

**VIKING GOLD EXPLORATION INC.**  
**(An Exploration Stage Enterprise)**  
**MD&A for the Year Ended December 31, 2014**

**VIKING GOLD EXPLORATION INC.**  
**(An Exploration Stage Enterprise)**  
**FORM 51-102F1: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

**A) GENERAL:**

This Management Discussion and Analysis (MD&A) document prepared as of July 30, 2015, should be read together with the annual financial statements of **Viking Gold Exploration Inc.** (hereafter **the Company**) for the year ended December 31, 2014, including the related notes. The annual financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). All amounts herein are expressed in Canadian dollars, and are based on the Company's IFRS accounting policies, unless otherwise indicated.

The address of the Company's registered head office is #2B . 2900 John Street, Markham, Ontario, Canada, L3R 5G3. Additional information about Viking Gold is available on the SEDAR website at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.vikinggold.ca](http://www.vikinggold.ca).

**B) OVERVIEW:**  
**CONTINUANCE OF OPERATIONS; and**  
**EVENTS OCCURRING AFTER THE REPORTING PERIOD:**

***Overview***

Viking Gold Exploration Inc. is incorporated under the laws of the Province of Ontario and is a junior exploration company engaged in mineral exploration in Canada. It is a reporting issuer in the Provinces of Ontario, Newfoundland and Labrador, British Columbia and Alberta, and is a Tier-2 listed company on the TSX Venture Exchange (hereafter the **TSX-V**), trading under the symbol **VGC**.

There has been no determination whether the Company's properties contain mineral reserves that are economically recoverable. The Company has not earned significant revenue and is considered to be an exploration stage entity. Further details of the Company's projects and underlying properties are set out in the MD&A section (e) Exploration and Evaluation Assets.

***Continuance of Operations***

During the year ended December 31, 2014, the Company had an annual operating loss of \$249,106 (2013 - \$301,956) and a net loss of \$393,138 (2013 - \$1,272,513), and an accumulated deficit of \$8,918,050 as at December 31, 2014 (December 31, 2013 - \$8,747,768). As at December 31, 2014, the Company also had a working capital deficiency of \$917,427 (2013 - 652,081), which included, in both 2014 (\$415,000) and 2013 (\$400,000), a provision for indemnification of flow-through share subscribers . see MD&A section (f) Flow-through Shares . Commitments, Contingencies and Subscriber Indemnifications+(page 4). As at December 31, 2014, the deficiency also included \$107,500 related to 10% convertible debentures which are due in 2015.

Accordingly, continuing operations of the Company are dependent on its ability to generate future cash flows, settle debts using share-based payments, or obtain additional financing. Management anticipates that sufficient working capital will be obtained from external financing and debt settlements to meet the Company's current and future liabilities and commitments as they become due, though there is a significant risk that additional financing may not be available on a timely basis or on terms acceptable to the Company.

**VIKING GOLD EXPLORATION INC.**  
**(An Exploration Stage Enterprise)**  
**MD&A for the Year Ended December 31, 2014**

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration and evaluation properties and the Company's continued existence is dependent upon the preservation of its exploration and evaluation properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, unregistered claims, aboriginal claims and non-compliance with regulatory and environmental requirements. The Company's assets may also be subject to increases in taxes and royalties, negotiation of contracts, currency fluctuations and political uncertainty.

See also MD&A section 6) Liquidity and Capital Resources (page 17) for details concerning the Company's Forward-looking Strategy. The Company also outlines in that section, details of a \$99,693 debt settlement effective June 30, 2013 and the issuance of \$107,500 10% convertible debentures in 2014.

***Events occurring after the reporting period***

i) Cease Trade Order

On April 27, 2015, the Company announced that its audited financial statements, CEO and CFO certifications, and management discussion & analysis (the Annual Filings) for the year ended December 31, 2014 would not be released as scheduled on April 30, 2015.

On May 25, 2015, the Ontario Securities Commission issued a permanent management cease trade order (MCTO) for failure to file its audited financial statements, CEO and CFO certifications, and management discussion & analysis (the "Annual Filings") for the year ended December 31, 2014 by April 30, 2015. The MCTO prohibits all trading by certain insiders of Viking in securities of the Company until the order is revoked. The Company has provided bi-weekly status updates in accordance with National Policy 12-203 - Cease Trade Orders for Continuous Disclosure Defaults.

On June 1, 2015, the Company also missed the filing deadline of June 1, 2015 to file its Q1 results and the management discussion and analysis that goes with it.

The Company has engaged its auditors and anticipates having all filings up to date by no later than July 31, 2015.

ii) Blender Boyz

On May 19, 2015 the Company announced that it had entered into a letter of agreement with a private company operating as Blender Boyz (the Letter Agreement). Under the terms of the Letter Agreement, Viking will undertake an arrangement whereby Blender

**VIKING GOLD EXPLORATION INC.**  
**(An Exploration Stage Enterprise)**  
**MD&A for the Year Ended December 31, 2014**

Boyz+ will become a publicly traded reporting issuer and Viking shareholders will receive a partial interest in that new company. The following steps will be taken:

- Viking to form a wholly-owned subsidiary company %New Blender Boyz+
- Under the Letter Agreement Viking has the right to acquire 100% of the shares of 2309270 Ontario Inc, which owns 100% of 2291306 Ontario Inc., the company operating %Blender Boyz+ business, for \$3,200,000 in shares valued at \$.20 each. The right of Viking under the Letter Agreement to acquire Blender Boyz will be assigned to New Blender Boyz.
- Viking to complete a stock consolidation to be determined.
- Viking to distribute out the shares of %New Blender Boyz+ to all existing Viking shareholders on the basis of 1 share of New Blender Boyz for every 4 shares of Viking that are held.
- %New Blender Boyz+ to complete a private placement of \$1,200,000 from the sale of 6,000,000 units at \$0.20 each. Each unit to consist of one common share of %New Blender Boyz+ plus one warrant to purchase another share at a price of \$0.30 exercisable for two years.
- %New Blender Boyz+ will loan to Viking \$100,000 on terms to be negotiated to offset some of the costs of this transaction.

The result of these steps is that Viking will continue to be a publicly traded company that will hold all of its existing properties and liabilities, and %New Blender Boyz+ will be a separate public company.

The majority shareholder of Blender Boyz is Mr. Jim Jackson of Clermont, Florida who is also the President and CEO. Mr. Mark Edwards, the CEO of the Company is currently the CFO of Blender Boyz. Mr. Edwards has no beneficial ownership interest in Blender Boyz. Established in 2011, Blender Boyz is the innovative company in the frozen, blended beverage category. Single serve, high quality consistent, easy to use blender drinks in 3 categories . real fruit smoothies, blended coffees (iced capp) and cocktail mixers. The %cup+ of blender beverages. Product features include

- Shelf stability - No need for refrigeration.
- Single serve convenience - No waste.
- Perfect portions every time -No measuring.
- Ease of use - One pouch, one drink.
- Very easy to use at home or in food service
- Great tasting ingredients

This transaction is scheduled to close on or before August 15, 2015. This entire series of transactions will be subject to a number of conditions including the signing of a definitive agreement and certain regulatory, court and shareholder approvals.

iii) Valor

On June 30, 2015, the Company announced that it had entered into a letter of agreement (the "Letter Agreement") with Valor Energy Ltd. ("Valor") granting Viking the option to acquire all of the issued and outstanding shares of Valor.

**VIKING GOLD EXPLORATION INC.**  
**(An Exploration Stage Enterprise)**  
**MD&A for the Year Ended December 31, 2014**

Under the terms of the Letter Agreement, Viking will undertake an arrangement whereby Valor will become a publicly traded reporting issuer and Viking shareholders will receive a partial interest in that new company. The following steps will be taken:

- Viking to form a wholly-owned subsidiary company "New Valor".
- Under the Letter Agreement, Viking has the right to acquire 100% of the shares of Valor on the basis of 12 common shares of Viking for each issued and outstanding share of Valor. Valor currently has 77,582,697 ordinary shares issued and outstanding. Outstanding Valor warrants will be converted using the same ratio.
- The right of Viking under the Letter Agreement to acquire Valor will be assigned to New Valor and, if assigned, the provisions of the Letter Agreement will be adjusted accordingly.
- Following assignment of the Letter Agreement to New Valor, New Valor to complete the acquisition of Valor by the issuance of common shares of New Valor to the shareholders of Valor based on a comparable exchange ratio.
- Viking to distribute out a portion of the shares of New Valor that it will hold to all existing Viking shareholders and Viking will retain the balance of the shares.
- Valor to complete a private placement. The amount and structure is to be determined.
- Valor to loan to Viking \$25,000 for six months at 6%. These amounts were received in 2015. In addition, New Valor to advance the sum of \$50,000 to offset some of the costs of this transaction.

