# Golden Cariboo Resources Ltd.

## MANAGEMENT DISCUSSION AND ANALYSIS

**For the six months ended March 31, 2016**

This management's discussion and analysis ("MD&A") focuses on significant factors that affected Golden Cariboo Resources Ltd. ("Golden Cariboo" or the "Company") during the six month period ended March 31, 2016 and to the date of this report. The MD&A should be read in conjunction with the condensed interim financial statements for the six month period ended March 31, 2016 and the audited financial statements for the year ended September 30, 2015 and related notes, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts presented in this MD&A are in Canadian dollars, unless otherwise indicated.

Additional information related to the Company is available on SEDAR at www.sedar.com

This MD&A contains information up to and including May 30, 2016.

## FORWARD-LOOKING INFORMATION

This discussion includes certain statements that may be deemed "forward-looking statements." All statements in this discussion, other than statements of historical facts that address future production, reserve potential, exploration drilling, exploration activities and events or developments that the Company expects, are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, continued availability of capital and financing, and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.

## BUSINESS OVERVIEW

Golden Cariboo Resources Ltd. (the "Company") was incorporated under the laws of the Province of British Columbia on September 23, 1987. The Company's shares are publicly traded on the NEX Board of the TSX Venture Exchange, under the symbol GCC-H.

Historically the Company's principal business activity has been the exploration and development of mineral properties. The Company has been in the process of exploring and developing its resource properties and has not yet determined whether its resource properties contain reserves that are economically recoverable. The recoverability of amounts shown for resource properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete development, confirmation of the Company's interest in the underlying properties and upon future profitable production or sufficient proceeds from the disposition of its resource properties.

The Company continues to investigate new exploration opportunities and mineral exploration would be carried out on properties identified by management of the Company as having favorable exploration potential. Interests in such properties are acquired in various ways. The Company, through its own efforts, can stake mineral claims or acquire exploration permits. In other cases the Company can acquire interests in mineral properties from third parties. An acquisition from a third party would typically be made either as an outright purchase (with payment of cash and/or shares) or by way of an option agreement, which requires the Company to make specific option payments and to incur a specific amount of exploration and development expenditures. Once having incurred the specified exploration expenditures, the parties would enter into a joint venture requiring each party to contribute towards future exploration and development costs, based on its percentage interest in the property, or suffer dilution of its interest.

The Company advances its projects to varying degrees by prospecting, mapping, geophysics and drilling. Once a property is determined to have limited exploration potential, the property is abandoned or sold. In cases where exploration work on the property reaches a stage where the expense and risk of further exploration and development are too high, the Company may seek a third party to earn an interest by furthering development. Optioning a property to a third party allows the Company to retain an interest in further exploration and development while limiting its obligation to commit large amounts of capital to any one project. The resource exploration business is high risk and most exploration projects will not become mines or producing wells.

## MINERAL PROPERTIES

### *HISTORY*

On January 18, 2012, the Company entered into an option agreement with Golden Valley Mines Ltd. ("Golden Valley") and Integra Gold Corp. ("Integra") in respect of a portfolio consisting of twelve properties located in the Abitibi Greenstone Belt.

Under the Agreement the Company can acquire a 70% interest in certain properties (the "GZZ Option") located in the Abitibi Greenstone Belt of northwestern Québec and northeastern Ontario (the "GZZ Properties") held by Golden Valley and reviewed January 22, 2013. Regulatory approval was received in April 2013.

Subject to net smelter return royalty interests and advance royalty interests in favour of the original vendors (one of which is a director and officer of Golden Valley), the Company can acquire a 70% interest in certain properties located in the Abitibi Greenstone Belt of northwestern Québec (the "GZZ-I Option"); these properties are subject to a 30% interest held by Integra pursuant to a joint venture agreement between Integra and Golden Valley (the "GZZ-I Properties"). Golden Valley will be operator during the option phase.

In order to maintain in force the Option the Company has to:

i. Issue to Golden Valley 9.9% of Company's issued share capital (the "Share Interest"); (Issued 770,961 common shares on May 1, 2013)

ii. Incur expenditures in an aggregate amount of $4,500,000 over a 6 year period from the initial date of signing at the option agreement as follows:

a) $250,000 on the second anniversary at January 11, 2012 ($144,581 has been incurred in consulting, property renewal and geological expenses.)
b) an additional $500,000 on or before the third anniversary of January 11, 2012
c) an additional $1,000,000 on or before the fourth anniversary of January 11, 2012
d) an additional $1,250,000 on or before the fifth anniversary of January 11, 2012
e) an additional $1,500,000 on or before the sixth anniversary of January 11, 2012

to be allocated between the GZZ Properties and the GZZ-1 Properties as the Company may determine provided that no more than $4,000,000 of the Expenditures shall be incurred with respect to the GZZ Properties and at least $500,000 of the Expenditures shall be incurred with respect to the GZZ-1 Properties and:

The Company is currently in the process of negotiation an extension to this agreement

iii. Reimburse Golden Valley for all costs related to the preparation of any technical reports. Golden Valley has the right, but not the obligation to participate in future financings of the Company in order to maintain its Share Interest.

