

PRECIPITATE GOLD CORP.
Management Discussion and Analysis (“MD&A”)
for the three months ended February 29, 2016

The following discussion and analysis of the operations, results, and financial position of Precipitate Gold Corp. (“the Company”) for the three months ended February 29, 2016, should be read in conjunction with the Company’s unaudited financial statements and related notes for the three months ended February 29, 2016, audited financial statements and related notes for the year ended November 30, 2015 which have been prepared in accordance with International Financial Reporting Standards. The effective date of this report is April 29, 2016. All figures are presented in Canadian dollars, unless otherwise indicated.

COMPANY OVERVIEW

The Company was incorporated pursuant to the provisions of the *Business Corporations Act* of British Columbia on January 31, 2011. On May 24, 2012, the Company completed an initial public offering (“IPO”) on the TSX Venture Exchange (“TSX-V”) and commenced trading under the symbol PRG. The Company is in the business of exploration, development and exploitation of mineral resources in Canada and the Dominican Republic, with the primary objective to explore mineral properties to a stage where they can be developed profitably or sold to a third party.

The Company is a Vancouver, British Columbia Canada based company primarily focused on gold and base metal exploration in the Dominican Republic. The Company’s Dominican Republic based “Juan de Herrera Project” is currently comprised of eight contiguous concessions covering about 12,746 hectares directly adjoining the “Tireo Gold Trend” holdings of GoldQuest Mining Corp on the south and west sides. The Juan de Herrera Project is located within the prospective Tireo Gold Trend in west-central Dominican Republic. The Tireo Gold Trend runs northwest-southeast extending though the Dominican-Haitian border and is underlain by precious and base metal enriched Cretaceous age Tireo formation volcanic and sedimentary rocks.

MINERAL PROPERTIES

The Company is investigating, evaluating and conducting exploration activities in the Dominican Republic and also holds mineral tenures in British Columbia and Yukon Territory, Canada. The Company’s mineral property interests are as follows.

a) Juan de Herrera Project, Dominican Republic

On September 28, 2012 Precipitate entered into a share purchase option agreement with 0945044 B.C. Ltd (a British Columbia registered company) to acquire 100% of the Juan de Herrera, the Higos Blancos and the later added Los Pinalitos concessions. The Higos Blancos concession application has been cancelled and is no longer included in the agreement. The agreement has seen three revisions dated October 10, 2012, October 08, 2013 and January 04, 2016. To maintain its 100% right, title and interest in 0945044 B.C., the Company must complete the following cash payments, exploration expenditures and share issuances based on the Juan de Herrera concession Grant Date of December 13, 2013.

Initial cash payment purchase price of \$60,000 (paid).

Cash payments totalling \$240,000 as follows:

- \$90,000 on or before December 13, 2014 (paid);
- \$75,000 on or before December 13, 2015; (paid) and
- \$75,000 on or before December 13, 2016.

Incur exploration expenditures totalling \$1,000,000 as follows: (complete)

- \$250,000 on or before December 13, 2014 (incurred);
- \$300,000 on or before December 13, 2015 (incurred); and
- \$450,000 on or before December 13, 2016 (incurred).

Issue a total of 3,000,000 Precipitate common shares as follows:

- 1,000,000 common shares on or 5 days after December 13, 2014 (issued);
- 1,000,000 common shares on or before December 13, 2015; (issued) and
- 1,000,000 common shares on or before December 13, 2016.

Issue Precipitate common shares having a value of \$150,000 based on the weighted average trading price of Precipitate shares during the 10 trading days immediately prior to 0945044 B.C giving notice of election to be issued such shares (minimum price of \$0.055 per share). Such notice must be received by Precipitate no sooner than July 31, 2016 and no later than December 13, 2016.

To date, Precipitate has paid 0945044 B.C a total of \$225,000, issued 2 million common shares and incurred more than \$1.0 million in exploration expenditures.