Collectively referred to as the "Transaction"

It is anticipated that on completion of the Transaction Viking and its shareholders will hold approximately 8.0% of the issued and outstanding common shares of New Valor, pre-financing. The result of these steps is that Viking will continue to be a publicly traded company that will hold all of its existing properties and liabilities, and "New Valor" will be a separate public company.

Valor Energy Ltd. is a British Virgin Islands company, which is exploring for oil and gas in Southern Africa. Valor Energy has an option to earn a 100% working interest through a farm-out agreement with Pelkbuck Oil and Gas Ltd. in Botswana. The specific area chosen for the farm-out was identified following a scoping study of the potential oil and gas license blocks. A study performed by Advanced Research Institute (ARI) of Arlington, Virginia, U.S.A. spotlighted the potential for methane gas in coal and also alerted to the potential within the carbonaceous units of the sediments. Dr. Mark Hall, a Director of Valor, will be the President and CEO of New Valor. Dr. Hall is a South African Professional Engineer with a BSc Engineering degree coupled with a MBA and LLB degree, with twenty years of operational experience in oil and gas development, hydrocarbons and power generation as well as minerals & metals development. Mark has spent 12 years of his career as Managing Director of various companies, has held positions as Chief Engineer, Project Director and Contracts Manager prior to being the Regional Director for Africa for the international engineering and project company, WorleyParsons. Mark also held the position of Senior Vice President to the Canadian based global engineering and project delivery company, SNC Lavalin Inc.

This transaction is scheduled to close on or before September 15, 2015. This entire series of transactions will be subject to a number of conditions including the signing of a definitive

**VIKING GOLD EXPLORATION INC.**  
**(An Exploration Stage Enterprise)**  
**MD&A for the Year Ended December 31, 2014**

agreement, satisfactory completion of due diligence, Valour's completion of a private placement and certain regulatory, court and shareholder approvals.

iv) Loan from related party

On May 1, 2015, an individual on the Company's advisor committee loaned the Company \$15,000 for six months bearing interest at 8%. The Company has pledged its interests in the Verneuil Central properties as security.

v) Expiry of warrants and common share purchase options

On February 4, 2015, 250,000 common share purchase options expired unexercised. On July 5, 2015, 996,930 warrants expired unexercised.

**C) RISKS AND UNCERTAINTIES:**

The Company's financial statements have been prepared on the basis of accounting principles applicable to a going concern, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. Such adjustments could be material. As a result of the financial matters discussed in the preceding paragraph, there is significant doubt regarding the ultimate applicability of the Company's going concern assumption.

The Company is primarily involved in gold exploration, an inherently high-risk activity. Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, unregistered claims, aboriginal claims and non-compliance with regulatory and environmental requirements.

Exploration is also capital intensive and the Company has no funding mechanism other than equity financings (including private placements and exercises of common share purchase warrants and common share purchase options) and potential financial arrangements with other mineral exploration companies.

Market risk and environmental risk are additional risks the Company faces. Market risk is the risk of depressed metals prices, particularly gold. The Company is dependent on capital markets to fund exploration, development and general working capital requirements and a period of depressed gold prices might make access to investment capital more difficult. Environmental regulations affect the cost of exploration and development as well as future mining operations.

The skills of management and staff in mineral exploration and raising capital serve to mitigate these risks. The ability of the Company to continue operations into the future is dependent upon continuing to obtain favourable results from its exploration activities, which will affect its ability to raise funds and to attract potential exploration partners. In addition, there is also a risk that existing exploration partners may be unable to meet their financial obligations, which could delay resource projects and possibly place additional stress on the Company's cash resources.

**VIKING GOLD EXPLORATION INC.**  
**(An Exploration Stage Enterprise)**  
**MD&A for the Year Ended December 31, 2014**

**D) FORWARD-LOOKING STATEMENTS:**

This MD&A may contain certain forward looking statements relating to, but not limited to, the Company's operations, exploration plans, anticipated equity financing, business prospects and strategies. Forward looking information typically contains statements with words such as "anticipate", "believe", "expect", "plan" or similar words suggesting future outcomes. Such forward-looking statements are subject to risks, uncertainties and other factors as identified under "Risks and Uncertainties" above, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such factors include financial market conditions and economic, competitive, regulatory and business conditions.

The Company updates its forward-looking statements at future dates based on outcomes not presently known and as such, readers should not place undue reliance on forward-looking statements.

**E) GOVERNANCE:**

The Company held its Annual General and Special Meeting on February 26, 2014. At that meeting, the Company's shareholders approved the following three items: a) the re-election of Messrs David Brace, Mark Edwards, Garfield Mitchell and Lawrence Smith as directors; b) the re-appointment of McGovern, Hurley, Cunningham LLP as auditors; and c) the re-approval of the rolling 10% stock option plan.

On March 13, 2014, the Company announced that John Hansuld was retiring as a director and chairman of the Company's Board of Directors. Dr. Hansuld, a 2012 inductee into the Mining Hall of Fame, will continue his relationship with the Company as a member of its Advisory Committee.

On April 4, 2014, the Company announced the resignation of three existing directors (Messrs David Brace, Garfield Mitchell and Larry Smith) and the appointment of three new directors. The outgoing directors held an aggregate total of 1,675,000 of the Company's common share purchase options. None of these options were exercised and they expired on July 4, 2014. These options, which were out-of-the-money, expired on July 4, 2014 and had an aggregate grant date fair value of \$171,122.

On April 8, 2014, the Company announced that the Company's Board of Directors appointed three new directors. The newly appointed directors are Messrs Jonathan George, John McCleery and Simon Meredith.

**Biographies of Newly Appointed Directors**

Mr. Jonathan George is a consulting geologist and entrepreneur, involved in international mineral exploration and development for over 25 years. Jonathan has raised more than \$60 million for projects throughout the world. As the past President and CEO of Alpha Minerals Inc. (formerly ESO Uranium), he was instrumental in assembling one of the largest land packages in the Athabasca Basin, Saskatchewan. Alpha and its partner Fission Energy have recently made one of the most significant uranium discoveries in recent history on their Patterson Lake South joint venture. Jonathan was the President and Co-founder of Creston Moly Corp, which acquired Mexico's largest molybdenum deposit. Creston merged with Mercator Minerals in 2011 in a transaction valued at more than \$176 million. Jonathan George is also a director of Tosca Mining Corporation.

**VIKING GOLD EXPLORATION INC.**  
**(An Exploration Stage Enterprise)**  
**MD&A for the Year Ended December 31, 2014**

Mr. John McCleery is a private businessman who has raised in excess of \$50 million in capital for public companies in various stages of development, exploration and commercialization. For the last 25 years, John has been the catalyst for various start-up companies and he has taken many private and public businesses to full implementation and commercialization. John was a founding director of Creston Moly Corp in 2000, growing the business to develop the largest molybdenum deposit in all of Mexico and facilitating a \$40+ million financing to drive the business forward. More recently, he participated in a multi-million dollar merger with Tenajon Resources. John McCleery is also the President & CEO and a director of Pedro Resources Ltd.

Mr. Simon Meredith, FCA-UK, is an experienced accounting executive with more than 25 years of experience in strategic financial management for multiple industries. Simon specializes in working with venture companies listed on both the Toronto Venture and Bermuda Exchanges. He understands acquisitions, mergers and divestitures, banking and investor relations, and the creation of sound financial infrastructures to support the continuing movements of emerging and established businesses alike. Simon Meredith will assume the role of Chairman of the Company's Audit Committee.

On June 30, 2014, George Supol resigned as Chief Financial Officer and 90 days later the unexercised options held by the officer expired. The officer held an aggregate total of 475,000 of the Company's common share purchase options. The aggregate grant date fair value of all options expiring in 2014 was \$51,734. On August 28, 2014, Lon Vining was appointed Chief Financial Officer. Lon Vining resigned on April 27, 2015. Mr. Mark Edwards, CEO, assumed the CFO responsibilities at that time.

**F) FLOW-THROUGH SHARES – COMMITMENTS, CONTINGENCIES & SUBSCRIBER INDEMNIFICATIONS:**

As at December 31, 2012, the Company was committed to incur \$566,880 in qualifying Canadian exploration expenditures prior to January 1, 2014, pursuant to two 2012 private placements for which flow-through share proceeds had been received by the Company and then renounced to Ontario and Quebec subscribers effective December 31, 2012.

The Company incurred actual qualifying expenditures of \$6,444 in 2012 and \$7,608 in 2013, leaving a shortfall of \$552,828 as at December 31, 2013. Accordingly, as at December 31, 2014, the Company has a \$415,000 provision (December 31, 2013 - \$400,000) for the estimated cost to indemnify flow-through share subscribers for their expected personal income tax reassessments by Canada Revenue Agency (CRA) and Revenu Québec (RQ), attributable to each subscriber's proportionate share of the shortfall. The indemnifications are provided for in the underlying subscription agreements for the private placements. The governmental audit/reassessment process may be lengthy; therefore, it may be several months or longer before the Company's final liability is exigible.

