



CORAZON GOLD CORP.

Management Discussion & Analysis

March 31, 2017

Corazon Gold Corp.
Form 51-102F1
Management Discussion and Analysis
For the Period Ended March 31, 2017
Dated as at May 30, 2017

The following Management Discussion and Analysis (“MD&A”) of Corazon Gold Corp. (the “Company” or “Corazon”) should be read in conjunction with the audited consolidated financial statements of the Company for the year ended December 31, 2016 which have been prepared in accordance with IAS 34 of International Financial Reporting Standards (“IFRS”). This MD&A includes certain statements that may be deemed “forward looking statements”. All statements in this MD&A, other than statements of historical fact, that address future 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. Additional information can be found on SEDAR at www.sedar.com. This MD&A is dated as of May 30, 2017.

DESCRIPTION OF THE COMPANY

The Company is a natural resource company engaged in the acquisition and exploration of resource properties. The Company is actively searching for new projects. The Company trades on the TSX Venture Exchange under the symbol ‘CGW’.

SELECTED ANNUAL FINANCIAL INFORMATION

For the three month periods ended March 31, 2017 and 2016:

	March 31, 2017		March 31, 2016	
Financial results				
Total revenue	\$	Nil	\$	Nil
Loss for the period	\$	89,948	\$	17,478
Basic and diluted loss per share	\$	0.01	\$	0.01
Impairment of exploration and evaluation assets	\$	-	\$	-
Balance sheet data				
Current assets	\$	1,184,497	\$	201,894
Non-current assets	\$	23,387	\$	22,972
Total assets	\$	1,207,884	\$	224,866
Current liabilities	\$	241,510	\$	365,254
Shareholders’ equity (deficiency)	\$	996,374	\$	(140,388)

Corazon is a mineral exploration company which has elected under IFRS to capitalize exploration and evaluation expenditures. Corporate and administration expenses, as well as any exploration expenditures incurred prior to obtaining the legal right to explore, are charged to the statement of earnings when incurred. The Company decided not to continue with its exploration properties and wrote-off all balances to the statement of loss and comprehensive loss as at December 31, 2014. No revenues have been reported for the period ended March 31, 2017, 2016, and 2015.

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Results of Operations for the three-month period ended March 31, 2017 compared to 2016

The net loss for the year increased by \$71,112 to \$92,378 (2016 – \$21,266). Individual items contributing to the increase in net loss:

- Consulting fees increased by \$10,250 to \$30,750 (2016 - \$20,500) as the Company appointed a new CEO with an increased fee.
- Office expenses increased by \$1,714 to \$6,029 (2016 - \$4,315) as the Company had travel expenses related to property visits.
- Professional fees increased by \$55,245 to \$55,336 (2016 - \$91) as the Company had fees related to letter of intent with NanoSphere Health Sciences LLC.

Cash flows for the three-month period ended March 31, 2017 compared to 2016

- Cash outflows from operating activities increased by \$152,616 to \$184,599 (2016 – \$31,983) primarily due to the hiring of a new CEO and payment of previous accounts payable.

SUMMARY OF QUARTERLY RESULTS

	2017	2016				2015		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Net Sales	-	-	-	-	-	-	-	-
Net loss	92,378	49,222	691,532	64,172	21,266	52,361	37,072	48,541
Basic and diluted net loss per share	0.01	0.00	0.04	0.01	0.01	0.00	0.00	0.01

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LIQUIDITY AND CAPITAL RESOURCES

The Company has no significant revenues and no expectation of revenues in the near term. In order to manage risk, the Company closely monitors its cash requirements and expenditures. At March 31, 2017 and December 31, 2016, the Company's working capital and deficit were as follows:

	March 31, 2017	December 31, 2016
Working capital	\$ 942,987	\$ 1,034,523
Deficit	(21,662,486)	(21,570,108)

As at March 31, 2017, the Company has a working capital of \$942,987. Management is actively reviewing financing opportunities in order to meet working capital requirements for the next fiscal year.

BASIS OF PRESENTATION - INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The annual consolidated financial statements of the Company comply with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The consolidated financial statements are presented in Canadian dollars unless otherwise noted.

RELATED PARTY TRANSACTIONS

The consolidated financial statements include the financial statements of Corazon Gold Corp. and its 100% owned subsidiaries.

Key management personnel comprise of the Chief Executive Officer, Chief Financial Officer, and Directors of the Company.

The remuneration of the key management personnel is as follows:

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- Paid or accrued consulting fees of \$4,000 for the former CEO and current director of the Company (2016 - \$18,000).
- Paid or accrued consulting fees of \$2,500 to the CFO of the Company (2016 - \$2,500).
- Paid or accrued consulting fees of \$19,000 for the current CEO of the Company (2016 - \$Nil).