An Area of Mutual Interest, in favour of 0945044 B.C, extends one kilometre from the outer concession boundaries of the granted Juan de Herrera and Los Pinalitos concessions and is established for the term of the agreement and for an additional period of five years thereafter. The Juan de Herrera and Los Pinalitos concessions, as well as the encompassing one kilometer area of mutual interest, are subject to a 3% net smelter royalty ("NSR") payable to 0945044 B.C from any base and precious metal commercial production. The Company can purchase 50% of the NSR for \$2,000,000.

b) Artur Concession, Dominican Republic

In January 2015, the Company, via its wholly owned Dominican Republic subsidiary, Precipitate Dominicana SRL, submitted an application for the Artur exploration concession as a standalone and 100% owned property in the Pueblo Viejo district. In middle January 2016, the Company announced it had been granted the Artur concession (220 hectares) located about four kilometres east-southeast of the Gold Corp - Barrick Gold operating Pueblo Viejo gold-silver mine.

c) Reef Property, Yukon

The Company's road accessible Reef Property is located in southeast Yukon Territory and is positioned in the northern portion of the Upper Hyland Gold Trend; an area which is underlain by gold prospective sedimentary rocks of the NeoProterozoic to middle Cambrian aged Selwyn Basin. During the year ended November 30, 2015, due to a reallocation of exploration budgets, the Company has elected not to continue exploration on the Reef Property. Therefore, total acquisition costs of \$2,431,491 were written down to \$Nil. Reef Property claims remain 100% controlled by the Company and are in good standing until 2021.

d) Gemini Property, British Columbia

Precipitate's 100% owned Gemini Gold property, located in British Columbia, was staked by the company in 2011. During the year ended November 30, 2015, due to a reallocation of exploration budgets, the Company elected not to continue exploration on the Gemini property. Staking costs of \$12,225 relating to the Gemini property were written off. The Gemini Property tenure remains 100% controlled by the Company and is in good standing until March 2017.

OPERATIONS UPDATE

Juan de Herrera Property, Dominican Republic

Since announcing the Dominican Republic property acquisition in August 2012, the Company has completed multiple phases of regional and local scale exploration work on its Juan de Herrera Project. Exploration programs have dominantly focused on the Ginger Ridge and Melchor gold zones. Both zones are located within the Juan de Herrera concession which was fully granted in December 2013, permitting the Company to initiate high level exploration. The Juan de Herrera Project includes eight contiguous concessions covering about 12,746 hectares. As of April 2016, seven of Precipitate's concessions are fully granted (98% of the total Juan de Herrera Project land area) with a single remaining concession in the final stage of the application process.

The Juan de Herrera Project is located within the prospective "Tireo Gold Trend" of west-central Dominican Republic. The gold trend is underlain by Tireo Formation precious and base metal enriched volcanic and sedimentary rocks which trend in a northwest-southeast direction through Haiti and Dominican Republic for an estimated distance of 290 km and is up to 40 km wide.

Exploration completed at the priority Ginger Ridge Zone includes geological mapping, rock sampling, gridded soil sampling, trenching, two phases of induced polarization ('IP') geophysical surveying (ten grid lines, totalling 10 line kilometres), and a maiden phase of diamond drilling consisting of six-holes, totalling 1,193 metres. See the Company's September 23, 2014 news release for more drill program related details and the January 07, 2015 news release for more phase two IP geophysical results. In early 2015, the Company announced the results of a ground magnetics survey (totalling about 13 line km) and a rock sampling survey.

Ginger Ridge Zone highlight Phase 1 drill results*

- Drill Hole 5 - Multiple gold-rich intervals, including:
 - 13.4 g/t gold over 5.0 metres; within
 - 5.0 g/t gold over 16.0 metres; within
 - 4.5 g/t gold over 18.0 metres
 - Near surface interval containing 0.62 g/t gold and 0.12% copper over 21.15 metres.
 - 98.1 metre interval of strongly disseminated, semi-massive to massive sulphide (dominantly pyrite).
- Affinities to a volcanogenic massive sulphide ('VMS') type deposit model.
- Combined phases of IP geophysics have defined an estimated 1,000 metre long, near surface gold exploration target zone; indicated by a strong linear chargeability anomaly and coincident surface rock-soil geochemical anomalies.