The Company made the following assumptions in estimating its subscriber indemnification provision:

- Ontario subscribers have a combined personal income tax rate of 47.97% and are eligible for both the federal 15% and provincial 5% investment tax credits;
- Quebec subscribers have a combined personal income tax rate of 48.22% and are eligible for the federal 15% investment tax credit and the 150% CEE super-allowance;

**VIKING GOLD EXPLORATION INC.**  
**(An Exploration Stage Enterprise)**  
**MD&A for the Year Ended December 31, 2014**

- Of the \$552,828 shortfall, \$73,329 applies to Ontario subscribers and \$479,499 applies to Quebec subscribers; and
- Subscribers will be assessed two years' interest on reassessed amounts.

As at December 31, 2014 and 2013, the Company has also accrued in trade and other payables, the estimated Federal Part XII.6 tax and similar Quebec tax for 2013 and prior years of \$100,627.

As at December 31, 2012, the Company had a \$69,000 flow-through share premium liability. As at December 31, 2013, the balance was transferred to the deferred tax provision in recognition of the Company's indemnification accrual, which effectively converted the remaining 2012 flow-through expenditure commitment into an equivalent subscriber indemnification liability.

The Company believes that it has incurred sufficient qualifying expenditures to satisfy its December 31, 2011 and prior flow-through share commitments in respect of Ontario and Quebec subscribers, though such expenditures and the Company's related tax returns are subject to potential audit and reassessment by CRA/RQ.

The Company does not currently have the financial resources to pay the combined estimate of approximately \$515,000 of amounts accrued to the CRA/RQ and to its flow-through share subscribers as at December 31, 2014. See MD&A section 6) Overview and Continuation of Operations (page 1) for information about the Company's ability to continue its operations. See also MD&A section 7) Liquidity and Capital Resources for details of the Company's forward-looking Strategy.

**G) EXPLORATION AND EVALUATION ASSETS:**

***Description of Properties***

In 2014, the Company did not acquire any mineral property interests. In December 2014, the Company wrote off one such interest in Ontario . LaRose and one interest in Quebec (Vent d'Or).

During the year ended December 31, 2013, the Company acquired one mineral property interest in Quebec (Vent d'Or) and wrote off two such interests . one in Ontario (Venton Lake) and one in Quebec (Guyenne).

Below is a summary of the Company's exploration properties as at December 31, 2014.

<u>Properties</u>	<u>Year Acquired</u>	<u>Current Mineral Tenure</u>	<u># of Claims/ Leases</u>
Verneuil, Quebec			
Verneuil Central	2011	Claims; 70% undivided working interest	22
Verneuil West	2011	Claims; 100% interest	20
Verneuil East	2011	Claims; 100% interest	9
Total properties			51

**Accounting for Mineral Property Agreements With Other Parties**

A portion of the Company's activities is conducted jointly with other parties wherein the Company enters into agreements that provide for specified percentage interests in mineral properties. Once



**VIKING GOLD EXPLORATION INC.**  
**(An Exploration Stage Enterprise)**  
**MD&A for the Year Ended December 31, 2014**

the parties have earned their respective interests and undertake to conduct further acquisition, exploration or development through a joint venture or other legal arrangement, the Company determines the proper accounting treatment for its continued interest in the mineral property.

Where the property is subject to the shared joint control of the parties (i.e. unanimous consent is required to make decisions), the Company discloses this relationship as a joint arrangement. A joint arrangement may be either a joint operation or a joint venture. In a joint operation, the parties (joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. As such, each joint operator records its share of any assets, liabilities, revenues and expenses of the joint operation. In a joint venture, the parties (joint venturers) have rights to the net assets of the arrangement. Joint ventures are accounted for using the equity method.

Where shared joint control is not present, the Company discloses this relationship as being one of undivided working interests and instead recognizes its assets, liabilities, revenue and expenses and/or its relative shares thereof related to the property.

In either case, costs incurred during earn-in periods remain capitalized and are added to amounts recorded thereafter, subject to any overriding impairment tests. The Company currently has no joint arrangements and one undivided working interest.

A continuity schedule of the Company's exploration and evaluation (E&E) assets for the years ended December 31, 2013 and 2014 follows. Additional information about the Company's properties is presented thereafter.

	<u>Balance,</u> <u>January 1,</u> <u>2013</u>	<u>Expenditures</u> <u>(write-offs) for</u> <u>2013</u>	<u>Balance,</u> <u>December 31,</u> <u>2013</u>	<u>Expenditures</u> <u>for</u> <u>2014</u>	<u>Write-offs</u> <u>for</u> <u>2014</u>	<u>Balance,</u> <u>December 31,</u> <u>2014</u>
<b>Acquisition costs</b>						
Venton Lake, ON	\$ 191,786	\$ (191,786)	\$ -	\$ -	\$ -	\$ -
Larose, ON	100,028	5,000	105,028	-	(105,028)	-
Verneuil, QC						
Verneuil Central	137,372	-	137,372	-	-	137,372
Verneuil West	93,926	-	93,926	-	-	93,926
Verneuil East	65,615	-	65,615	-	-	65,615
Guyenne, QC	62,675	(62,675)	-	-	-	-
Vent d'Or, QC	-	35,590	35,590	1,909	(37,498)	1
Active properties	651,402	(213,871)	437,531		(142,526)	296,914
Inactive properties						
Morris Lake, NT	5	(5)	-	-	-	-
Total properties	651,407	(213,876)	437,531	1,909	(142,526)	296,914

**VIKING GOLD EXPLORATION INC.**  
**(An Exploration Stage Enterprise)**  
**MD&A for the Year Ended December 31, 2014**

	<u>Balance,</u> <u>January 1,</u> <u>2013</u>	<u>Expenditures</u> <u>(write-offs) for</u> <u>2013</u>	<u>Balance,</u> <u>December 31,</u> <u>2013</u>	<u>Expenditures</u> <u>for</u> <u>2014</u>	<u>Write-offs</u> <u>for</u> <u>2014</u>	<u>Balance,</u> <u>December 31,</u> <u>2014</u>
<b>Deferred expl'n expenditures</b>						
Venton Lake, ON	85,654	(85,654)	-	-	-	-
Larose, ON	179	-	179	-	(179)	-
Verneuil, QC						
Verneuil Central	732,840	2,349	735,189	-	-	735,189
Verneuil West	411,949	1,000	412,949	-	-	412,949
Verneuil East	118,456	-	118,456	-	-	118,456
Guyenne, QC	361,352	(361,352)	-	-	-	-
Vent d'Or, QC	-	929	929	-	(929)	-
Active properties	1,710,430	(442,728)	1,267,702	-	(1,108)	1,266,594
Inactive properties						
Morris Lake, NT	1	(1)	-	-	-	-
Total properties	1,710,431	(442,729)	1,267,702	-	(1,108)	1,266,594

	<u>Balance,</u> <u>January 1,</u> <u>2013</u>	<u>Expenditures</u> <u>(write-offs) for</u> <u>2013</u>	<u>Balance,</u> <u>December 31,</u> <u>2013</u>	<u>Expenditures</u> <u>for</u> <u>2014</u>	<u>Write-offs</u> <u>for</u> <u>2014</u>	<u>Balance,</u> <u>December 31,</u> <u>2014</u>
<b>Total expenditures</b>						
Venton Lake, ON	277,440	(277,440)	-	-	-	-
Larose, ON	100,207	5,000	105,207	-	(105,207)	-
Verneuil, QC						
Verneuil Central	870,212	2,349	872,561	-	-	872,561
Verneuil West	505,875	1,000	506,875	-	-	506,875
Verneuil East	184,071	-	184,071	-	-	184,071
Guyenne, QC	424,027	(424,027)	-	-	-	-
Vent d'Or, QC	-	36,519	36,519	1,909	(38,427)	1
Active properties	2,361,832	(656,599)	1,705,233	1,909	(143,634)	1,563,508
Inactive properties						
Morris Lake, NT	6	(6)	-	-	-	-
Total properties	\$ 2,361,838	\$ (656,605)	\$ 1,705,233	1,909	\$ (143,634)	\$ 1,563,508

ON = Ontario; QC = Quebec; NT = Northwest Territories

i) Venton Lake

On April 12, 2011, the Company signed a letter agreement in which it was granted an option to earn a 100% undivided interest in 13 mining claims located near Thunder Bay, Ontario known as "Venton Lake". The agreement provides that the Company (as optionee) will earn a 100% interest in the property by making an initial \$75,000 cash payment followed by three additional annual cash payments of \$75,000 each from the "Effective Date" (of the transaction) which is defined as the date the TSX-V approves the transaction plus 10 days. Each respective cash payment is also to be accompanied by the issuance of the Company's common shares to the optionor, as follows: 150,000 shares (initial - completed), 50,000 shares (after the first year - completed), 50,000 shares (after the second year) and 100,000 shares (after the third year), for a total of 350,000 shares.

