

**MEADOW BAY GOLD CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2016**

**FORWARD LOOKING STATEMENTS**

All statements in this report that do not directly and exclusively relate to historical facts, constitute forward looking statements. These statements represent the Company's intentions, plans, expectations and beliefs, and are subject to risks, uncertainties and other factors of which many are beyond the control of the Company. These factors could cause actual results to differ materially from such forward looking statements. The Company disclaims any intention or obligation to update or revise such forward looking statements, because of new information, future events or otherwise.

**MANAGEMENTS DISCUSSION AND ANALYSIS**

**November 14, 2016**

This Management Discussion and Analysis ("MD&A") is intended to help the reader understand the Meadow Bay Gold Corporation ("Meadow Bay") financial statements. The statements are provided for reviewing the first six months of fiscal 2017 and comparing results to the previous period. The MD&A should be read in conjunction with the Company's audited consolidated financial statements and corresponding notes for the fiscal years ending March 31, 2016 and 2015.

The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and all monetary amounts are expressed in Canadian dollars. The following comments may contain management estimates of anticipated future trends, activities, or results. These are not a guarantee of future performance, since actual results could change based on other factors and variables beyond management control.

The management of Meadow Bay is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures, and internal controls and to ensure that information used internally or disclosed externally, including the financial statements and MD&A, is complete and reliable. The board of directors of Meadow Bay follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders.

The audit committee of Meadow Bay meets with management quarterly to review the financial statements including the MD&A and to discuss other financial, operating and internal control matters.

| The reader is encouraged to review the Company's statutory filings on [www.sedar.com](http://www.sedar.com).

## DESCRIPTION OF BUSINESS

Meadow Bay was incorporated in British Columbia under the laws of the Business Corporations Act on March 8, 2005. The Company was listed for trading on the TSX Venture Exchange (TSX.V) as a Capital Pool Company on September 18, 2006. The Company currently trades on the TSX as a tier 1 Company under the symbol "MAY."

On January 21, 2011, the Company signed a Letter of Intent ("LOI") to acquire all the issued and outstanding common stock of Desert Hawk Resources Inc. ("Desert Hawk"), a private Delaware corporation. The Company also launched a private placement financing that closed March 1, 2011 with the sale of 11,313,750 common shares at \$1.00US. A portion of the financing, \$6,000,000US was used to complete the payment to the previous owner of the Atlanta Mine. The purchase of Desert Hawk Resources Inc. was completed on March 1, 2011.

## OVERALL PERFORMANCE

During the quarter ended September 30, 2016, the Company incurred a net loss of \$194,973 (2015 - \$618,229). After consideration for a favourable currency translation adjustment of \$267,475 (2015 - \$1,355,511), the Company posted comprehensive profit of \$72,502 compared to \$737,282 for the quarter ended September 30, 2015.

During the six months ended September 30, 2016, the Company incurred a net loss of \$373,840 (2015 - \$890,184). After consideration for a favourable currency translation adjustment of \$170,547 (2015 - \$873,184), the Company posted comprehensive loss of \$203,293 v. \$17,755 for the six months ended September 30, 2015.

Desert Hawk Resources Inc., a wholly owned subsidiary of Meadow Bay Gold Corporation, is a mining and exploration company with a gold project in Nevada called the Atlanta Gold and Silver Mine, a former producing gold and silver mine. The Atlanta Mine produced 1.5 million tons of ore containing 0.09 ounces' gold/ton and 1.25 ounces' silver/ton and recovered 121,000 ounces of gold and 800,000 ounces of silver during the period 1975 to 1985 based on historical records. National Instrument 43101 resource estimation was prepared by Gustavson LLC and subsequently filed on SEDAR. An updated resource estimation is being prepared by Gustavson and should be available shortly.

## SELECTED ANNUAL INFORMATION

	Year ended March 31, 2016 \$	Year ended March 31, 2015 \$	Year ended March 31, 2014 \$
Total revenues	-	-	-
Net loss for the year	(1,432,177)	(1,568,381)	(1,539,488)
Net loss per share, basic and diluted	(0.02)	(0.03)	(0.03)
Total assets	27,847,545	27,070,658	25,064,598
Total working capital (deficit)	(213,545)	3,685	535,115
Shareholder's equity	27,502,697	26,775,092	24,922,173

## RESULTS OF OPERATIONS

Total operating expenses for the quarter ending September 30, 2016 (referred to as “Q2 2017”) amounted to \$195,056 compared to \$618,477 for the quarter ended September 30, 2015 (referred to as “Q2 2016”), representing a 68% expense reduction. Capitalized exploration costs amounted to \$32,430 in Q2 2017 compared to \$118,891 in Q2 2016.