*Note: (i) Hole 5 intervals reflects measured core length, as true widths are unknown;
(ii) Hole 5 gold values are uncut.

The IP geophysical surveys (phases 1 and 2) map sulphide (dominantly pyrite) hosted mineralization, major rock types and structures well. From grid line 2 to 18, the main high chargeability anomaly is more than 1.6 kilometres long, with elevated chargeability readings starting at bedrock surface on lines 6, 8, 10 and 12 (up to 13.5mV/V on line 8). Readings on the north and south survey lines project the chargeability anomaly deeper to the northwest and also to the southeast, each with a reduced relative strength of up to 4.5 to 5.5 mV/V.

Late 2014 Ginger Ridge Diamond Drill Result Summary Table

Hole	From (m)	To (m)	Interval (m)	Gold (g/t)	Other
1	No significant values				
2-4	Weak gold values over wide intervals with anomalous Ag, As, Zn, Cu and Pb				
5	25.00	46.15	21.15	0.62	3.9 g/t Ag, 0.12% Cu, anomalous Pb
including	38.00	46.15	8.15	0.87	2.7 g/t Ag, 0.16% Cu, anomalous Pb
	84.00	102.00	18.00	4.54	0.6 g/t Ag, anomalous Cu & Zn
including	86.00	102.00	16.00	5.05	0.5 g/t Ag, anomalous Cu & Zn
including	88.00	93.00	5.00	13.37	0.7 g/t Ag, anomalous Zn & Cu
6	47.24	50.29	3.05	0.55	3.4 g/t Ag, 0.11% Zn, anomalous Cu
	80.00	87.00	7.00	0.41	anomalous Cu & Ag

Note: (i) Interval reflects measured core length, as true widths are currently unknown;

(ii) Gold values in Hole 5 are uncut.

(iii) Ag=silver, Zn=zinc, Pb=lead, Cu=copper, As=arsenic

The Company's future Ginger Ridge Zone exploration will focus on extending the gold mineralization discovered in Hole 5 by drill testing to the northwest and southeast.

In September of 2015 the Company announced results of an airborne geophysical magnetic survey carried out over prospective Tireo formation volcanic rocks within the central and east portions of the Juan de Herrera land package. The airborne geophysical survey successfully identified multiple new magnetic anomalies and trends with similar magnetic signatures to those found at numerous known mineralized zones within the Company's project and throughout the Tireo volcanic belt. Several of these newly identified anomalies and trends compare favorably to known mineralized areas in the volcanic belt and/or underlie areas where prior reconnaissance sampling returned anomalous gold values. As such, these prospective new anomalies warrant follow-up exploration and are currently being assessed and prioritized for future exploration.

Also in September of 2015, the Company announced it had reached a data sharing and collaboration agreement with GoldQuest Mining Corp. whereby the Companies will share select Tireo belt exploration data in a collaborative effort to assist and accelerate each Company's search for new gold discoveries in the Dominican Republic's Tireo volcanic belt. The Companies have combined select Tireo Gold Camp exploration databases, including airborne and surface geophysical surveys, geology and alteration mapping, and drill and surface sampling results. This collaboration represents the first cohesive dataset for the highly prospective Tireo Gold belt.

In March 2016, the Company commenced a property wide exploration program, following up on targets derived from the integrated Precipitate and GoldQuest Mining satellite, geochemical and magnetic geophysical Tireo Gold Trend database. During the one-month long program, field crews focused on areas evidencing compelling gold or copper values identified in previously collected stream sediment or rock grab samples gathered in areas underlain by magnetic anomalies, all within the favoured Tireo volcanic rock units

Operations - Going Forward

The Company's current exploration work is focussed on its Juan de Herrera property of the Dominican Republic. The Company plans to conduct additional technical reviews and follow up field work of multiple geochemical (rock, sediment and soil) and airborne geophysical anomalies throughout the property area, with the goal of identifying new target areas to compliment the priority Ginger Ridge Zone. At the Ginger

Ridge Zone, combined mapping, geochemical sampling, IP & magnetics geophysics and a first phase drill program have delineated an estimated 1,000 metre long gold exploration target area. Future work at Ginger Ridge will include a second phase diamond drill program with a focus on extending the gold mineralization discovered in Hole 5 by drill testing on trend to the northwest and southeast. A phase two drill program of 8-10 holes totalling about 2,200 metres is contemplated.

