

# **Great Thunder Gold Corp.**

## **Management's Discussion & Analysis**

**Financial period ended October 31, 2014**

Containing information as of December 18, 2014

### **Caution Regarding Forward-Looking Information**

Certain of the statements made and information contained herein and in the financial statements is “forward-looking information” within the meaning of the *Securities Act* (British Columbia) and the *Securities Act* (Alberta). This includes statements by Great Thunder Gold Corp. (the “Company” or “Great Thunder”) concerning exploration results, including deposit size, quantities, grades and contained metals, which are generally made on the basis of estimations and extrapolations from a limited number of samples, drill holes and assays. These estimations and extrapolations are subject to uncertainties, which include but are not limited to uncertainties in connection with evaluating a deposit until the deposit has been extensively drilled on closely spaced intervals. Should one or more of these underlying estimations or extrapolations prove incorrect, actual results may vary materially from those described in forward-looking statements.

Forward-looking statements contained herein also include the Company’s future operating costs and exploration plans at its mineral properties. These involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. Forward-looking information is subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking information, including, without limitation, the ability of the Company to continue to be able to access the capital markets for funding necessary for operating costs, to acquire and maintain exploration properties and to carry out its desired exploration programs; difficulties in executing exploration programs on the Company’s proposed schedules and within its cost estimates, whether due to weather conditions in the areas where it operates, increasingly stringent environmental regulations and other permitting restrictions, or the availability of essential supplies and services; and factors beyond the capacity of the Company to anticipate and control, such as the marketability of minerals, government regulations relating to health, safety and the environment, and the scale and scope of royalties and taxes on production. Should one or more of these risks or uncertainties materialize, actual results may vary materially from those described in forward-looking statements.

Accordingly, readers are advised not to place undue reliance on forward-looking information. Except as required under applicable securities legislation, the Company undertakes no obligation to publicly update or revise forward-looking information, whether as a result of new information, future events or otherwise.

### **Description of Business**

Great Thunder is a junior exploration company incorporated under the laws of the Province of British Columbia and whose common shares are listed on the TSX Venture Exchange. Its principal business comprises the exploration for minerals and the development of its mineral properties located in British Columbia and Nevada. Great Thunder is in the exploration stage and has not yet determined whether these properties contain mineral reserves that are economically recoverable.

The following discussion and analysis of the operations, results and financial position of Great Thunder should be read in conjunction with the condensed interim consolidated financial statements (the “financial statements”) as of and for the period ended October 31, 2014 and the notes thereto, which financial statements are incorporated herein by reference.

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and unless otherwise cited, references to dollar amounts are Canadian

dollars. The financial statements were prepared on a going concern basis, which presumes the realization of assets and the discharge of liabilities in the normal course of business for the foreseeable future. The Company had a working capital deficiency of \$33,736 at October 31, 2014 and has accumulated losses of \$11,419,311 since incorporation. The Company's ability to meet its obligations and maintain its operations is contingent upon additional financing or profitable operations in the future.

### Overall Performance and Discussion of Operations

During the second financial quarter ended October 31, 2014, the Company experienced a net loss of \$58,221. This represents a decrease of \$11,900 over the \$70,121 loss for the corresponding period in 2013. This change was largely the result of a \$12,000 decrease in consulting fees and a \$1,846 decrease in investor relations and shareholder information costs, as management continued its cost-cutting efforts. These cost savings were offset somewhat by a \$2,444 writedown in exploration and evaluation assets.

During the first half of the Company's 2015 financial year, it experienced a net loss of \$109,819, a \$31,022 decrease from the \$140,841 loss for the first six months of the preceding year. The bulk of this decrease was the result of a \$29,000 reduction in consulting fees, a \$6,437 cut in office expenses and a \$5,729 decrease in management fees. Offsetting these savings measures was an \$18,750 decrease in gain of the disposition of exploration and evaluation assets not repeated during the current year.

As of October 31, 2014, the Company had cash of \$31,919, as compared with cash of \$71,541 at the beginning of the financial year – a decrease of \$39,622. During the six-month period, the Company used \$79,729 of cash for its operations and \$19,893 for its mineral properties. It generated \$60,000 of cash from a private placement of its common shares and warrants in July 2014. A breakdown of exploration expenditures for the period on a property-by-property basis, as well as for the preceding year, is provided in note 7 to the financial statements.