**VIKING GOLD EXPLORATION INC.**  
**(An Exploration Stage Enterprise)**  
**MD&A for the Year Ended December 31, 2014**

Upon the exercise of the option, the optionor will retain a 2.5% net smelter return royalty (NSR) on output from the properties following the commencement of commercial production. For the period commencing on the date that is 60 months following the Effective Date and ending on the commencement of commercial production, the Company is required to pay an advance minimum royalty of \$15,000 per year to the optionor within 30 days of the start of each year, which aggregate amounts shall be deducted from the subsequent 2.5% NSR payments. The Company may buy back up to one-fifth of the 2.5% NSR at a price of \$500,000, for a period of 20 years from the Effective Date. The Company may abandon the option granted to it by giving 30 days notice prior to abandonment, provided that the mineral rights will be in good standing for at least six months following the date of abandonment.

The TSX-V approved the Venton Lake transaction on April 26, 2011 and the transaction closed on September 19, 2011.

On April 26, 2012, the Company issued 50,000 common shares as a share-based option payment for the Venton Lake property. The fair value of the shares issued was \$4,250. On May 24, 2012, the Company also paid \$30,000 towards its first annual \$75,000 cash option payment, and was granted an extension by the optionor to pay the \$45,000 balance by August 31, 2012. On August 27, 2012, the Company completed the necessary payment.

In 2013, the Company did not make its scheduled option payment and was unsuccessful in its attempts to renegotiate its Venton Lake option agreement under more favourable terms. On December 18, 2013, the optionor informed the Company that the option was being terminated. Accordingly, the Company recorded a \$277,440 write-off of the Venton Lake property effective December 31, 2013.

ii) Verneuil and Larose

On May 10, 2011, the Company signed a property sale agreement with Freewest Resources Canada Inc. (Freewest), a wholly owned subsidiary of Cliffs Natural Resources Inc. (NYSE: CLF), in which it agreed to acquire a 70% undivided working interest in the Verneuil property (Verneuil Central) and a 100% undivided interest in the Larose property (Larose), in exchange for a combined share-based payment of 1,000,000 common shares (valued at the \$200,000 fair value of the shares issued) and a 0.5% NSR on each property. The Larose property also required payment of an annual prepaid royalty of \$10,000 (due on June 10<sup>th</sup>). The 2014 payment was not made.

Verneuil Central is comprised of 22 claims in Verneuil Township in the Abitibi region of Quebec. The other 30% interest in Verneuil Central is held by Golden Tag Resources Ltd. (Golden Tag). Larose is comprised of 16 claims in Moss Township in Northwestern Ontario. Verneuil Central is subject to an existing 1% NSR and Larose to an existing 3% NSR. The NSR's described herein apply to all minerals in perpetuity.

On June 7, 2011, the Company signed a letter agreement with other parties in which it agreed to acquire Verneuil East, a 100% undivided interest in 9 mining claims located immediately east of Verneuil Central, in exchange for cash of \$20,000 (paid), a share-based payment of 200,000 common shares (issued) and a 2% NSR in perpetuity. The Company may re-purchase half of the 2% NSR for \$1,000,000 at any time.

**VIKING GOLD EXPLORATION INC.**  
**(An Exploration Stage Enterprise)**  
**MD&A for the Year Ended December 31, 2014**

On June 13, 2011, the Company signed a letter agreement with other parties in which it agreed to acquire ~~Verneuil West~~, a 100% undivided interest in 20 mining claims located immediately west of Verneuil Central, in exchange for cash of \$30,000 (paid), a share-based payment of 300,000 common shares (issued) and 150,000 warrants (issued and exercisable at a price of \$0.30 for 2 years), and a 2% NSR in perpetuity. The Company may re-purchase half of the 2% NSR for \$1,000,000 at any time.

The TSX-V approved the Verneuil/Larose transaction on May 27, 2011 and the Verneuil East and West transactions on June 21, 2011. These three transactions closed on June 28, July 20 and June 29, 2011, respectively.

The Company and Golden Tag agreed that Golden Tag was not required to contribute financially towards deferred exploration expenditures incurred on the Verneuil Central property prior to January 1, 2012. For the year ended December 31, 2012, the parties further agreed that Golden Tag's share of the Verneuil Central exploration expenditures was \$100,000. As at December 31, 2012, this amount had been received and was therefore recorded as a reduction of deferred exploration expenditures (i.e. included in the \$14,011 net deferred exploration expenditure for Verneuil Central in the continuity schedule for 2012).

On December 8, 2011, the Company entered into an option agreement with Golden Share Mining Corporation (~~Golden Share~~) whereby Golden Share may earn up to a 50% interest in the Larose property. Under the terms of the agreement, Golden Share agreed to issue: (i) 100,000 shares to the Company on the later of execution of the agreement and TSX-V approval (received with an assigned value of \$8,500) and (ii) an additional 100,000 shares on the first anniversary date of the agreement (received with an assigned value of \$3,000 on December 13, 2013). Golden Share also agreed to spend \$200,000 in the first year of the agreement on exploration of the property (completed) plus another \$150,000 in each of years two and three of the agreement. The parties agreed that at the time they become 50/50 owners in the property, they would enter into a joint venture agreement with Golden Share as the operator.

On December 18, 2012, the parties amended the December 8, 2011 option agreement to allow Golden Share to extend the second year commitment by one year (i.e. to December 8, 2014), and move the third year commitment into a fourth year (i.e. which ends on December 8, 2014). Golden Share also agreed to pay \$5,000 of a June 2013 \$10,000 advance royalty payment (both completed), which the Company is responsible for.

On April 2, 2014, Golden Share informed the Company that it was terminating the Larose option that the Company had granted to it.

On December 27, 2014, the Company re-evaluated its investment and future commitments related to LaRose property. As a result of this re-evaluation, the Company decided to return its claims to the original prospector and wrote-off its investment in the property.

At such time as the market and gold prices improve, the Company intends to carry out further exploration programs on the Verneuil properties.

iii) Guyenne

On August 29, 2012, the Company entered into an option agreement with Globex Mining Enterprises Inc. (~~Globex~~) to earn a 50% interest in the 7 claims known as the Guyenne

**VIKING GOLD EXPLORATION INC.**  
**(An Exploration Stage Enterprise)**  
**MD&A for the Year Ended December 31, 2014**

Property. The claims are situated approximately 40 kilometres northwest of Amos, Quebec, which is northwest of Val-d'Or in the Abitibi Mining District.

Under the terms of the option agreement, the Company agreed to pay a total of \$105,000 cash and issue 550,000 common shares to Globex as follows . (i) an initial payment of \$20,000 and 150,000 shares, representing the minimum commitment (completed), (ii) \$25,000 and 150,000 shares on or before the first anniversary date, and (iii) \$60,000 and 250,000 shares on or before the second anniversary date. In addition, the Company agreed to spend a minimum of \$1,500,000 exploring the claims, as follows . \$250,000 in the first year (completed), \$250,000 in the second year, and \$1,000,000 in the third year.

The TSX-V approved the Guyenne transaction on September 18, 2012. The transaction closed on September 19, 2012. The Company also agreed to issue 100,000 common shares as a finder's fee on the closing of the option agreement. These shares were issued on October 3, 2012 at an assigned value of \$10,500.

After reviewing exploration results, the Company informed Globex on August 7, 2013 that it was terminating the option. The Company recorded a \$427,357 write-off of this E&E asset effective June 30, 2013.

iv) Vent d'Or

On March 4, 2013, the Company entered into an option agreement to earn a 100% undivided interest in the Vent d'Or Property. Vent d'Or, which consisted of 44 mineral claims (reduced to 22 claims as at December 31, 2014), is located southwest of the town of Chibougamau in the Druillettes and Hazur Townships in Central Quebec.

Under the terms of the option agreement, the Company will pay a total of \$90,000 cash and issue 1,000,000 common shares to the optionor as follows . (i) an initial payment of \$15,000 and 400,000 shares (completed on March 4 and 21, 2013, respectively); (ii) \$30,000 and 300,000 common shares on or before June 1, 2014; and (iii) \$45,000 and 300,000 common shares on or before June 1, 2014. While the Company neither made the payments nor issued the common shares in 2014 and 2015, it continues to negotiate with the optionor. As a result, the Company has written down its investment to \$1. In addition, the Company has agreed to grant a 2% NSR royalty to the optionor. The Company may acquire 50% of the NSR by making a payment of \$1,000,000.