Upon the GZZ Option being exercised, Golden Valley shall retain a 30% free carried interest to production in respect of the GZZ Properties. Upon the GZZ-I Option being exercised, Golden Valley and Integra shall retain a combined 30% free carried interest to production (22.5% Golden Valley/7.5% Integra).

During the year ended September 30, 2015, the Company terminated the agreement with Golden Valley.

The Company is currently looking for new properties of merit.

## FINANCIAL INFORMATION

Summary of Quarterly Result

| Quarter Ended | 31-Dec-15 | 31-Dec-15 | 30-Sep-15 | 30-Jun-15 | 31-Mar-15 | 31-Dec-14 | 30-Sept-14 | 30-Jun-14 |
|---|---|---|---|---|---|---|---|---|
| Net income (loss) for the period | $ 15,943 | $ (2,147) | $ (51,165) | $ (21,991) | $ (77,657) | $ (72,965) | $ (886,323) | $ (237,965) |
| Total Comprehensive income (loss) for the period | $ 338,198 | $ 42,910 | $ (335,034) | $ (21,991) | $ (189,100) | $ 148,591 | $ (463,504) | $ (211,007) |
| Basic and diluted net income (loss) per share | $ 0.02 | $ 0.00 | $ (0.03) | $ (0.00) | $ (0.01) | $ 0.01 | $ (0.03) | $ (0.02) |

Quarterly results can vary significantly depending on whether the Company has acquired any properties, commenced exploration or granted any stock options and these are the factors that account for material variations in the Company's quarterly net losses, none of which are predictable.

*Three months ended March 31, 2016 Compared with three months ended March 31, 2015*

The Company incurred a total comprehensive income of $338,198 for the three months ended March 31, 2016 compared to total comprehensive loss of $189,100 for the three months ended March 31, 2015. During the current period, the Company has minimized expenses to conserve cash requirements. Management fees of $15,000 and consulting fees of $8,592 in the comparative period were reduced to $Nil. In the current period, the Company recorded a gain of $31,800 on the sale of 195,000 common shares of Barkerville. There were no sales of shares during the three months ended March 31, 2015. In addition, the Company recorded an unrealized gain of $322,255 (2015 loss of $111,443) on the common shares of Barkerville that were held during the period.

## RISK FACTORS RELATING TO MINERAL EXPLORATION INDUSTRY

There are many risk factors facing companies involved in the mineral exploration industry. Risk Management is an ongoing exercise upon which the Company spends a substantial amount of time. While it is not possible to eliminate all the risks inherent to the industry, the Company strives to manage these risks, to the greatest extent possible. The following risks are most applicable to the Company.

*Industry and Mineral Exploration Risk*

Mineral exploration is highly speculative in nature, involves many risks and frequently is non-productive. There is no assurance that the Company's exploration efforts will be successful. At present, the Company's projects do not contain any proven or probable reserves. Success in establishing reserves is a result of a number of factors, including the quality of the project itself. Substantial expenditures are required to establish reserves or resources through drilling, to develop metallurgical processes, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Because of these uncertainties, no assurance can be given that planned exploration programs will result in the establishment of mineral resources or reserves.

The Company may be subject to risks which could not reasonably be predicted in advance. Events such as labour disputes, environmental issues, natural disasters or estimation errors are prime examples of industry related risks. The Company attempts to balance this risk through insurance programs where required and ongoing risk assessments conducted by its technical team.

*Commodity Prices*

The Company is in the business of metals exploration and as such, its prospects are largely dependent on movements in the price of various metals. Prices fluctuate on a daily basis and are affected by a number of factors well beyond the control of the Company. The mineral exploration industry in general is a competitive market and there is no assurance that, even if commercial quantities of proven and probable reserves are discovered, a profitable market may exist. Due to the current grassroots nature of its operations, the Company does not enter into price hedging programs.

*Environmental*

Exploration projects or operations are subject to the environmental laws and applicable regulations of the jurisdiction in which the Company operates. Environmental standards continue to evolve and the trend is to a longer, more complete and rigid process. The

Company reviews environmental matters on an ongoing basis. If and when appropriate, the Company will make appropriate provisions in its financial statements for any potential environmental liability.

*Title of Assets*

Although the Company conducts title reviews in accordance with industry practice prior to any purchase of resource assets, such reviews do not guarantee that an unforeseen defect in the chain on title will not arise and defeat our title to the purchased assets. If such a defect were to occur, our entitlement to the production from such purchased assets could be jeopardized.

*Competition*

The Company engages in the highly competitive resource exploration industry. The Company competes directly and indirectly with major and independent resource companies in its exploration for and development of desirable resource properties. Many companies and individuals are engaged in this business, and the industry is not dominated by any single competitor or a small number of competitors. Many of such competitors have substantially greater financial, technical, sales, marketing and other resources, as well as greater historical market acceptance than does the Company. The Company will compete with numerous industry participants for the acquisition of land and rights to prospects, and for the equipment and labor required to operate and develop such prospects. Competition could materially and adversely affect the Company's business, operating results and financial condition. Such competitive disadvantages could adversely affect the Company's ability to participate in projects with favorable rates of return.