As of October 31, 2014, the Company had no contractual obligations, such as long term debt, capital lease obligations, operating leases or purchase obligations, except as described in the financial statements, nor did it have commitments for capital expenditures. Refer to note 14 to the financial statements.

In general, gold prices have recently stabilized and the Company continues to see interest in its mineral properties. Many analysts expect gold prices to strengthen, so the Company plans to continue its strategy of advancing its core portfolio of mineral properties.

### Summary of Unaudited Quarterly Results

|                          | 2015                    |                         | 2014                    |                         |                         |                         | 2013                    |                         |
|--------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                          | 2 <sup>nd</sup> Quarter | 1 <sup>st</sup> Quarter | 4 <sup>th</sup> Quarter | 3 <sup>rd</sup> Quarter | 2 <sup>nd</sup> Quarter | 1 <sup>st</sup> Quarter | 4 <sup>th</sup> Quarter | 3 <sup>rd</sup> Quarter |
| Revenue                  | \$ -                    | \$ -                    | \$ -                    | \$ -                    | \$ -                    | \$ -                    | \$ -                    | \$ -                    |
| Loss for the period      | (58,221)                | (51,598)                | (75,823)                | (161,183)               | (70,121)                | (70,720)                | (476,719)               | (82,746)                |
| Loss per share           | (0.00)                  | (0.00)                  | (0.01)                  | (0.01)                  | (0.01)                  | (0.01)                  | (0.06)                  | (0.00)                  |
| Total comprehensive loss | (58,987)                | (50,984)                | (75,314)                | (54,623)                | (75,893)                | (68,749)                | (422,139)               | (88,646)                |

Variations in loss from quarter to quarter typically result from increases or decreases in exploration activity. During periods of greater activity, consulting fees, office and administrative service costs, regulatory approval costs and travel costs will generally increase.

During the fourth quarter of 2013, loss for the period increased when the Company realized a \$42,646 loss on its investments and it recorded a \$295,959 write-down in the value of its

exploration and evaluation assets. During the third quarter of 2014, realized losses from the sale of investments increased the loss by \$108,827.

The differences between loss for the period and total comprehensive loss are primarily the result of non-cash unrealized losses or gains on investments.

The quarterly results summarized herein were prepared in accordance with International Financial Reporting Standards and are expressed in Canadian dollars.

### Liquidity and Capital Resources

The Company does not yet generate positive cash flow from operations, and is therefore reliant upon the issuance of its own common shares to fund its operations. As of the October 31, 2014 quarter end, the Company was adequately funded for the short term. Management plans to undertake one or more equity financings over the next six months as market conditions improve, though there is no certainty that such financings will be completed.

The Company is able to meet its ongoing financial obligations as they become due. It has no debt obligations and no commitments other than as described herein and in its financial statements. With the cooperation of its creditors, management believes the Company has sufficient working capital to fund operating costs through at least February 2015.

### Description of Properties

#### *Valentine Mountain*

The 100%-owned Valentine Mountain property consists of 25 cell mineral claims covering 7,188 hectares and two overlying cell placer tenures covering 43 hectares. One of the claims is subject to a 5% net smelter returns royalty capped at \$1,000,000.

The Valentine Mountain property surrounds Valentine Mountain, which has an elevation of 974 metres, is located 20 kilometres northwest of Sooke, British Columbia on southern Vancouver Island and is accessible by forestry roads. The property area is underlain entirely by high-grade metamorphic rocks of the Pacific Rim Terrane, which hosts several minor past producers of gold, silver and copper, including the historic Leech River gold placer gold district, located just to the east of the Property.

The property hosts the Valentine Mountain gold quartz vein prospect, for which a mineral resource estimate is summarized as follows:

| Zone / Vein  | Tonnes | Gold (g/t)<br>Uncut | Gold (g)<br>Uncut | Gold (g/t)<br>Cut | Gold (g)<br>Cut | Category  |
|--------------|--------|---------------------|-------------------|-------------------|-----------------|-----------|
| Discovery C  | 22,663 | 33.8                | 765,814           | 16.8              | 381,103         | Indicated |
| Discovery B  | 32,100 | 4.1                 | 130,344           | 3.7               | 129,352         | Indicated |
| Total        | 54,763 | 16.4                | 896,158           | 9.3               | 510,455         | Indicated |
| Discovery E  | 8,485  | 4.2                 | 35,468            | 4.2               | 35,468          | Inferred  |
| Disc. West C | 12,215 | 35.4                | 432,278           | 35.4              | 432,278         | Inferred  |
| Total        | 20,700 | 22.6                | 467,746           | 22.6              | 467,746         | Inferred  |