Qualified Person

The technical information regarding the Company's mineral property contained in this MD&A has been reviewed by Michael Moore (P. Geo.) Mr. Moore is a Qualified Person ("QP") as defined in the "Canadian Institute of Mining, Metallurgy and Petroleum, CIM standards on Mineral Resources and Reserves" and NI 43-101.

SELECTED ANNUAL INFORMATION

	As at and year ended November 30, 2015	As at and year ended November 30, 2014	As at and year ended November 30, 2013
	\$	\$	\$
Revenue	Nil	Nil	Nil
Loss for the year	3,239,351	1,402,155	1,506,580
Loss per common share, basic and diluted	0.08	0.04	0.06
Weighted Average number of common shares outstanding	39,573,185	32,474,891	27,285,591
Statement of Financial Position Data			
Working capital	922,980	839,578	799,099
Total assets	1,334,918	3,434,894	3,476,198

SUMMARY OF QUARTERLY RESULTS

The following is a summary of the Company's quarterly results for the last eight quarters:

	Feb 29, 2016	Nov 30, 2015	Aug 31, 2015	May 31, 2015	Feb 28, 2015	Nov 30, 2014	Aug 31, 2014	May 31, 2014
Expenses	\$139,374	\$163,572	\$185,553	\$154,443	\$293,962	\$266,737	\$587,802	\$281,118
Loss for the period	\$137,933	\$2,607,288	\$185,553	\$153,768	\$292,742	\$332,128	\$590,561	\$280,403
Weighted average shares outstanding	51,987,668	39,573,185	36,204,270	39,051,658	38,473,880	32,474,891	35,816,158	29,240,724
Loss per share	\$0.00	\$0.07	\$0.01	\$0.00	\$0.01	\$0.01	\$0.02	\$0.01
Mineral property acquisition costs	\$155,000	-	-	-	\$250,000	-	\$1,303	-
Mineral property interest write-off	-	\$2,443,716	-	-	-	\$67,188	\$5,800	\$993
Mineral property exploration costs	\$70,393	\$58,531	\$116,300	\$52,676	\$175,526	\$137,742	\$475,854	\$161,983

The Company's operating losses are due to mineral exploration, share-based compensation and general and administrative costs, such as audit and accounting fees, marketing, conferences and shareholder relation costs, salaries and wages, and office and administrative expenses incurred during the process of managing the Company's operations and to ensure regulatory compliance and can vary from quarter to quarter based on planned exploration activities, resource constraints, and share-based compensation.

DISCLOSURE OF OUTSTANDING SHARE DATA

As of the date of this MD&A, the Company had 52,515,141 shares outstanding. The following table summarizes maximum number of common shares outstanding as at February 29, 2016 and as of the date of this MD&A if all outstanding options were converted to shares:

	February 29, 2016	As of the date of this MD&A
Common shares	52,515,141	52,515,141
Share purchase warrants	21,482,446	21,482,446
Options to purchase common shares	3,910,000	3,910,000
	77,907,587	77,907,587

Escrow Shares

Pursuant to an escrow agreement dated February 1, 2012, 2,665,000 common shares were placed in escrow. 10% of the escrowed shares (266,500 shares) were released from escrow upon completion of the IPO on May 24, 2012, and 15% of the shares are released from escrow every 6 months thereafter. As of February 29, 2016 and the date of this report, all the common shares were released from escrow.

Pursuant to an escrow agreement dated May 24, 2012, 3,846,367 Strategic Shares were placed in escrow ("Strategic Escrowed Shares"). 10% of the Strategic Escrowed Shares (384,637 shares) were

released from escrow upon completion of the IPO, and 15% of the shares are released from escrow every 6 months thereafter. As of February 29, 2016 and the date of this report, all the shares were released from escrow.