The two accounts with the largest decrease were general consulting, and trade shows and investor relations. In Q2 2017 general consulting was \$22,500 compared to \$189,000 in Q1 2016 – a decrease of 88%. The reason for the drop was that the CEO and the Chairman of the Board declined to take any management fees in Q1 2017, and then only charged \$2,500 per month for Q2. Trade shows and investor relations amounted to \$Nil in Q2 2017 vs. \$69,931 in Q2 2016. The Q2 2016 expenses included promotional contracts that were not renewed. There was no share-based compensation in Q2 2017 vs. \$67,290 in Q2 2016.

Claim maintenance represented the largest percentage of expenses in the quarter, being \$107,509 in Q2 2017 vs. \$123,535 in Q2 2016, as the Company decided not to keep certain claims. All other operating expenses were appreciably lower than in the comparative Q2 2016 results. The total change in all other accounts was a reduction of \$41,898 from \$105,666 to \$63,768. Other than a reduction in rent from \$3,500 a month to \$1,500 per month, the change arises from a general slowdown in economic activity.

The changes in operating expenses for the six months ending September 30, 2016 compared to the operating expenses for the same period for the previous year mirrors the changes for the quarter discussed above. Overall, there was a reduction in expenses of 58% arising mainly from the reduction in consulting fees and trade shows and investor relations. Another significant area was wages and benefits, where there was only \$1,353 incurred in the current six-month period compared to \$71,499 for the same period in the previous year.

### SUMMARY OF QUARTERLY RESULTS:

	Sept 30 2016 \$	June 30 2016 \$	Mar 31 2016 \$	Dec 31 2015 \$
<b>Income Statement Data</b>				
Total Revenues	Nil	Nil	Nil	Nil
Income (loss) before discontinued operations and extraordinary items	(194,973)	(178,867)	(82,885)	(458,353)
Net income (loss)	(194,973)	(178,867)	(82,885)	(458,353)
<b>Income (loss) per common share outstanding</b>				
Income (loss) per share before discontinued operations and extraordinary items	(0.01)	(0.00)	(0.01)	(0.00)
Net income (loss) per share	(0.01)	(0.00)	(0.01)	(0.00)

	<b>Sept 30 2015 \$</b>	<b>June 30 2015 \$</b>	<b>Mar 31 2015 \$</b>	<b>Dec 31 2014 \$</b>
<b>Income Statement Data</b>				
Total Revenues	Nil	Nil	Nil	Nil
Income (loss) before discontinued operations and extraordinary items	(618,262)	(272,677)	(769,447)	(169,193)
Net income (loss)	(618,262)	(272,677)	(769,447)	(169,193)
<b>Income (loss) per common share outstanding</b>				
Income (loss) per share before discontinued operations and extraordinary items	(0.01)	(0.00)	(0.01)	(0.00)
Net income (loss) per share	(0.01)	(0.00)	(0.01)	(0.00)

## EXPLORATION PROGRAM

During the 2016 fiscal year, the Company commenced an exploration program at its Atlanta Mine in Nevada. The program consists of an exploration budget of US\$500,000 with a two-part work program. The first part was a drill program in the current resource area designed to upgrade (confidence level) and expand the existing resource at the Atlanta Porphyry and Shear Zone.

The second part of the program was designed to test new targets at the Western Knolls area of the Atlanta Mine Gold Project. Two holes were drilled, prior to the onset of winter weather. The results of this drilling were released on February 1, 2016 and may be found on the Company's website. It confirmed that this is a conducive environment for precious metal mineralization. The Company plans to continue the drill program in 2017.

## LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2016, the Company had cash and cash equivalents of \$152,127 compared to \$477,035 as at September 30, 2015. The Company had working capital of (\$75,836) at September 30, 2016 compared to working capital of \$303,444 as at September 30, 2015.