Average gold intercepts for each zone were tabulated, and values calculated for uncut grade, multiplied by true width for each intercept. Based on geo-statistical modeling for each corresponding vein in each zone with significant values, statistical mean values were used as the upper thresholds to cut higher gold values and arrive at the "cut" mineral resource values. Refer

to the entire text of the technical report, entitled *Technical Report on the Valentine Mountain Property, Southern Vancouver Island, British Columbia, Canada* and dated March 27, 2013 available at [www.sedar.com](http://www.sedar.com), for further information and the key assumptions, parameters and methodology used, as well as risk factors.

The practice of “cutting” or reducing exceptionally high grade assays when estimating mineral resources for gold deposits, particularly in vein deposits, is historically industry standard practice, primarily to make the estimates more conservative. The gold quartz veins at Valentine Mountain contain erratically distributed gold, which could cause the estimated grade to vary materially from the actual grade. For completeness, both uncut and cut averaged grades are shown, but the cut grades should be used in evaluating the resource. **Mineral resources that are not mineral reserves do not have demonstrated economic viability.**

The Valentine Mountain property warrants phased exploration work aimed at discovering and delineating gold quartz vein mineralization through systematic yet strategically targeted geochemistry, drilling and underground exploration programs. The technical report recommends future work programs totaling \$4 million in two phases.

This technical information was prepared under the supervision of Jacques Houle, P.Eng, who acts as the Company’s Qualified Person as defined by National Instrument 43-101.

#### *BRX Claims*

The Company holds a 50% undivided interest in nine mineral tenures comprising approximately 2,115 hectares in the Lillooet Mining Division of central British Columbia. The remaining 50% joint venture interest is held by Levon Resources Ltd., a corporation with common directors. Under the joint venture agreement with Levon, each of the participants is required to fund their proportionate share of further exploration expenditures, failure of which will dilute their interest. Upon dilution to 10%, the non-contributor’s interest will convert to a 10% net profits royalty interest.

During 2010, the Company wrote down the value of the BRX Claims in the amount of \$565,735, leaving a nominal value of \$1. The Company intends to keep all claims in good standing; however, no exploration is planned at this time.

#### *JDN Claims*

The Company owns a 50% undivided interest in 27 mining claims in Lander County, Nevada, subject to a 3% net smelter returns royalty in favour of Geomex Development Eighth Partnership. The royalty may be repurchased for US\$1,250,000. The remaining 50% interest is owned by a subsidiary of Coral Gold Resources Ltd., a corporation with common directors. The Company intends to keep all claims in good standing; however, no exploration is planned at this time.

#### **Outstanding Share Data**

As of the date hereof, the Company has 15,892,162 common shares issued and outstanding.

The Company has, as of the date hereof, outstanding warrants which may be exercised to purchase a total of 4,363,000 shares. Of this total, 3,063,000 warrants may be exercised at \$0.10 per share until May 23, 2018, and 1,300,000 warrants may be exercised at \$0.05 per share until July 16, 2019.

In addition, the Company has outstanding options which, as of the date hereof, may be exercised to purchase a total of 133,334 shares at \$0.45 per share until October 6, 2016.

### Transactions Between Related Parties

During the six-month periods ended October 31, 2014 and 2013, the Company paid and accrued the following amounts to related parties:

|   | 2014             | 2013             |
|---|------------------|------------------|
| Management fees paid and accrued to a corporation controlled by the Company's Chief Executive Officer           | \$ 48,000        | \$ 48,000        |
| Consulting and management fees paid to a corporation controlled by the Company's former Chief Executive Officer | -                | 23,000           |
| Management fees paid and accrued to a corporation controlled by the Company's Chief Financial Officer           | 35,708           | 41,437           |
|   | <u>\$ 83,708</u> | <u>\$112,437</u> |

During the six-month period ended October 31, 2014, the Company was charged \$6,482 (2013 – \$11,572) for office, occupancy, miscellaneous costs, salaries and administrative services by Oniva International Services Corporation, a private corporation of which 16.67% is owned by the Company. The arrangement may be terminated with one month notice by either party.