RESULTS OF OPERATIONS

Three months ended February 29, 2016 (“Q1 2016”) compared to three months ended February 28, 2015 (“Q1 2015”)

The loss for the quarter ended February 29, 2016 was \$137,933 compared to \$292,742 for the quarter ended February 28, 2015. The decrease in net loss is mainly due to an increase in exploration and evaluation costs, investor relations, and marketing, conferences and shareholder, offset by a decrease in property investigation costs. Major variances are explained as follows:

- Directors’ fees decreased from \$12,000 in Q1 2015 to \$Nil in Q1 2016. The decrease in fees was due to the fact that the Company stopped paying directors’ fees effective July 1, 2015 in efforts to conserve cash;
- Exploration and evaluation costs of \$70,393 were incurred on the Company’s properties during Q1 2016 compared to \$175,526 in Q1 2015. Most of the costs incurred in Q1 2016 were consulting, geological and office expenses relating to the Juan de Herrera property. The decrease in costs from Q1 2015 to Q1 2016 was due to the fact that there were more exploration activities in Q1 2015 in the Dominica Republic compared with Q1 2016;
- Investor relations costs of \$2,193 were incurred during Q1 2016 for efforts on raising awareness among retail and institutional investors, compared to \$10,610 in Q1 2015. The Company decreased investor relation activities in efforts to conserve cash;
- Marketing, conferences and shareholder relations costs of \$1,114 were incurred during Q1 2016 for management’s attendance at mining conferences and for marketing consulting, compared to \$19,583 in Q1 2015. The decrease in costs was due to less conferences attended during Q1 2016 as compared with Q1 2015; and
- Office and administrative costs of \$5,010 were incurred during Q1 2016 compared with \$13,015 incurred during Q1 2015. The decrease in costs was due to a decrease in office supplies purchased and administrative personnel used.

LIQUIDITY AND CAPITAL RESOURCES

The Company’s ability to meet its obligations and its ability to finance exploration and development activities depends on its ability to raise cash through the issuance of common shares pursuant to private placements, the exercise of warrants and stock options. Capital markets may not always be receptive to offerings of new equity from treasury or debt, whether by way of private placements or public offerings. This may be further complicated by the limited liquidity for the Company’s shares, restricting access to some institutional investors. The Company’s growth and success is dependent on additional external sources of financing which may not be available on acceptable terms, particularly in the current economic environment that is unfavourable to exploration companies.

Working Capital

As of February 29, 2016, the Company's working capital was \$782,958, compared to working capital of \$922,980 as of November 30, 2015. The \$140,022 decrease in working capital is mainly due to spending of \$70,393 on exploration and evaluation costs, \$75,000 on mineral property acquisition and \$67,540 on general and administrative expenses.

Cash

On February 29, 2016, the Company had \$808,979 of cash, compared with \$957,855 of cash on November 30, 2015. The \$148,876 decrease in the cash position is mainly due to spending \$144,367 on operating activities and \$75,000 on mineral property acquisition, offset by receiving \$70,491 of net proceeds from a private placement.

Cash Used in Operating Activities

Cash used in the operating activities during the three months ended February 29, 2016 was \$144,367. Funds were used mostly on exploration and evaluation, office and administrative, transfer agent and filing fees, and salaries and wages. Cash used in the operating activities during the three months ended February 28, 2015 was \$258,181. Funds were used mostly on exploration and evaluation, investor relations, marketing conferences and shareholder relations, office and administrative, and salaries and wages.

Cash Used in Investing Activities

During the three months ended February 29, 2016, the Company spent \$75,000 on mineral acquisition costs in relation to the Juan de Herrera property. During the three months ended February 28, 2015, the Company spent \$90,000 on mineral acquisition costs in relation to the Juan de Herrera property.

Cash Generated by Financing Activities

During the three months ended February 29, 2016, the Company received proceeds of \$80,000 from a private placement and spent \$9,509 of costs associated with the private placement. There were no financing activities during the three months ended February 28, 2015.

Requirement of Additional Equity Financing

The Company relies primarily on equity financing for all funds raised to date for its operations. The Company needs further funds to finance its exploration and development programs and its ongoing operating costs. The Company has raised \$1,019,618 of gross funds from private placements that closed on June 23, 2015, November 26, 2015 and December 10, 2015. Until the Company has profitable operations from the extraction of minerals and precious metals, the Company intends to continue relying upon the issuance of securities to finance its operations and acquisitions.