During the quarter ending September 30, 2016, the Company had the following share transactions:

- On April 29, 2016, the Company completed the first tranche of a non-brokered private placement by issuing 4,076,668 units at \$0.06 each for gross proceeds of \$244,600. Each unit comprised one share and one share warrant, entitling the holder to purchase one additional share for a period of 5 years from the date of closing at a price of \$0.07 per share. The Company paid finders' fees of \$4,158 cash and issued 69,300 broker's warrants, with each finder's warrant entitling the holder to purchase one common share of the Company under the same conditions as the warrants issued with the unit. The warrants were valued at \$6,770 using a Black Scholes option pricing model, as the value

of the services performed was not readily verifiable. The assumptions used for in the model were as follows: risk free interest rate – 0.75%, expected life – 5 years, dividend nil and annualized volatility – 102.34%.

- On July 27, 2016, the Company completed the second tranche of a non-brokered private placement by issuing 5,949,849 units at \$0.06 each for gross proceeds of \$356,991. Each unit comprised one share and one share warrant, entitling the holder to purchase one additional share for a period of 5 years from the date of closing at a price of \$0.07 per share. The Company paid finders' fees of \$10,149 cash and issued 169,156 broker's warrants, with each finder's warrant entitling the holder to purchase one common share of the Company under the same conditions as the warrants issued with the unit. The warrants were valued at \$13,046 using a Black Scholes option pricing model, as the value of the services performed was not readily verifiable. The assumptions used for in the model were as follows: risk free interest rate – 0.65%, expected life – 5 years, dividend nil and annualized volatility – 104.02%.

During the year ending March 31, 2016, the Company completed the following share transactions:

- On April 4, 2015, a shareholder exercised options to purchase 30,000 common shares at \$0.15 for proceeds of \$4,500.
- On April 8, 2015, 600,000 warrants were exercised; 400,000 at \$0.25 and 200,000 at \$0.15 for total proceeds of \$130,000.
- On July 10, 2015, the Company completed the first tranche of a non-brokered private placement by issuing 3,360,500 units at \$0.20 each for gross proceeds of \$672,100. Each unit comprised one share and one share warrant, entitling the holder to purchase one additional share for a period of 2 years from the date of closing at a price of \$0.25 per share. The Company paid finders' fees of \$15,806 cash and 79,030 brokers' warrants, with each finder's warrant entitling the holder to purchase one common share of the Company under the same conditions as the warrants issued with the unit. The warrants were valued at \$6,995 using a Black Scholes option pricing model, as the value of the services performed was not readily verifiable. The assumptions used for in the model were as follows: risk free interest rate – 0.46%, expected life – 2 years, dividend nil and annualized volatility – 101.86%.
- Certain officers of the Company participated in this private placement in the amount of \$189,000, of which \$89,000 was for services rendered and applied against amounts owing to related parties. Another \$157,300 was issued to third parties for services.
- On August 27, 2015, the Company completed the second and final tranche of the non-brokered private placement issuing 2,360,000 units for gross proceeds of \$472,000. The Company paid finders' fees of \$27,090 cash and 135,450 brokers' warrants, with each finder's warrant entitling the holder to purchase one common share of the

Company under the same conditions as the warrants issued with the unit. The warrants were valued at \$13,324 using a Black Scholes option pricing model, as the value of the services performed was not readily verifiable. The assumptions used for in the model were as follows: risk free interest rate – 0.39%, expected life – 2 years, dividend nil and annualized volatility – 104.84%.

\$20,000 was issued to third party for services.

- On September 29, 2015, at the shareholders' annual meeting, directors were awarded a total of 1,250,000 shares at \$0.135 per share. The shares issued to directors were recorded in the statement of operations as stock-based compensation valued at \$168,750.
- On March 7, 2016, the Company completed the first tranche of a non-brokered private placement by issuing 5,080,000 units at \$0.05 each for gross proceeds of \$254,000. Each unit comprised one share and one share warrant, entitling the holder to purchase one additional share for a period of 5 years from the date of closing at a price of \$0.06 per share. The Company paid finders' fees of \$6,555 cash and 128,100 brokers' warrants, with each finder's warrant entitling the holder to purchase one common share of the Company for a period of 5 years from the date of closing at a price of \$0.065 per share. The warrants were valued at \$6,761 using a Black Scholes option pricing model, as the value of the services performed was not readily verifiable. The assumptions used for in the model were as follows: risk free interest rate – 0.66%, expected life – 5 years, dividend nil and annualized volatility – 100.95%.

An officer of the Company participated in this private placement in the amount of \$87,500, of which \$62,500 was for services rendered and applied against amounts owing to related parties.

- As at March 31, 2016, the Company had received subscriptions of \$30,300 for the April 29, 2016 private placement.