The TSX-V approved the Vent d'Or transaction on March 18, 2013 and the transaction closed on March 25, 2013.

v) Uruguay . Agreement Terminated

On November 15, 2012, the Company signed a non-binding letter of intent to acquire Trilogy Mining Corporation (Trilogy), a privately owned Canadian mineral explorer active in Uruguay. The Company proposed a share-for-share exchange with the shareholders of Trilogy, whereby the Company would issue 15,000,000 common shares from treasury in exchange for 100% of the shares of Trilogy.

The parties intended to execute a definitive agreement after the completion of all necessary due diligence. The agreements and transactions contemplated were subject to the final approval of the TSX-V. The transaction was originally scheduled to close on January 31, 2013 assuming all conditions in the agreement were satisfied. Thereafter, the parties extended the planned closing

**VIKING GOLD EXPLORATION INC.**  
**(An Exploration Stage Enterprise)**  
**MD&A for the Year Ended December 31, 2014**

date to April 30, 2013. On May 2, 2013, the Company announced that the parties had jointly agreed to allow their non-binding letter of intent to lapse. In 2013, professional and regulatory fees expense includes approximately \$25,000 attributable to this cancelled transaction.

This transaction is excluded from the Acquisition Costs Summary presented below.

vi) Acquisition Costs Summary

Acquisition costs of exploration and evaluation assets for the years ended December 31, 2013. In 2014, the Company paid \$1,909 in legal and other fees. The values assigned to the common shares issued by the Company were based on the closing share price on the respective dates of issuance.

<u>Properties</u>	<u># of common shares issued</u>	<u>Value of common shares Issued</u>	<u>Cash payments made</u>	<u>Option payments recd</u>	<u>Legal and Other</u>	<u>Totals</u>
Year ended						
December 31, 2013:						
Larose, ON	-	\$ -	(1) \$ 10,000	(2) \$ (5,000)	\$ -	\$ 5,000
Vent dOr, QC	400,000	18,000	15,000	-	2,590	35,590
Acquisition costs for year	400,000	\$ 18,000	\$ 25,000	\$ (5,000)	\$ 2,590	\$ 40,590

Comments:

- (1) = Advance royalty payment made pursuant to an existing 3% NSR  
(2) = Recovery of 50% of advance royalty payment from Golden Share (see Note 3b)

**Quebec Exploration Activities**

HISTORICAL INFORMATION . VERNEUIL

In the early 1990s, Freewest Resources Canada Inc. estimated, based on 10 drill holes intersecting the Toussaint Shear Zone (TSZ), historical gold reserves of approximately 188,000 tonnes with an average grade of 7.1 g/t Au. *(A qualified person has not done sufficient work to classify the historical estimate as current mineral resources; the Company is not treating the historical estimate as current mineral resources and the historical estimate should not be relied upon.)*

From 1991 to 1995, Freewest carried out a series of extensive exploration programs resulting in the discovery of several gold-bearing shear zones. These programs consisted of prospecting, geophysics, trenching and diamond drilling. Six mineralized zones were uncovered by trenching with several significant gold values. Freewest completed a series of 35 diamond drill holes intersecting the TSZ. The results and location of these zones are posted on the Company's website.

2011 SUMMER EXPLORATION PROGRAM . VERNEUIL

In June 2011, the Company commenced a summer exploration program on its newly acquired Verneuil properties (Central, East and West) situated in Verneuil Township in the Abitibi area of Quebec. The purpose of the program at Verneuil was to generate new exploration targets. The program included line cutting, followed by geological and geophysical surveys, stripping, trenching and channel sampling and finally diamond drilling. Assay results for the Company's Verneuil summer exploration program were presented in the Company's September 13, 2011 and November 15, 2011 press releases, copies of which may be found on the Company's website.

**VIKING GOLD EXPLORATION INC.**  
**(An Exploration Stage Enterprise)**  
**MD&A for the Year Ended December 31, 2014**

2011 FALL-WINTER EXPLORATION PROGRAM . VERNEUIL

On October 28, 2011, the Company commenced a planned 4500 m, 25-hole fall-winter drilling program at Verneuil. On February 14, 2012, the Company announced that it had completed this drilling program distributed between 20 new drill holes and 2 holes from previous programs that were deepened. The objective of the Company's fall-winter program was to verify certain new exploration targets revealed by its summer 2011 induced polarization (IP) survey, and to expand and better define the structure of the Toussaint mineralized zone. Sampling of drill core was completed by mid-January 2012 and most of the assay results were received by the end of February.

As explained in the Company's MD&A for the year ended December 31, 2011, over 500 samples were submitted in Q1-2012 for re-assay by metallic sieve method (SCR) due to the coarse-gold nature of the mineralization as observed in several places. The Company received these re-assays in Q2-2012 and disclosed the assay results in a press release dated June 26, 2012. The Company confirmed that the original assay and the re-assay results were mutually consistent. Several instances were also noted where the gold content increased significantly under SCR when compared to the original atomic absorption spectroscopy (AAS) method.

2012 FALL EXPLORATION PROGRAM . VERNEUIL WEST

On November 20, 2012, the Company announced that it had commenced a 1000 m, 7-hole, exploratory drill program on its wholly owned Verneuil West claim group. The purpose of this program was to explore the area west of the known Toussaint gold zone. This area had only seen limited exploration in the past.

The 2012 fall exploration drill program was completed prior to December 31, 2012 at a cost of approximately \$208,000. On February 13, 2013, the Company announced that this work had produced no significant assay results.

2014 EXPLORATION PROGRAM . VENT D'OR

A program of line-cutting, geophysical surveys (electromagnetic and magnetometer), plus geological mapping and prospecting was planned for the first phase. The second phase of exploration would consist of mechanical trenching and diamond drilling. There was no work done on this property in 2014. If the Company is successful with obtaining financing, the Company would bring the claims to good standing and proceed as noted above.

QUALIFIED PERSON

Mr. Pierre Poisson, P.Geo., is the Company's independent "Qualified Person" for its Quebec properties, as that term is defined in NI 43-101, and he has reviewed and approved the technical disclosures in this MD&A. In July and December 2012, Mr. Poisson's company, Muroc Inc., produced two detailed studies of the work completed to date on the Quebec properties along with recommendations for follow-up exploration. The Company's management is currently assessing these recommendations.

***Mineral Properties Advisory Committee***

The Company identifies new exploration properties for acquisition through its Property Advisory Committee, whose members are presently Messrs Mackenzie Watson (Committee Chairman), and Rejean Gosselin and John Hansuld. These members are investors of the Company, and are experienced and successful prospectors/geologists who are well known in the Canadian mining industry. In exchange for their participation on the Committee, these members periodically receive

**VIKING GOLD EXPLORATION INC.**  
**(An Exploration Stage Enterprise)**  
**MD&A for the Year Ended December 31, 2014**

stock options. Background information on the members is presented on the Company's website.

**H) SELECTED ANNUAL INFORMATION:**

Selected annual financial information for the Company for the past three years, prepared under IFRS, is as follows:

<u>Year Ended December 31</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b>Financial Results</b>			
Additions to E&E assets - acquisition	\$ 1,909	\$ 40,590	\$ 148,925
Additions to E&E assets - exploration		7,608	729,031
Write-downs of E&E assets	(143,634)	(704,803)	-
Net (decrease) increase in E&E assets	<u>\$ (141,725)</u>	<u>\$ (656,605)</u>	<u>\$ 877,956</u>
Stock-based compensation	-	17,000	10,000
Deferred income tax (recovery)	(16,300)	(165,000)	20,000
Net (loss) and comprehensive (loss)	(393,138)	(1,272,513)	(420,763)
Basic and diluted (loss) per share	0.005	(0.016)	(0.006)
Dividends	-	-	-
<b>Financial Position</b>			
Working capital (deficiency)	\$ (917,427)	\$ (652,081)	\$ (40,555)
E&E Assets	1,563,508	1,705,233	2,361,838
Total assets	1,579,780	1,724,472	2,983,293
Deferred income tax liability	-	-	-
Share capital and reserve	9,566,047	9,805,203	9,916,840
Deficit	(8,918,050)	(8,747,768)	(7,586,074)

**I) QUARTERLY RESULTS:**

Summarized quarterly results for the Company for the past eight quarters, prepared under IFRS, are as follows:

<u>Quarter ended</u>	<u>December 31,</u> <u>2014</u> <u>(Q4)</u>	<u>September 30,</u> <u>2014</u> <u>(Q3)</u>	<u>June 30,</u> <u>2014</u> <u>(Q2)</u>	<u>March 31,</u> <u>2014</u> <u>(Q1)</u>
Additions to E&E assets (a)	\$ -	\$ 274	\$ -	\$ 1,635
Deferred income tax (recovery)	(16,300)	-	-	-
Net loss	188,725	58,498	80,939	64,976
Basic and diluted loss per share	0.002	0.001	0.001	0.001
<u>Quarter ended</u>	<u>December 31,</u> <u>2013</u> <u>(Q4)</u>	<u>September 30,</u> <u>2013</u> <u>(Q3)</u>	<u>June 30,</u> <u>2013</u> <u>(Q2)</u>	<u>March 31,</u> <u>2013</u> <u>(Q1)</u>
Additions to E&E assets (a)	\$ -	\$ 3,278	\$ 7,100	\$ 37,820
Deferred income tax (recovery)	(163,700)	-	(1,300)	-
Net loss	(606,099)	(76,276)	(459,917)	(130,221)
Basic and diluted loss per share	(0.007)	(0.001)	(0.006)	(0.002)

(a) Net of recoveries, but excluding write-downs (see below)

The Company is involved in mineral exploration and has no operating revenues. The fluctuations in the quarterly loss are mainly due to the normal timing of expenditures, however, certain additional non-cash items may also have a significant impact. Examples include share-based



**VIKING GOLD EXPLORATION INC.**  
**(An Exploration Stage Enterprise)**  
**MD&A for the Year Ended December 31, 2014**

compensation expense, write-downs of exploration and evaluation assets, indemnification provisions and deferred income tax provisions.