GOING CONCERN

The recoverability of amounts shown as mineral property interests is dependent upon the discovery of economically recoverable reserves, the Company's ability to obtain financing to develop the properties and the ultimate realization of profits through future production or sale of the properties. Realized values may be substantially different than carrying values as recorded in these financial statements.

The Company's consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to continue its operation as a going concern for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. At February 29, 2016, the Company had not achieved profitable operations and had an accumulated deficit. These material uncertainties may cast significant doubt about the Company's ability

to continue as a going concern. The Company's consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

Although the Company has been successful in the past in obtaining financing, there can be no assurances that the Company will continue to obtain the additional financial resources necessary and/or achieve profitability or positive cash flows from its future operations. If the Company is unable to obtain adequate additional financing, the Company would be required to curtail its planned operations, exploration and development activities.

TRANSACTIONS WITH RELATED PARTIES

Key management personnel consist of directors and senior management including the President, Chief Executive Officer and Vice President of Exploration and Chief Financial Officer. Key management personnel compensation includes:

Name of related party	Nature of transactions	Three months ended February 29	
		2016	2015
Jeffrey Wilson	Salaries and wages	\$ 38,750	\$ 34,750
Michael Moore	Geological consulting	28,125	33,750
CDM Capital Partners	Accounting and office and administration expense	10,500	10,500
CDM Capital Partners	Directors' fees	-	3,000
Quinton Hennigh	Directors' fees	-	3,000
Adrian Fleming	Directors' fees	-	3,000
GRF Consulting Corp.	Directors' fees	-	3,000
Total		\$ 77,375	\$ 91,000

Total fair value of the share-based payments made to directors and officers is \$nil (2015 - \$6,043) for the year ended September 30, 2015.

The accounts payable and accrued liabilities of the Company include the following amounts due to related parties:

	February 29, 2016	November 30, 2015
Key management personnel	\$ 11,813*	\$ -

*paid subsequent to February 29, 2016

PLAN OF OPERATIONS AND FUNDING

The Company's plan of operations for the next twelve months is as follows:

- Juan de Herrera property-wide follow up of multiple geochemical (rock, sediment and soil) and airborne geophysical anomalies throughout the property area, with the goal of identifying new target areas to compliment the priority Ginger Ridge Zone. Follow up exploration work may include any combination of detailed surface geochemical sampling, geological mapping, hand trenching, induced polarization and magnetic geophysical surveying;
- Compilation and evaluation of the Tireo Gold Trend regional data set established by data sharing and collaboration agreement between the Company and GoldQuest Mining;
- At Ginger Ridge zone future work may include a second phase diamond drill program focussed on extending the gold-enriched quartz-sulphide mineralization which correlates with high chargeability IP geophysical targets discovered in Hole 5 by drill testing on trend to the northwest

and southeast. A phase two drill program of 8-10 holes totalling about 2,200 metres is contemplated;

- Continue the evaluation and assessment of other prospective mineral exploration projects in geologically and geopolitically attractive jurisdiction, as opportunities are presented to the Company; and
- Monitor and evaluate capital markets for possible equity financing opportunities attainable under favourable terms to finance the Company's on-going operations and exploration activities.

FINANCIAL INSTRUMENTS

Financial Assets

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired. Management determines the classification of its financial assets at initial recognition. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities of greater than 12 months after the end of the reporting period, which are classified as non-current assets. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated by taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Financial Assets at Fair Value Through Profit or Loss

An instrument is classified at fair value through profit or loss if it is held for trading. Financial instruments are designated at fair value through profit or loss if the Company manages such investments and makes purchases and sale decisions based on their fair value in accordance with the Company's risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss. The Company has not designated any accounts as fair value through profit or loss.

Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period. Subsequent to initial recognition, available-for-sale financial assets are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale equity instruments, are recognized in other comprehensive income and presented within equity in the fair value reserve. When an instrument is derecognized, the cumulative gain or loss in other comprehensive income is transferred to profit or loss. The Company has not designated any financial assets as available-for-sale.