The Company has current accounts payable to unrelated parties of \$173,031 at September 30, 2016 (\$182,707 as at September 30, 2015). Management believes that the Company has sufficient capital resources to meet its initial capital requirements for the current year.

At present, the Company's operations do not generate cash flow and its financial success is dependent on management's ability to discover economically viable mineral deposits. The mineral exploration process can take many years and is subject to factors that are beyond the Company's control. To continue as a going concern and to meet its corporate objectives, which primarily consist of exploration work on its mineral properties, the Company will require additional financing through debt or equity issuances or other available means. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. Management believes it will be able to raise equity capital as required in the long term, but recognizes there will be risks involved that may be beyond their control. The annual and interim financial statements do not include any adjustments to the

recoverability and classification of reduced asset amounts and classification of liabilities that might be necessary should the Company be unable to continue operations. These adjustments could be material. The Company is not subject to material externally-imposed capital constraints.

The following is a summary of the use of financing during the six months ending September 30, 2016:

Private placements	Cash Proceeds	Proposed Usage	Actual Usage	
		Working Capital	Ongoing Exploration Activities	Working Capital
April 29, 2016	\$ 240,442	\$ 240,442	\$ 52,396	\$ 188,046
July 27, 2016	\$ 316,517	\$ 316,517	\$ 15,384	\$ 301,133
	\$ 556,959	\$ 240,442	\$ 67,780	\$ 489,179

#### **OFF-BALANCE SHEET ARRANGEMENTS**

The Company does not have any off-balance sheet arrangements.

#### **RELATED PARTY TRANSACTIONS**

The Company entered the following transactions with related parties during the six months ended September 30, 2016:

- a) Consulting fees paid or accrued to current CEO of \$7,500 compared to \$60,500 for the six months ended September 30, 2015.
- b) Consulting fees paid or accrued to Chairman and past CEO of \$7,500 compared to \$90,000 for the six months ended September 30, 2015.
- c) Consulting fees paid or accrued to CFO of \$16,500 compared to \$15,000 for the six months ended September 30, 2015.

Balances due to related parties of \$107,425 (March 31, 2016 - \$89,700) represent amounts owing to officers and directors and companies owned by officers and directors. Balances due to related parties are non-interest bearing, are due on demand and bear no specific terms of repayment.

## **CRITICAL ACCOUNTING ESTIMATES**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the year. Significant areas requiring the use of management estimates relate to determination of stock-based compensation, impairment of assets, and future income taxes. Actual results could differ from these estimates.

## **FUTURE ACCOUNTING CHANGES**

The Company adopts new pronouncements relating to generally accepted accounting principles applicable to the Company as they are issued, which may be in advance of their effective date. Management does not believe that any recently issued but not yet effective accounting standards, if currently adopted, would have a material effect on the accompanying financial statements.

## **FINANCIAL INSTRUMENTS**

The Company's financial instruments include cash and cash equivalents, accounts payable and accrued liabilities and amounts payable to related parties. Cash and cash equivalents are classified as financial assets at fair value through profit and loss ("FVTPL") and carried at fair value, receivables and are carried at their amortized costs. Accounts payable and accrued liabilities and amounts payable to related parties are classified as other financial liabilities and are carried at their amortized cost.

The carrying value of the Company's financial assets and liabilities approximates their fair value due to the relatively short periods to maturity of these investments. Fair value estimates are made at a specific point in time based on relevant market information and information about financial instruments. These estimates are subjective and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Financial instruments measured at fair value are classified into one of the three levels in the fair value hierarchy per the relative reliability of the inputs used 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.

Cash and cash equivalents is measured at fair value using level 1 inputs.



The Company's financial instruments and risk exposures are summarized below.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to fulfill an obligation and cause the other party to incur a financial loss. The Company's cash and cash equivalents are exposed to credit risk. The Company has assessed the credit risk on its cash and cash equivalents as low as its funds are held in highly rated Canadian financial institutions. As at September 30, 2016, \$56,167 cash and cash equivalents were over the federally insured limit (September 30, 2015 – \$245,201).

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 manages liquidity by maintaining adequate cash balances and by raising equity financing. The Company has no assurance that such financing will be available on favourable terms. The Company believes it is subject to liquidity risk through its working capital. In general, the Company attempts to avoid exposure to liquidity risk by obtaining corporate financing through the issuance of common shares. As at September 30, 2016, the Company had cash and cash equivalents of \$152,127 to settle accounts payable of \$280,456 which fall due for payment within twelve months of the balance sheet date. All the Company's contractual obligations are current and due within one year.

