with the exercise of stock options.

The Company has not paid any dividends on its common shares. The Company has no present intention of paying dividends on its common shares, as it anticipates that all available funds will be invested to finance the growth of its business.

The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and/or commence profitable operations in the future.

## **Summary of Quarterly Results**

Three months ended (\$)	2014 Q3	2014 Q4	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2
Loss	(327,295)	(119,746)	(139,288)	(683,100)	(100,591)	(271,935)	(129,938)	(443,727)
Loss per share	(0.02)	(0.01)	(0.01)	(0.05)	(0.01)	(0.01)	(0.01)	(0.02)

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### Fluctuations in quarterly results

- Loss for the Q3 2014 period includes share-based payments expense of \$243,331, a \$573,470 unrealized gain on investments, and a \$576,083 realized loss on the sale of investments.
- Loss for the Q4 2014 period is due to general operating expenses incurred to operate the Company.
- Loss for the Q1 2015 period is due to option payments of \$49,000 relating to the Blackraven and Lobstick option agreements, and general operating expenditures.
- Loss for the Q2 2015 period is due to share-based payments of \$534,059 pursuant to the granting of 1,590,000 stock options of the Company. Received \$440,000 pursuant to the exercise of 880,000 stock options.
- Loss for the Q3 2015 period is mainly comprised of general operating expenditures as well as exploration expenditures totalling \$6,012.
- Loss for the Q4 2015 period is a result of \$17,000 in property option payments on the Lobstick property, \$130,463 in exploration expenditures and the balance for general operation expenses.
- Loss for the Q1 2016 period is comprised of the \$26,500 property option payments and \$18,675 exploration costs with the balance of \$84,763 pertaining to general operation expenses.
- Loss for the Q2 2016 period is comprised of \$35,765 of exploration costs, \$321,608 of share-based payments expense with the balance of \$86,354 pertaining to general operation expenses.

### **Commitments**

The Company is required to incur exploration expenditures on its mineral claims to meet the conditions of holding its mineral rights and keep the mineral leases in good standing. Each provincial jurisdiction imposes expenditure requirements which vary from province to province and from year to year.

The Company has incurred sufficient exploration expenditures on the Angelina property to maintain the claims in good standing for the next 4 years and, as a result, there are no related commitments for this property over the next 4 years.

The Company is required to incur annual work commitments of \$12,000 per year on the Lobstick property to maintain the claims in good standing. During the six months ended June 30, 2016, the Company incurred \$54,440 of exploration expenditures on the Lobstick property.

In addition to exploration expenditures, the Company must make future option payments as disclosed above in the mineral property section.

### **Transactions with Related Parties**

During the six months ended June 30, 2016, the Company entered into the following transactions with related parties:

- a) Paid or accrued management fees of \$60,000 (2015 - \$34,500) to the CEO of the Company.
- b) Paid or accrued management fees of \$Nil (2015 - \$44,000) to a director of the Company.
- c) Paid or accrued professional fees of \$12,500 (2015 - \$10,000) to a company controlled by the Corporate Secretary of the Company.
- d) Recorded share-based payment expense of \$139,006 (2015 - \$18,235) in conjunction with the granting of stock options during the current period to directors and officers of the Company.

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Key management personnel compensation disclosed above (including senior officers and certain directors of the Company):

	June 30, 2016	June 30, 2015
Short-term benefits	\$ 60,000	\$ 78,500
Share-based payments	139,006	18,235

### Contingencies

The Company has no contingencies as at the date of this MD&A.

### Off Balance Sheet Arrangements

The Company has no off Balance Sheet arrangements as at the date of this MD&A.

### Proposed Transactions

The Company has not entered into any undisclosed proposed transactions as at the date of this MD&A.

### Investor Relations

The Company has no investor relations contracts as at the date of this MD&A.

### Current Share Data

As of August 26, 2016, the Company has:

- a) 25,492,683 common shares issued and outstanding;
- b) 1,200,000 stock options outstanding with an exercise price of \$0.15, expiring on April 26, 2021;  
and
- c) No share purchase warrants outstanding.

### Industry and Operational Risks

The Company is subject to a number of risks and uncertainties, the more significant of which are discussed below. Additional risks and uncertainties not presently known to the Company may impact the Company's financial results in the future.

#### Financing Risks

Being a junior mining exploration company in Canada and in the exploration business means that the Company must raise the necessary financings for future exploration. Those financings depend to a large degree on commodity price trends, general investment sentiment for companies in the sector and the ability of the Company's ability to find and confirm the existence of minerals in sufficient quantities and qualities on its exploration lands. Management is of the view that these risks faced by the Company are not greater than those risk encountered by its peers in Canada.

The Company will require additional financing to conduct exploration on its mineral properties and to fund General and Administration costs. There is no assurance that the Company will be able to raise the required financing through equity financings, debt financings, divestment of its properties or joint venture

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arrangements. A lack of financing in the future could cause the Company to reduce or postpone exploration spending, reduce exploration and corporate personnel, reduce the size of its mineral property ownership and create going concern issues for the Company.

### General Economic Risks

The recent global economic downturn has created volatility in the financing markets and has generally impacted the value of the price of the common shares of the Company and the sector valuations. Current market conditions make the environment to raise additional financing more challenging and competitive. Should these conditions persist, the Company could be negatively affected.

As the Company continues to focus on its exploration in Canada, the operations will be subject to economic, political and social risks inherent in doing business in Canada. The risks come from matters based on policies of the government, economic conditions, changes in tax regime, changes in regulation, foreign exchange fluctuations and other factors that may change in the future.

### Environmental Risks

All phases of the Company's operations are subject to environmental regulations and potentially social licensing in the jurisdictions it operates in. World-wide environmental regulation is changing to require stricter standards and enforcement, increased fines for non-compliance, more assessment for projects, and a heightened degree of responsibility for companies and their officers, directors, employees and consultants. Although the company believes that it has taken the proper steps to protect the environment related to its operations, there is no assurance that future changes in environmental regulation in Canada will not adversely affect the Company's operations or result in substantial costs and liabilities in the future.

### Aboriginal Claims Risks

Aboriginal peoples have claimed aboriginal title and rights to portions of Canada. The Company is not aware that any claims have been made in respect of its properties and assets; however, if a claim arose and was successful, such claim may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

## **Forward-looking statements**

Certain information set forth in this MD&A, including management's assessment of the Company's future plans and operations, contains forward-looking statements, which are based on the Company's current internal expectations, estimates, projections, assumptions and beliefs, which may prove to be incorrect. Some of the forward-looking statements may be identified by words such as "expects", "anticipates", "believes", "projects", "plans" and similar expressions. These statements are not guarantees of future performance and undue reliance should not be placed on them. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause the Company's actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. The Company is a mineral exploration company and is exposed to a number of risks and uncertainties that are common to companies in the same business. These risks and uncertainties include, among other things, the speculative nature of mineral exploration and development activities, the Company's need for additional funding to continue its exploration efforts, operating hazards and risks incidental to mineral exploration, the Company's properties are in the exploration stage only and do not contain a known body of commercial ore, uncertainties associated with title to mineral properties, changes in general economic, market and business conditions; competition for, among other things, capital, acquisitions of mineral properties and skilled personnel; ability to obtain required mine licenses, mine permits and regulatory approvals required to proceed with mining operations; ability to comply with current and future environmental and other laws; actions by governmental or regulatory authorities including increasing taxes and changes in other regulations; and the occurrence of unexpected events involved in mineral exploration, development and production.