The amount of \$36,833 (2016 - \$100,165) is due to related parties. All balances are unsecured, non-interest bearing, have no fixed repayment terms, and are due on demand.

CRITICAL ACCOUNTING ESTIMATES

Critical accounting estimates

- i. Share-based payments are subject to estimation of the value of the award at the date of grant using pricing models such as the Black-Scholes option valuation model. The option valuation model requires the input of highly subjective assumptions including the expected share price volatility. Because the Company's warrants have characteristics significantly different from those of traded options and because the subjective input assumptions can materially affect the calculated fair value, such value is subject to measurement uncertainty.
- ii. The valuation of shares issued in non-cash transactions are generally based on the value of goods or services received. When this cannot be determined, it is based on the fair value of the non-cash consideration. When non-cash transactions are entered into with employees and those providing similar services, the non-cash transactions are measured at the fair value of the consideration given up using market prices.

Critical accounting judgments

- i. The carrying value and recoverability of exploration and evaluation assets requires management to make certain estimates, judgments and assumptions about each project. Management considers the economics of the project, including the latest resources prices and the long-term forecasts, and the overall economic viability of the project.
- ii. The determination of income tax is inherently complex and requires making certain estimates and assumptions about future events. While income tax filings are subject to audits and reassessments, the Company has adequately provided for all income tax obligations. However, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or

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decrease in our provision for income taxes.

CHANGES IN ACCOUNTING STANDARDS NOT YET ADOPTED

IFRS 9 Financial Instruments (Revised) was issued by the IASB in October 2010. It incorporates revised requirements for the classification and measurement of financial liabilities and carrying over the existing derecognition requirements from IAS 39 Financial instruments: recognition and measurement. The revised financial liability provisions maintain the existing amortized cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss – in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The impact of IFRS 9 on the Company's financial instruments has not yet been determined.

RISKS AND UNCERTAINTIES

Resource exploration is a speculative business and involves a high degree of risk. There is a probability that the expenditures made by the Company in exploring its properties will not result in discoveries of commercial quantities of minerals. A high level of ongoing expenditures is required to locate and estimate ore reserves, which are the basis to further the development of a property. Capital expenditures to support the commercial production stage are also very substantial.

The following sets out the principal risks (non-inclusive) faced by the Company.

Exploration risk. There can be no assurance that economic concentrations of minerals will be determined to exist on the Company's property holdings within existing investors' investment horizons or at all. The failure to establish such economic concentrations could have a material adverse outcome on the Company and its securities. The Company's planned programs and budgets for exploration work are subject to revision at any time to take into account results to date. The revision, reduction or curtailment of exploration programs and budgets could have a material adverse outcome on the Company and its securities.

Market risks. The Company's securities trade on public markets and the trading value thereof is determined by the evaluations, perceptions and sentiments of both individual investors and the investment community taken as a whole. Such evaluations, perceptions and sentiments are subject to change, both in short term time horizons and longer term time horizons. An adverse change in investor evaluations, perceptions and sentiments could have a material adverse outcome on the Company and its securities.

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Commodity price risks. The Company's exploration projects seek gold and precious metals. While gold has recently been the subject of significant price increases from levels prevalent earlier in the decade, there can be no assurance that such price levels will continue, or that investors' evaluations, perceptions, beliefs and sentiments will continue to favour these target commodities. An adverse change in these commodities' prices, or in investors' beliefs about trends in those prices, could have a material adverse outcome on the Company and its securities.

Financing risks. Exploration and development of mineral deposits is an expensive process, and frequently the greater the level of interim stage success the more expensive it can become. The Company has no producing properties and generates no operating revenues; therefore, for the foreseeable future, it will be dependent upon selling equity in the capital markets to provide financing for its continuing substantial exploration budgets. While the Company has been successful in obtaining financing from the capital markets for its projects in recent years, there can be no assurance that the capital markets will remain favourable in the future, and/or that the Company will be able to raise the financing needed to continue its exploration programs on favourable terms, or at all. Restrictions on the Company's ability to finance could have a material adverse outcome on the Company and its securities.

Share Price Volatility and Price Fluctuations. In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies, particularly junior mineral exploration companies like the Company, have experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that these price fluctuations and volatility will not continue to occur.

Key personnel risks. The Company's exploration efforts are dependent to a large degree on the skills and experience of certain of its key personnel. The Company does not maintain "key man" insurance policies on these individuals. Should the availability of these persons' skills and experience be in any way reduced or curtailed, this could have a material adverse outcome on the Company and its securities.

Competition. Significant and increasing competition exists for the limited number of mineral property acquisition opportunities available. As a result of this competition, some of which is with large established mining companies with substantial capabilities and greater financial and technical resources than the Company, the Company may be unable to acquire additional attractive mineral properties on terms it considers acceptable.