No share-based compensation was recorded in 2014. 2013 share-based compensation expense was recorded in the following quarterly periods: Q2-2013 . \$15,000; Q1-2013 . \$2,000.

Write-downs of exploration and evaluation assets were recorded in the following quarterly periods: Q4-2014 . \$105,207 (LaRose) and \$38,427 (Vent dør); Q4-2013 . \$277,440 (Venton Lake); Q2-2013 . \$427,357 (Guyenne); Q1-2013 . \$6 (Morris Lake); as further explained in MD&A section 6) Exploration and Evaluation Assets+

In Q4-2014 a \$15,000, a flow-through share subscriber indemnification provision was recorded in other expense (Q4-2013, a \$400,000 provision) . see MD&A section 6) Flow-through Shares . Commitments, Contingencies & Subscriber Indemnifications+

Income tax (recovery) for each quarter is also disclosed above. In Q4-2013, the Company recorded a \$96,000 tax benefit of capital losses applied and a \$67,700 flow-through share premium adjustment, for a total \$163,700 deferred tax recovery. In Q2-2013 a tax provision of \$1,300 was recorded related to the flow-through share adjustment.

**J) RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2014:**

**Net Loss**

Net loss of \$393,138 for 2014 was \$879,375 lower than the 2013 net loss of \$1,272,513. The \$879,375 decrease in the annual net loss was due to: i) a decrease in operating expenses of \$52,850; plus ii) a decrease in other expense, net, of \$975,225; less iii) a decrease in deferred income tax recovery of \$148,700, as outlined below.

**Total Expenses and Operating Loss**

Total expenses and operating loss of \$249,106 in 2014 was \$52,850 (18%) lower than the 2013 total expenses and operating loss of \$301,956. The decrease in total expenses and operating loss is further explained below:

<u>Components of expenses under IFRS</u>		<u>% Change</u>	<u>Year ended December 31, 2014</u>	<u>Year ended December 31, 2013</u>	<u>Increase (decrease)</u>
Management fees	a	9%	141,585	130,250	11,335
Professional and regulatory fees	b	-40%	52,282	86,486	(34,204)
Office and administration	c	-33%	41,594	62,254	(20,660)
Interest expense	d		7,915	-	7,915
Depreciation		-28%	723	1,000	(277)
Claims management		9%	5,007	4,600	407
Investigation of new properties		-100%	-	366	(366)
Sub-totals before share-based compensation			249,106	284,956	(35,850)
Share-based compensation	E	-100%	-	17,000	(17,000)
			-	-	
<b>Total expenses and operating loss</b>		<b>-18%</b>	<b>249,106</b>	<b>301,956</b>	<b>(52,850)</b>

**VIKING GOLD EXPLORATION INC.**  
**(An Exploration Stage Enterprise)**  
**MD&A for the Year Ended December 31, 2014**

Some key explanations follow:

- a) In 2014, lower CEO and CFO fees of \$29,165 were offset by 2014 Director fees of \$40,500 (2013 . Director fees were Nil). The lower CEO and CFO fees were related to lower activity levels in 2014 and the Company's weaker financial situation.
- b) Lower audit and regulatory fees in 2014 reflect lower general corporate activity levels.
- c) Lower office and administration expense in 2014 of \$20,660 was due to the following items: a reduction of rent from related parties of \$3,952 (\$9,000 in 2014 vs. \$12,952 in 2013); lower website development and maintenance costs of \$1,521 (\$1,821 vs. \$3,342 for 2013); lower investor relations expenses of \$15,000 (\$Nil in 2014 vs. \$15,000 in 2013); and lower other administrative expenses.
- d) Interest on the convertible debenture was \$5,315.
- e) Options granted/vested in 2014 were Nil (2013 - 950,000) resulting in a decrease in compensation expense in 2014.

**Other Expense**

Other expense, net of \$160,332 in 2014 was \$975,225 lower than 2013 other expense, net of \$1,135,557. The decrease in other expense, net is further explained below:

<u>Components of other income (expense), under IFRS</u>	<u>%</u> <u>+Increase</u> <u>-decrease</u> <u>in expense</u>	<u>Year ended</u> <u>December 31,</u> <u>2014</u>	<u>Year ended</u> <u>December 30,</u> <u>2013</u>	<u>\$</u> <u>(Increase)</u> <u>decrease</u> <u>in expense</u>
Part XII.6 (tax) recovery and related amounts	a) -100%	-	(66,065)	66,065
Unrealized loss on investment	b) -100%	-	(4,200)	4,200
Loss on sale of investment	c) 100%	(1,698)	-	(1,698)
Write-down of exploration and evaluation assets	d) -80%	(143,634)	(704,803)	561,169
Provision for indemnification of flow-through subscribers	e) -96%	(15,000)	(400,000)	385,000
Gain on settlements of debt	f) -100%	-	39,511	(39,511)
Other (expense) income, net	-86%	<u>(160,332)</u>	<u>(1,135,557)</u>	<u>975,225</u>

Some key explanations follow:

- a) N/A in 2014. Large expense of \$66,065 in 2013 primarily due to failure to make required flow-through commitments. See MD&A section 5) Flow Through Shares . Commitments, Contingencies and Indemnifications+.
- b) N/A in 2014. Unrealized write-down of held-for-trading investment \$4,200 in 2013.
- c) Sale of investment in 2014 for gross proceeds of \$2,102, less carrying value of \$3,800. N/A in 2013.
- d) Write-offs in 2014 of \$143,634 (2013 - \$704,803) . see MD&A section 5) Quarterly Results+.
- e) \$15,000 in 2014. Provision for indemnification of flow-through subscribers . see MD&A section 5) Flow-through Shares . Commitments, Contingencies and Subscriber Indemnifications+.
- f) N/A in 2014. Gain on settlement of debt in 2013 of \$39,511 . see MD&A section 5) Liquidity and Capital Resources+.

**Deferred Tax (Recovery)**

In 2014, the Company recorded a \$16,300 (2013 - \$96,000) tax benefit of capital losses applied. In 2013 a \$69,000 flow-through share premium adjustment was also recorded. The total deferred

**VIKING GOLD EXPLORATION INC.**  
**(An Exploration Stage Enterprise)**  
**MD&A for the Year Ended December 31, 2014**

tax recovery was \$16,300 (2013 - \$165,000). See also Note 8 to the Company's audited financial statements for 2014 and also MD&A section 5, Quarterly Results for additional information.

**K) LIQUIDITY AND CAPITAL RESOURCES:**

***Liquidity***

The Company has available cash and working capital resources as outlined below.

<u>Under IFRS, as at</u>	<u>December 31,</u> <u>2014</u>	<u>December 31,</u> <u>2013</u>	<u>December 31,</u> <u>2012</u>
Cash and cash equivalents	\$ 4,805	\$ 6,733	\$ 500,124
Working capital deficiency	917,427 <sup>1,2</sup>	652,081 <sup>1</sup>	40,555
Flow-through expenditure commitment	-	-	560,436

- (1) Includes effect, in 2014 of \$415,000 (2013 - \$400,000) flow-through share subscriber indemnification accrual.  
(2) Includes \$107,500 due on redemption of 10% convertible debentures.

***Forward-looking Strategy***

Management has identified that the Company's strategy for 2016 will be to attempt to raise additional capital of approximately \$500,000 through private placements of common shares and investor warrants, in order to fund, on a balanced basis, property option and other payments, share issue costs, Part XII.6 tax and related liabilities, operating activities and the replenishment of working capital.

The Company's planned 2015 funding does not presently include providing for the \$400,000 flow-through share subscriber indemnification accrual, which is expected to take an extended period of several months to a year, or possibly longer, to move through the CRA/RQ audit process.