Financial Liabilities

Financial liabilities other than derivative liabilities are recognized initially at fair value and are subsequently stated at amortized cost. Transaction costs on financial assets and liabilities other than those classified as fair value through profit and loss are treated as part of the carrying value of the asset or liability. Transaction costs for assets and liabilities at fair value through profit and loss are expensed as incurred.

Impairment of Financial Assets

The Company assesses at the end of each reporting date whether there are indicators of impairment present for financial assets other than financial assets valued through profit and loss. A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

An impairment loss in respect of a financial asset carried at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted using the instrument's original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value. In the case of equity instruments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset that was previously recognized in profit or loss, is removed from equity and recognized in profit or loss.

All impairment losses are recognized in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

The fair value of cash, and accounts payables and accrued liabilities approximates their carrying value due to their short-term maturity.

The Company is exposed to potential loss from various risks including credit risk, liquidity risk, interest rate risk, political risk and foreign currency fluctuation risk. These risks are described in more detail in the Risk and Uncertainties section of this MD&A.

RISK AND UNCERTAINTIES

The exploration and development of mineral properties are highly speculative activities and are subject to significant risks, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in size to return a profit from production. The Company's ability to realize on its investments in exploration projects is dependent upon a number of factors: management's ability to continue to raise the financing necessary to complete the exploration and development of those projects and the existence of economically-recoverable reserves within the projects.

At the present time the Company does not hold any interest in a mining property in commercial production. The Company has incurred net losses since inception, and has limited financial resources and no positive mineral operating cash flow. No assurance can be given that additional funding will be available for further exploration and development of the Company's projects or to fulfill the Company's obligations under any applicable agreements. Other risks and uncertainties include:

Competitive industry

Mining industry is intensely competitive and the Company will compete with other companies that have far greater resources.

Exploration risks

Mineral exploration is highly speculative in nature. The Company's exploration projects involve many risks, and success in exploration is dependent upon a number of factors including, but not limited to, quality of management, quality and availability of geological expertise and availability of exploration capital. The Company cannot give any assurance that its future exploration efforts will result in the discovery of mineral resources or mineral reserves.

Foreign Countries and Political Risk

Two of the resources assets held by the Company are located in the Dominican Republic and Mexico where mineral exploration and mining activities may be affected in varying degrees by political instability, expropriation of property and changes in government regulations such as tax laws, business laws, environmental laws and mining laws, affecting the Company's business in that country. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may adversely affect its business, or if significant enough, may make it impossible to continue to operate in the country. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, foreign exchange restrictions, export controls, income taxes, expropriation of property, environmental legislation and mine safety.

Fluctuating metal and share prices

Factors beyond the control of the Company may affect the marketability of precious any other metals or minerals discovered. Commodity prices fluctuate widely and are affected by numerous factors beyond the Company's control whose effect cannot accurately be predicted.

In recent years, the securities markets in the United States and Canada have experience a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered exploratory and development stage companies, have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying assets values or prospects of such companies. There can be no assurance that continual and extreme fluctuations in price will not occur.

Ability to continue as a going concern

The financial statements of the Company for the year ended November 30, 2015 were prepared in accordance with IFRS on a going concern basis, which assumes the realization of assets and discharge of liabilities in the normal course of business. As noted in the "Liquidity and Capital Resources" section, there are number of conditions that raise substantive doubt about the Company's ability to continue as a going concern in the longer term.

The ability of the Company to continue as a going concern is dependent upon the existence of economically recoverable mineral reserves and the ability to raise adequate financing from lenders, shareholders and other investors to support such business activities. It is anticipated that the Company will rely on the equity markets in the upcoming fiscal year to meet its financing needs, including funding future exploration activity.

Given the current economic environment, there can be no assurance that such financing will be available to the Company on acceptable terms, or at all. Failure to continue as a going concern would require the Company's assets and liabilities to be presented on a liquidation basis, which would differ materially from the going concern basis.