Environmental and Other Regulatory Requirements. The current or future operations of the Company, including development activities and the commencement of production on its properties, require permits from various governmental authorities and such operations are and will be subject to laws and regulations governing prospecting, development, mining,

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production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, safety and other matters. Companies engaged in the development and operation of mines and related facilities generally experience increased costs, and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that approvals and permits required to commence production on its properties will be obtained on a timely basis, or at all. Additional permits and studies, which may include environmental impact studies conducted before permits can be obtained, may be necessary prior to operation of the properties in which the Company has interests and there can be no assurance that the Company will be able to obtain or maintain all necessary permits that may be required to commence construction, development or operation of mining facilities at these properties on terms which enable operations to be conducted at economically justifiable costs.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions there under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or extraction operations may be required to compensate those suffering loss or damage by reason of such activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or abandonment or delays in development of new mineral exploration properties.

To the best of the Company's knowledge, it is currently operating in compliance with all applicable environmental regulations.

History of Net Losses; Accumulated Deficit; Lack of Revenue from Operations. The Company has incurred net losses to date. Its deficit as of March 31, 2017 was \$21,662,486. The Company decided not to continue with its acquire exploration properties and wrote-off all balances to the statement of loss and comprehensive loss as at December 31, 2014. The Company currently still maintains ownership of 1 mineral claim in the ReMac Zinc Property. Even if the Company commences development of the property, there is no certainty that the Company will produce revenue, operate profitably or provide a return on investment in the future.

Uninsurable risks. The Company and its subsidiaries may become subject to liability for pollution, fire, explosion, against which it cannot insure or against which it may elect not to insure. Such events could result in substantial damage to property and personal injury. The payment of any such liabilities may have a material, adverse effect on the Company's financial position.

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FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3: Inputs that are not based on observable market data.

The fair value of the Company's receivables, accounts payable and accrued liabilities, approximate carrying value, which is the amount recorded on the consolidated statement of financial position. Cash and receivables, under the fair value hierarchy are based on level one quoted prices in active markets for identical assets or liabilities.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with major banks in Canada. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The Company's secondary exposure to risk is on its other receivables. This includes GST receivable of \$1,197 from the Government of Canada. Management believes that the credit risk concentration with respect to receivables is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

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Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

All of the contractual maturities of the Company's non-derivative financial liabilities are within one year of the financial statement end date.

Market risk

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

a) Interest rate risk

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

The risk that the Company will realize a loss as a result of a decline in the fair value of the short-term investments included in cash is minimal.

b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, accounts receivable and accounts payable and accrued liabilities that are denominated in US Dollars (USD). Based on management's knowledge and experience of the financial markets, the Company believes that 10% fluctuation in the USD against the Canadian dollar would affect net loss for the period by approximately \$10,000.

c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to

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commodity price movements and volatilities. The Company closely monitors commodity prices of gold, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Sensitivity Analysis

The carrying amount of cash, receivables, and accounts payable and accrued liabilities approximates their fair value due to their short-term nature. The Company does not have significant exposure to changing interest rates.

Based on management's knowledge and experience of the financial markets, the Company believes the following movement is "reasonably possible".

The Company has cash, receivable and accounts payable denominated in USD and are exposed to risk from changes in the USD. A 10% fluctuation in the USD against the Canadian dollar would affect net loss for the period by approximately \$10,000.

Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its mineral exploration concessions, acquire additional mineral property interests and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes components of shareholders' deficiency.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash and investments.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the year.

OUTSTANDING SHARE DATA

Common shares, options, warrants and convertible securities outstanding as at the date of this report:

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Security	Common Shares on Exercise
Common Shares	23,900,176
Options	2,390,017
Warrants	2,610,788

SUBSEQUENT EVENT

The Company has signed a letter of intent dated December 22, 2016, with NanoSphere Health Sciences LLC (“NanoSphere”) setting out the proposed terms of the Company’s acquisition of 100% of the issued and outstanding shares of NanoSphere (the “LOI”). NanoSphere is in the business of developing nano-sized delivery systems for nutraceuticals, supplements, pharmaceuticals, cannabis, and other health products.

Under the LOI, the Company, or a subsidiary controlled by the Company, would acquire 100% of the issued and outstanding shares of NanoSphere. As consideration, the Company would provide the shareholders of NanoSphere an aggregate of 40,000,000 common shares in the Company and the rights to receive an aggregate of 19,000,000 common shares of the Company upon the commercialization and first sale of NanoSphere’s “Evolve Cannabis” product. In addition, all option holders and warrant holders of NanoSphere would receive equivalent securities in the Company. The execution of this LOI is subject to the signing of a definitive agreement, certain defined closing conditions and acceptance by the TSX-V.

As of March 31, 2017, the LOI has not yet completed.

PROPOSED TRANSACTIONS

The Company has no proposed transactions other than already disclosed.

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OFF BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

OTHER INFORMATION

Additional information on the Company is available on SEDAR at www.SEDAR.COM