Foreign exchange rate risk

Foreign exchange risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company has material transactions designated in a foreign currency. However, the foreign currency has been very stable when compared to the Canadian dollar and therefore management considers the foreign exchange risk to be minimal.

At September 30, 2016, approximately \$15,000 cash and cash equivalents were denominated in U.S. dollars. A 10% variation in the U.S. dollar would result in an impact of approximately \$1,500 on net income.

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 the market interest rates. The Company's cash and cash equivalents are currently held in cash and therefore management considers the interest rate risk to be minimal.

## OUTSTANDING SHARE DATA

The Company had the following common shares, stock options and warrants outstanding as at the date of this report:

Issued and Outstanding Common shares	90,096,812
Stock options	5,111,000
Warrants	39,518,125
	<hr/> 134,725,937 <hr/>

## RISK AND UNCERTAINTIES

The Company is in the business of acquiring and exploring natural mineral properties. Due to the nature of the Company's proposed business and the present stage of exploration of its mineral property, which is at very early stages of exploration, the following risk factors, amongst others, apply:

### Negative Operating Cash Flow

Since inception, the Company has had negative operating cash flow. The Company has incurred losses since its inception. The losses and negative operating cash flow are expected to continue for the foreseeable future as funds are expended on the exploration program on the Properties and administrative costs. The Company cannot predict when it will reach positive operating cash flow.

### Mining Industry

The Company is engaged in the exploration for and development of mineral deposits. These activities involve significant risks which careful evaluation, experience and knowledge may not, in some cases, eliminate. The commercial viability of any mineral deposit depends on many factors not all of which are within the control of management. Some of the factors that affect the financial viability of a given mineral deposit include its size, grade and proximity to infrastructure, government regulation, taxes, royalties, land tenure, land use, environmental protection and reclamation and closure obligations, have an impact on the economic viability of a mineral deposit.

### Equity Market Risk

The Company raises money in the equity markets which can fluctuate significantly. If the appetite for equity financing is curtailed it may be difficult or impossible to raise additional equity. This could have a negative effect on the Company and its ability to operate. These factors are beyond the control of management.

### Reliance on Management

The Company relies on its management to execute its business plan. If members of the management team should become unavailable for any reason the Company could experience difficulties in executing its plans.

### Title

There is no guarantee that title to properties in which Company has a material interest will not be challenged or impugned. The Company's mineral property interests may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by undetected defects. Before several claims under option can be recorded in Company's name, the underlying title holder must assign title to the Company once the Company satisfies its option agreement obligations. There are no assurances that the underlying title holder will assign title.

## **FORWARD LOOKING STATEMENTS**

This MD&A contains certain forward-looking information and statements. These forward-looking statements are based on current expectations and various estimates, factors and assumptions as at the date of this MD&A. The words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential", "interprets", "may", "will" and similar expressions identify forward-looking statements. Information concerning the interpretation of drill results may also be considered a forward-looking statement; as such information constitutes a prediction of what mineralization might be found to be present when a project is developed. The forward-looking statements reflect the current beliefs of the management of the Company, and are based on currently available information. Readers are cautioned not to place undue reliance on these statements as they are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Company to differ materially from those expressed in, or implied by, such forward-looking statements. The Company assumes no obligation to update or revise any forward-looking statement, whether because of new information, future events or any other reason.

## **EFFECTIVENESS OF DISCLOSURE CONTROLS**

The Chief Financial Officer and Chief Executive Officer have evaluated the effectiveness of the Company's disclosure controls as of March 31, 2016. They have concluded that the Company's disclosure controls and procedures provide reasonable assurance that material information relating to the Company would be made known to them by others within the Company, particularly during the period during which this report was being made.

## **ADDITIONAL INFORMATION**

Additional information concerning the Company and its operations is available on SEDAR at [www.sedar.com](http://www.sedar.com). Additional financial information concerning the Company is provided in its audited comparative financial statements and management's discussion and analysis for the Company's most recently completed financial year. Copies of this information are available by

contacting the Company at its offices located at Suite 210 - 905 West Pender Street, Vancouver, BC, V6C 1L6; phone 604-641-4450 or 604-682-2928; fax 1-855-557-4622 or 604-685-6905.