The following are risks related to the Company's financial instruments:

(i) **Credit Risk** – Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and amounts receivable. Cash is held with a major Canadian financial institution and the receivables are from Government entities. Management is of the view that all amounts are fully collectible.

(ii) **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 currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. The Company's financial obligations are limited to accounts payable and accrued liabilities, all of which have contractual maturities of less than a year.

(iii) **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 Company has no interest-bearing debt. The Company's sensitivity to interest rates is minimal.

(iv) **Political Risk** – The Company has subsidiaries in the Dominican Republic, Mexico and the United States. These operations are potentially subject to a number of political, economic and other risks that may affect the Company's future operations and financial position.

(v) **Foreign Currency Fluctuation Risk** – The Company has vendors in Canada, the Dominican Republic and Mexico; therefore, the Company's operations are affected by the currency fluctuations in these jurisdictions.

SUBSEQUENT EVENT

On March 4, 2016 the Company granted 1,270,000 stock options to directors, officers, employees and consultants of the Company with an exercise price of \$0.12 per share until March 4, 2021.

CAPITAL MANAGEMENT

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of equity comprised of issued share capital, reserves and deficit.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as considered appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements.

OFF BALANCE SHEET ARRANGEMENTS

The Company does not have any off balance sheet arrangements.

RECENT ACCOUNTING PRONOUNCEMENTS

Recent Accounting Pronouncements not yet applied:

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC that are mandatory for future accounting periods. The Company has not early adopted

any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements.

IFRS 9 Financial Instruments ("IFRS 9") partially replaces IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective on or after January 1, 2018.

IFRS 7 Financial Instruments - Disclosure ("IFRS 7") has been amended to require additional disclosures on transition from IAS 39 to IFRS 9. IFRS 7 is effective on or after January 1, 2015.

IFRS 11 Accounting for Acquisitions of Interests in Joint Operations ("IFRS 11") has been amended to provide specific guidance on accounting for the acquisition of an interest in a joint operation that is a business. IFRS 11 is effective on or after January 1, 2016.

IFRS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortization ("IFRS 16 and IAS 38") have been amended to (i) clarify that the use of a revenue-based depreciation and amortization method is not appropriate, and (ii) provide a rebuttable presumption for intangible assets. IFRS 16 and IAS 38 are effective on or after January 1, 2016.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A may constitute forward-looking statements. These statements relate to future events or the Company's future performance. All statements, other than statements of historical fact, may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "propose", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by investors as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement.

In particular, this MD&A contains forward-looking statements, pertaining to the following: capital expenditure programs, development of resources, treatment under governmental regulatory and taxation regimes, expectations regarding the Company's ability to raise capital, expenditures to be made by the Company to meet certain work commitments, and work plans to be conducted by the Company.

With respect to forward-looking statements listed above and contained in this MD&A, the Company has made assumptions regarding, among other things: the legislative and regulatory environment, the impact of increasing competition, unpredictable changes to the market prices for minerals, that costs related to development of mineral properties will remain consistent with historical experiences, anticipated results of exploration activities, and the Company's ability to obtain additional financing on satisfactory terms.

The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth in this MD&A: volatility in the market prices of minerals, uncertainties associated with estimating resources, geological problems, technical problems, exploration problems, processing problems, liabilities and risks including environmental liabilities and risks inherent in the exploration and mining, fluctuations in currency and interest rates, incorrect assessments of the value of acquisitions, unanticipated results of exploration activities, competition for capital, competition for

acquisitions of reserves, competition for undeveloped lands, competition for skilled personnel, political risks and unpredictable weather conditions.

ADDITIONAL INFORMATION

For further detail, see the Company's interim financial statements for the three months ended February 29, 2016. Additional information about the Company can also be found on www.sedar.com.

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Michael Moore (Vice President, Exploration)
Vivien Chuang (Chief Financial Officer)
Adrian Fleming (Chairman of the Board, and Director)
Darryl Cardey (Director)
Quinton Hennigh (Director)
Gary Freeman (Director)
Alistair Waddell (Director)

Members of the Audit Committee

Gary Freeman (Chair)
Adrian Fleming
Darryl Cardey

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