Given the current weakened state of the capital markets and the lower price of gold, the Company may not be able to exercise its desired strategy for 2015 and 2016, as was the case in 2014. This could lead to, for example, the Company recording additional write-offs of E&E assets, which may no longer be supported financially. Alternatively, the Company could attempt to renegotiate an extension for a given property option agreement. In addition, the replenishment of working capital may take longer than planned.

As noted above in **B. Overview**, the Company has decided, for the short term, to assist a couple of operations in becoming public entities. The Company hopes to earn fees and shares in these new public entities in order to help the Company cover operating costs. In addition, the shareholders of the Company may benefit from having a part ownership in these new public ventures.

***Capital Resources***

**Shares Issued to Acquire Assets**

Details of common shares issued by the Company in 2013 to acquire exploration and evaluation assets, are disclosed in MD&A section 6) Exploration and Evaluation Assets.

**Net Capital Resources Raised**

In 2014, the Company raised total capital resources of \$107,500 (2013 . \$Nil) the issuance of 10% convertible debentures (see discussion below).

**VIKING GOLD EXPLORATION INC.**  
**(An Exploration Stage Enterprise)**  
**MD&A for the Year Ended December 31, 2014**

**Private Placements**

The Company participates in capital resource transactions with investors and others to raise funds for exploration and working capital purposes. This may include private placements and exercises of share purchase warrants and stock options.

**Debt Settlements**

There were no debt settlements in 2014.

On June 21, 2013, the Company announced that it had agreed to settle an aggregate amount of \$99,693 of debt owed to three suppliers, through the issuance of 1,993,860 units at an assigned value of \$0.05 per unit (in accordance with TSX-V minimum pricing requirements). Each unit consisted of one common share plus one-half of one common share purchase warrant, for a total of 1,993,860 common shares and 996,930 warrants. Each full warrant entitles the holder to acquire one common share of the Company at a price of \$0.10 for a period of 24 months from the date of closing.

On June 30, 2013, the Company recorded a reduction of trade and other payables of \$99,693, an increase in equity of \$60,182 (representing the fair value of the securities to be issued), and a gain on debt settlements of \$39,511. The \$60,182 value was determined using a trading price of \$0.025 per common share (total \$49,847), and an estimated fair value of warrants issued of approximately \$0.0104 each (total \$10,335). Weighted-average Black-Scholes assumptions used for valuing these warrants were as follows: expected dividend yield . 0%; expected volatility . 135%; risk-free interest rate . 1.13%; expected life . 2.0 years.

The TSX-V approved the debt settlement transactions on July 2, 2013. The Company issued the applicable securities on July 5, 2013, at which time it transferred \$60,182 from securities to be issued to share capital.

**Convertible Debentures**

On July 7, 2014, the Company completed a private placement of \$107,500 10% unsecured convertible debentures (the "~~Debt~~ Debentures") that mature on June 30, 2015. A related party invested \$10,000 in the placement. The Debentures bear interest at the rate of 10% per annum which interest will be paid on maturity.

The Debentures (plus any unpaid and accrued interest) are convertible, at the option of the holder, into units (each a "~~Unit~~ Unit") at a conversion price (the "~~Conversion Price~~ Conversion Price") of \$0.01 per Unit over the term of the Debenture, subject to the TSX-V minimum pricing requirement of \$0.05 for the first 12 months and \$0.10 thereafter until maturity. In the event of a share consolidation by the Company, the Conversion Price will be adjusted proportionately, though it will still be subject to the same \$0.05 and \$0.10 TSX-V minimum pricing requirements on a post-consolidation basis.

Each Unit consists of one common share and one common share purchase warrant. Each warrant will entitle the holder to acquire one common share of the Company at the Conversion Price for a period of 36 months from the date of issuance of the warrant.

Interest expense on the Debentures for the year ended December 31, 2014 was \$5,315.

Assuming that \$107,500 of the Debentures are subsequently converted by the holders at a \$0.05 conversion price, and there is no share consolidation, this would result in the issuance of 2,150,000 Units, representing the equivalent of 2,150,000 common shares and 2,150,000

**VIKING GOLD EXPLORATION INC.**  
**(An Exploration Stage Enterprise)**  
**MD&A for the Year Ended December 31, 2014**

warrants (or a combined potential 4,300,000 common shares if all the warrants were subsequently exercised). No value has been assigned to the equity conversion option as the conversion rate substantively exceeds the market value of the equity and the limited time to exercise.

On June 1, 2015, the debenture holders agreed to extend the maturity of the debentures, under the same terms and conditions, to December 31, 2015.

**Warrants Exercised**

No warrants were exercised in 2014 and 2013.

**Investor Warrant Extensions and Acceleration**

In October 2012, the Company applied for and received TSX-V approval for the six-month extension of 3,750,000 warrants from November 2, 2012 to May 2, 2013 (¶1). In December 2012, the Company applied for and received TSX-V approval for the six-month extension of 3,000,000 warrants from December 31, 2012 to June 30, 2013 (¶2), and 13,654,000 warrants from January 25, 2013 to July 27, 2014 (¶3).

**Expired Warrants**

The aggregate issue date fair value of the 3,848,350 (2013 . 24,701,501) warrants expiring during the year ended December 31, 2014 was \$123,000 (2013 . \$718,000).

**Stock Options Granted**

No options were granted in 2014.

On February 7, 2013, the Company granted 50,000 options to an officer. The new options, which vested immediately, have a five-year term and an exercise price of \$0.12 each. On May 1, 2013, the Company granted an aggregate total of 900,000 options to directors, officers and a consultant. These options, which vested immediately, have a five-year term and an exercise price of at \$0.10 each. Annual share-based compensation expense for 2013 of \$17,000 was recorded based on the estimated fair value of options granted, as determined using the Black-Scholes option-pricing model.

**Options Exercised**

No options were exercised in either 2014 or 2013.

**Options Expired**

On July 4, 2014, 1,675,000 options granted to Directors expired following their resignations. The aggregate grant date fair value of all options expiring in 2014 was \$171,122.

On January 8, 2013, 50,000 options expired unexercised. The grant date fair value of these options was \$5,000. On April 9, 2013, an aggregate total of 550,000 options expired unexercised. The grant date fair value of these options was \$45,833. On September 12, 2013, 100,000 options expired unexercised. The grant date fair value of these options was \$5,000. On July 29, 2013, 450,000 options expired unexercised due to the resignation of a director. The grant date fair value of these options was \$54,986. The aggregate grant date fair value of all options expiring in 2013 was \$110,819.

On June 30, 2014, an officer of the Company resigned and 90 days later the unexercised options held by the officer expired. The officer held an aggregate total of 475,000 of the Company's

**VIKING GOLD EXPLORATION INC.**  
**(An Exploration Stage Enterprise)**  
**MD&A for the Year Ended December 31, 2014**

common share purchase options. The aggregate grant date fair value of all options expiring in 2014 was \$51,734.

**Off-Balance Sheet Arrangements**

The Company has no off-balance sheet financing arrangements.

**L) SHARE DATA:**

The Company's share data as at December 31, 2014 with a roll-forward to July 30, 2015, the date of this MD&A, is as follows:

<u>Share data, under IFRS</u>	<u>As at December 31, 2014</u>	<u>Transactions after Dec. 31, 2014</u>	<u>As at July 30, 2015</u>
Common shares outstanding	79,778,229	-	79,778,229
Potential issuance of common shares			
Warrants (see schedule below)	996,930	(996,930)	-
Stock options issued to directors, officers and others (see schedule below)	4,500,000	(250,000)	4,250,000
Fully diluted number of common shares outstanding	<u>85,275,159</u>	<u>(1,246,930)</u>	<u>84,028,229</u>

**Potential Issuances of Common Shares**

The schedule above excludes the effects of the potential issuance of 600,000 common shares that the Company may issue in future periods, in respect of an existing property option agreement as explained in MD&A section 6) Exploration and Evaluation Assets+.

Finally, the schedule above excludes the potential issuance of up to 4,300,000 common shares through the issuance and conversion of a maximum of \$107,500 of convertible debentures . see MD&A section 6) Liquidity and Capital Resources+.