*Financing*

Historically, the Company has raised funds through equity financing and the exercise of options and warrants to fund its operations. The market price of natural resources is highly speculative and volatile. Instability in prices may affect the interest in resource properties and the development of and production from such properties. This may adversely affect the Company's ability to raise capital to acquire and explore resource properties.

## LIQUIDITY AND CAPITAL RESOURCES

Historically, the Company has raised funds through equity financing and the exercise of options and warrants to fund its operations. As at March 31, 2016, the Company had $563 in cash, a working capital deficiency of $366,112 and accumulated deficit of $13,394,454.

## DISCLOSURE OF OUTSTANDING SHARE DATA

As at March 31, 2016 and the date of this report, the Company had 13,850,680 common shares outstanding. The Company had no stock options or warrants outstanding.

## CONTINGENCY

The Company has been named in a writ to a group of companies and individuals from a self-represented plaintiff claiming unspecified damages. The Company has not yet been served with the writ.

## RELATED PARTY TRANSACTIONS

Related party transactions during the six months ended March 31, 2016 are as follows:

i) Paid or accrued $Nil (2015 - $30,000) as management fees Frank Callaghan, the former CEO and former director of the Company;

ii) Paid or accrued $4,500 (2015 - $Nil) as professional fees to Cherry Consulting Ltd. a company controlled by Christopher Cherry, the CFO and a director of the Company

## PROPOSED TRANSACTIONS

None

## OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

## CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Judgments

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

- Exploration and Evaluation Expenditure

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

Estimates

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

- Valuation of Investment

The Company's available-for-sale investment consists of an investment in common shares of Barkerville Gold Mines Ltd. ("Barkerville"). On August 14, 2012, Barkerville was subject to a cease trade order, which prevented the Company from selling shares. Subsequent to September 30, 2013 the cease trade order was lifted, and Barkerville's shares resumed trading. Management has reviewed certain information and transactions and the trading activity that occurred during the period subsequent to the cease trade order ("CTO") to determine its investment's fair value. Following the recommenced trading of Barkerville's shares the Company values its investment at the closing price at reporting date.

### Available-For-Sale Investment

Investments consists of common shares of Barkerville Gold Mines Ltd. ("Barkerville"), a former related party through common directors and officers. The directors and officers ceased to be related with Barkerville during the year ended September 30, 2015.

| | March 31, 2016 | | September 30, 2015 | |
|---|---|---|---|---|
| | Number of shares | Quoted market price | Number of shares | Quoted market price |
| Barkerville | 1,306,893 | $653,446 | 1,661,893 | $382,235 |

During the six months ended March 31, 2016, the Company sold 355,000 (20154 – Nil) common shares of Barkerville for net proceeds of $122,450 (2015 - $Nil) recognizing a gain on sale of $34,950 (2015 - $Nil). During the six months ended March 31, 2016, the Company recorded an unrealized gain of $367,312 (2015 - $37,148) on the balance of shares held.

## FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Typically, the Company ensures that it has sufficient cash on demand to meet short term expected operational expenses. To achieve this objective expenditures are monitored as necessary. Further, the Company utilizes authorizations for expenditures on exploration projects to further manage expenditure. The Company is reliant on the continued support of related parties to meet short-term financing requirements and to meet obligations as they become due.

Determination of Fair Value:

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The Statement of Financial Position carrying amounts for cash and cash equivalents, amounts receivable, trade and other payables, and due to related parties approximate fair value due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

Fair Value Hierarchy**:**

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities; and

Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable marker data (unobservable inputs).

The available-for-sale investment was previously inputs other than obtainable market data and was therefore considered to be Level 3. At September 30, 2014, this investment was transferred to Level 2.

## CHANGES IN ACCOUNTING POLICIES AND NEW ACCOUNTING DEVELOPMENTS

*Future Accounting Pronouncements*

The following new standards, amendments and interpretations, that have not been early adopted in these financial statements, will or may have an effect on the Company's future results and financial position:

- IFRS 9 Financial Instruments

## ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

The details of capitalized acquisition costs, expensed exploration and development costs and general and administrative costs are disclosed in the audit financial statements.

## DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are designed to provide reasonable assurance that material information is gathered and reported to senior management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to permit timely decisions regarding public disclosure.

The Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") and other key management personnel have conducted an evaluation of the effectiveness of the Company's disclosure controls and procedures. The Company evaluated the design of its internal controls over financial reporting as defined in National Instrument 52- 109 for the six months ended March 31, 2016 and based on this evaluation have determined these controls to be effective except as noted in the following paragraph.

This evaluation of the design of internal controls over financial reporting for the Company resulted in the identification of internal controls deficiencies which are not atypical for a company this size including lack of segregation of duties due to limited number of employees dealing with accounting and financial matters and insufficient in-house expertise to deal with complex accounting, reporting and taxation issues.

There have been no significant changes to the Company's internal controls over financial reporting during the six months ended March 31, 2016.

Additional information relating to the Company is available on SEDAR at www.sedar.com