In January 2013, the Company entered into a consulting agreement with a corporation controlled by its Chief Executive Officer whereby that corporation will provide management services at a rate of \$8,000 per month, or such amount as agreed by mutual consent of the parties, until January 31, 2016. The agreement may be terminated by the Company without cause upon payment of six months of fees as severance.

In February 2013, the Company entered into a consulting agreement with a corporation controlled by its Chief Financial Officer whereby that corporation will provide consulting services at its standard rates. The agreement may be terminated by the Company without cause upon payment of three months of fees as severance.

### Changes in Accounting Policies Including Initial Adoption

The following standards were adopted by the Company May 1, 2013, but had no material impact on the consolidated financial statements:

#### *New accounting standards and interpretations recently adopted*

##### IFRS 10 – Consolidated financial statements

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under previous IFRS, consolidation was required when an entity had the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaced SIC-12 *Consolidation - Special Purpose Entities* and parts of IAS 27 *Consolidated and Separate Financial Statements*.

##### IFRS 11 – Joint arrangements

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures are accounted for using the equity method of accounting whereas for a joint operation the venturer recognizes its share of the assets, liabilities, revenue and expenses of the joint operation. Under previous IFRS, entities had the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 superseded IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly Controlled Entities - Non-monetary Contributions by Venturers*.

#### IFRS 12 – Disclosure of interests in other entities

IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles, and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

#### IFRS 13 – Fair value measure

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under previous IFRS, guidance on measuring and disclosing fair value was dispersed among the specific standards requiring fair value measurements and in many cases did not reflect a clear measurement basis or consistent disclosures.

#### IAS 27 – Separate financial statements

IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements.

#### IAS 28 – Investments in associates and joint ventures

IAS 28 was amended to include joint ventures in its scope and to address the changes in IFRS 10 – 13.

#### IAS 1 – Presentation of financial statements

IAS 1 amendment requires components of other comprehensive loss to be separately presented between those that may be reclassified to loss and those that will not.

#### IAS 32 – Financial instruments: presentation

IAS 32 amendment provides clarification on the application of offsetting rules.

#### IFRIC 20 – Stripping costs in the production phase of a surface mine

IFRIC 20 clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods.

#### *New accounting standards and interpretations not yet adopted*

The following standard has been issued but is not yet effective and has not been early adopted by the Company. The Company is evaluating the impact of this new standard, but does not anticipate the standard will have a significant impact on its financial statements.

#### IFRS 9 – Financial instruments

IFRS 9 was issued in November 2009 and contains requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at the fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated other comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39 *Financial Instruments – Recognition and Measurement*, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income. The standard will be effective for the Company for the year ending April 30, 2019.

### **Financial Instruments and Other Instruments**

The Company's financial instruments consist of cash, amounts receivable, investments, reclamation bonds, accounts payable and accrued liabilities, and amounts due to related parties. The fair value of these financial instruments approximates their carrying value due to the short-term or on-demand nature, as applicable, of the Company's financial instruments. The Company does not use instruments settled by the delivery of non-financial assets.

The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk and market risk.

#### *Credit Risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. In the opinion of management, none of the Company's financial assets were exposed to significant credit risk as at October 31, 2014.

#### *Liquidity Risk*

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipated investing and financing activities. The Company had cash at October 31, 2014 in the amount of \$31,919 in order to meet short-term business requirements. At October 31, 2014, the Company had current liabilities of \$76,052. Accounts payable have contractual maturities of approximately 30 days or are due on demand and are subject to normal trade terms. Amounts due to related parties are without stated terms of interest or repayment.

#### *Market Risk*

Market risk consists of interest rate risk, foreign currency risk and other price risk. These are discussed further below.

#### *Interest Rate Risk*

Interest rate risk has two components:

- a) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
- b) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company's cash is currently held in highly liquid, on-demand investments and therefore management considers the interest rate risk to be minimal.

#### *Foreign Currency Risk*

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities are denominated in foreign

currencies. At the end of the reporting period, the Company was not exposed to material foreign currency risk.

**Other Price Risk**

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is exposed to other price risk with respect to its investments as they are carried at fair value based on quoted market prices.

**Other Information**

Additional information relating to the Company is available from the Company's website at [www.greatthundergold.com](http://www.greatthundergold.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

ON BEHALF OF THE BOARD

*/s/ Kevin C. Whelan*

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Kevin C. Whelan, Chief Executive Officer