**Outstanding Common Share Purchase Warrants**

The Company's outstanding common share purchase warrants are as follows:

<u>Expiry date(s)</u>	<u>Term (yrs)</u>	<u>Exercise price</u>	<u>As at December 31, 2014</u>	<u>Transactions after Dec. 31, 2014</u>	<u>As at July 30, 2015</u>
July 5, 2015	2 *	\$0.10	996,930	(996,930)	-
Total warrants			<u>996,930</u>	<u>(996,930)</u>	<u>-</u>

\* = issued in debt settlements

**VIKING GOLD EXPLORATION INC.**  
**(An Exploration Stage Enterprise)**  
**MD&A for the Year Ended December 31, 2014**

The Company's outstanding and exercisable common share purchase options are as follows:

<u>Expiry date</u>	<u>Exercise price</u>	<u>As at December 31, 2014</u>	<u>Transactions After Dec. 31, 2014</u>	<u>As at July 30, 2015</u>
February 4, 2015	\$0.11	250,000	(250,000)	-
October 6, 2015	\$0.125	625,000	-	625,000
November 15, 2015	\$0.17	700,000	-	700,000
May 17, 2016	\$0.24	250,000	-	250,000
September 12, 2016	\$0.17	1,000,000	-	1,000,000
December 8, 2016	\$0.20	1,000,000	-	1,000,000
February 9, 2017	\$0.175	150,000	-	150,000
May 1, 2018	\$0.10	525,000	-	525,000
Total options		<u>4,500,000</u>	<u>(250,000)</u>	<u>4,250,000</u>

The 4,250,000 outstanding options have a weighted-average exercise price of \$0.162 each.

**M) RELATED PARTY TRANSACTIONS:**

The Company considers its related parties to consist of: i) the Company's key management personnel (namely officers and directors) and those companies subject to their control or significant influence; and ii) advisory committee members and consultants providing services to the Company on a basis similar to employees.

a) Summary of Related Party Transactions

Details of the Company's transactions with related parties for the years ended December 31, 2014 and 2013, are as follows:

	<u>2014</u>	<u>2013</u>
Statements of Financial Position		
Evaluation and exploration assets . capitalized during year		
Legal fees . officer's law firm, capitalized as acquisition costs	\$-	\$ 2,590
Geology fees . advisory committee members, capitalized to deferred exploration expenditures	-	2,000
	<u>\$-</u>	<u>\$ 4,590</u>

**VIKING GOLD EXPLORATION INC.**  
**(An Exploration Stage Enterprise)**  
**MD&A for the Year Ended December 31, 2014**

	<u>2014</u>	<u>2013</u>
Statements of Loss and Comprehensive Loss		
Management fees . officerssqcompanies	\$ 101,085	\$ 130,250
Office and administration		
Rent . officerssqand directorssqcompanies	9,000	12,952
Professional and regulatory fees . fees from officersq law firm	35,926	53,409
Investigation of new properties . advisory committee members	40,500	-
	<u>186,511</u>	<u>196,611</u>
Share-based compensation		
Common share purchase options granted to employees		
Officers	-	5,333
Non-executive directors	-	7,917
Advisory committee members and consultants	-	3,750
Total (Note 7f)	<u>-</u>	<u>17,000</u>
Total expense	<u>\$ 186,511</u>	<u>\$213,611</u>

The Company's officers receive fees through their companies pursuant to fee-for-service arrangements in lieu of salaries. The Company's Board of Directors approves these fees and the share-based compensation.

b) Related Party Balances

As at December 31, 2014, amounts payable to related parties of \$226,785 (2013 . \$88,681) represents fees owed/accrued to officers and their companies/law firm and also to advisory committee members. These liabilities are unsecured, non-interest bearing and due within 30 days.

**N) FINANCIAL INSTRUMENTS:**

The Company's financial instruments primarily consist of cash (classified as loans and receivables), cash equivalents (classified as fair value through profit or loss), amounts receivable (classified as loans and receivables), investments (classified as either held for trading or as an unquoted equity instrument), and accounts payable and accrued liabilities (classified as other financial liabilities).

The Company's investor warrants are equity instruments and not financial liabilities or financial derivatives.

As at December 31, 2014 and 2013, the carrying values and fair values of the Company's financial instruments are approximately the same because of the limited term of these investments. In addition, the Company's financial instruments that are carried at fair value consist of cash equivalents, classified as %level 2+, and a FVTPL investment, classified as %level 1+, within the fair value hierarchy.

The Company has not used any hedging or financial derivatives.

See Note 14 in the Company's audited financial statements for 2014 for additional information concerning financial instruments and related risks.



**VIKING GOLD EXPLORATION INC.**  
**(An Exploration Stage Enterprise)**  
**MD&A for the Year Ended December 31, 2014**

**O) COMMITMENTS AND CONTINGENCIES:**

***Flow-through Shares***

The Company believes that it has incurred sufficient qualifying expenditures to satisfy its December 31, 2011 and prior flow-through share commitments in respect of Ontario and Quebec subscribers, though such expenditures and the Company's related tax returns are subject to potential audit and reassessment by Canada Revenue Agency and Revenu Québec. The Company has agreed to indemnify the subscribers of its flow-through shares for tax-related amounts that become payable by them, if the Company fails to meet its expenditure commitments.

The Company's original December 31, 2012 flow-through share commitment is discussed in MD&A section 5) Flow-Through Shares . Commitments, Contingencies and Subscriber Indemnifications+(page 4).

***Environmental Contingencies***

The Company's exploration activities are subject to various federal, provincial and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and are generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations and has made, and expects to make in the future, appropriate expenditures to comply with such laws and regulations.

**P) NEW IFRS ACCOUNTING STANDARDS:**

The Company has adopted nine new IFRS accounting standards, including amendments and interpretations to existing standards, as of January 1, 2014. The adoption of these new accounting standards did not affect any of the amounts or disclosures presented in these financial statements. The newly adopted IFRS standards are described below, along with other proposed standards yet to be adopted. Each new standard applies to annual periods beginning on or after the stated effective date.

<u>New IFRS standards</u>	<u>Description</u>	<u>Effective dates</u>
<ul style="list-style-type: none"> <li>Amendments to IFRS 7 . Financial Instruments: Disclosures (December 2011 and November 2013)</li> </ul>	<p>The 2011 amendments improve offsetting rules and related disclosures for financial instruments.</p> <p>The 2013 amendments result from the introduction of a hedge accounting chapter in IFRS 9.</p>	January 1, 2018
<ul style="list-style-type: none"> <li>Amendments to IFRS 9 . Financial Instruments (October 2010 and May 2013)</li> </ul>	<p>The 2010 amendments provide guidance on the classification and measurement of financial liabilities. The 2013 amendments contain a hedge accounting chapter and permit the early application of presenting certain items in other comprehensive income.</p>	January 1, 2018
<ul style="list-style-type: none"> <li>IFRS 11 . Joint Arrangements (amended May 2014)</li> </ul>	<p>The standard was amended to require business combination accounting to be applied to acquisitions of interests in a joint operation that constitute a business.</p>	January 1, 2016

**VIKING GOLD EXPLORATION INC.**  
**(An Exploration Stage Enterprise)**  
**MD&A for the Year Ended December 31, 2014**

<u>New IFRS standards</u>	<u>Description</u>	<u>Effective dates</u>
<ul style="list-style-type: none"> <li>IFRS 13 . Fair Value Measurement (issued May 2011, amended December 2012)</li> </ul>	The new standard and related amendments provide guidance on measuring fair value when required by other IFRSs.	July 1, 2014
<ul style="list-style-type: none"> <li>IFRS 15 - Revenue From Contracts With Customers</li> </ul>	The new standard proposes to replace IAS 18 - Revenue, IAS 11 - Construction contracts, and some revenue-related interpretations. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized.	January 1, 2018
<ul style="list-style-type: none"> <li>Amendments to IAS 1 . Presentation of Financial Statements (December 2014)</li> </ul>	Amended in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply.	January 1, 2016
<ul style="list-style-type: none"> <li>Amendments to IAS 24 . Related Party Disclosures</li> </ul>	Amended to clarify that an entity providing key management services to the reporting entity or the parent of the reporting entity is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity.	July 1, 2014
<ul style="list-style-type: none"> <li>Amendments to IAS 32 . Financial Instruments: Presentation (December 2011 and May 2012)</li> </ul>	The 2012 amendments (effective January 1, 2013) deal with the tax effect of equity distributions.	January 1, 2014 (adopted #1)
<ul style="list-style-type: none"> <li>Amendments to IAS 36 . Impairment of Assets (May 2013)</li> </ul>	The amendments deal with recoverable amount disclosures for non-financial assets.	January 1, 2014 (adopted #2)

**VIKING GOLD EXPLORATION INC.**  
**(An Exploration Stage Enterprise)**  
**MD&A for the Year Ended December 31, 2014**

<u>New IFRS standards</u>	<u>Description</u>	<u>Effective dates</u>
• Amendments to IAS 38 . Financial Instruments (December 2013)	The amendments deal with the proportionate restatement of accumulated depreciation on revaluation.	July 1, 2014
• Amendments to IAS 39 . Financial Instruments (June 2013)	The amendments deal with the novation of derivatives and continuation of hedge accounting.	January 1, 2014 (adopted #3)

The new IFRS accounting standards listed above exclude any applicable to investment entities, since they do not apply to the Company. Management is currently assessing the impact of adopting the eight remaining new IFRS accounting standards on the Company's financial reporting.