

**VANGOLD RESOURCES LTD.**

**Management's Discussion & Analysis for the Year Ended  
December 31, 2016**

**Dated: April 28, 2017**

## VANGOLD RESOURCES LTD.

### MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")

Set out below is a review of the activities, results of operations and financial condition of Vangold Resources Ltd. (referred to herein together as the "Company" or "Vangold") for the year ended December 31, 2016. The following information should be read in conjunction with the audited financial statements and the notes thereto for the years ended December 31, 2016 and 2015. This MD&A is prepared as of April 28, 2017. **All dollar amounts are stated in Canadian Dollars unless otherwise stated.**

The Company is a reporting issuer in the Provinces of British Columbia and Alberta in Canada and is listed on the TSX Venture Exchange ("TSX.V") in Canada under the symbol VAN.

Additional information related to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

### Description of Business

Vangold is a mineral exploration company. The Company is engaged in the identification, acquisition, evaluation, and exploration of exploration and evaluation assets located in Canada and Mexico. The Company conducts business independently and through joint operating agreements.

### Overall Performance

**Corporate highlights of the Company's during the year ended December 31, 2016 and subsequent to the year end:**

- On April 8, 2016, the Company announced the resignation of Joseph Meagher as CFO and the re-appointment of Sandy Huntingford as CFO.
- On November 7, 2016, the Company consolidated its common shares on the basis of a one post-consolidated common share for every three pre-consolidated common shares. All share and per share amounts have been revised to reflect the consolidation.
- On April 27, 2017, the Company completed an acquisition of a 100% interest in the El Pinguico property, located in Guanajuato State, Mexico. Under the terms of the agreement, the Company paid consideration of USD\$100,000 and issued 5,000,000 common shares. The Company also issued 662,500 common shares as a finder's fee.

The vendors retain a 4% NSR and a 15% Net Profits Interest ("NPI") on minerals recovered from an existing stockpile of mineralized rock and a 3% NSR and 5% NPI on all newly mined mineralization. The Company may repurchase 1% (one-third) of the 3% NSR on all newly mined mineralization.

- On March 13, 2017, the Company settled \$253,911 in short-term debt and accounts payable through the issuance of 3,627,299 common shares at a price of \$0.07.
- On January 13, March 13 and April 24, 2017, the Company completed three tranches of a private placement of an aggregate of 10,000,000 units at \$0.05 per unit for gross proceeds of \$500,000. Each unit consists of one common share of the Company and one share purchase warrant exercisable at \$0.25 per share for a period of 36 months. The share purchase warrants are subject to accelerated expiry if, at any time after four months and one day after closing, the Company's shares trade at \$0.50 per share or more for ten consecutive trading days. The first tranche on January 13 consisted of 1,828,920 units; the second tranche on March 13 consisted of 4,671,080 units; and the final tranche consisted of 3,500,000 units. The Company paid aggregate finders fees of \$3,750 and issued 75,000 finder's warrants exercisable at \$0.25 per share until January 13, 2020, subject to accelerated expiry upon certain events.
- On March 13, 2017, the Company completed a second private placement by issuing 7,265,000 units at \$0.07 per unit for gross proceeds of \$508,550. Each unit consists of one common share of the Company and one share purchase warrant exercisable at \$0.25 per share for a period of 36 months. The share

purchase warrants are subject to accelerated expiry if, at any time after four months and one day after closing, the Company's shares trade at \$0.50 per share or more for ten consecutive trading days. The Company paid finders fees of \$13,405 and issued 191,500 finder's warrants exercisable at \$0.25 per share until March 13, 2020, subject to accelerated expiry upon certain events.

- On April 24, 2017, the Company completed a third private placement by issuing 5,555,556 units at \$0.09 per unit for gross proceeds of \$500,000. Each unit consists of one common share of the Company and one share purchase warrant exercisable at \$0.25 per share for a period of 36 months. The share purchase warrants are subject to accelerated expiry if, at any time after four months and one day after closing, the Company's shares trade at \$0.50 per share or more for ten consecutive trading days. The Company paid finders fees of \$10,500 and issued 116,667 finder's warrants exercisable at \$0.25 per share until April 24, 2020, subject to accelerated expiry upon certain events.

## Exploration and Evaluation Assets

### Mexico

#### *El Pinguico Mine, Guanajuato, Mx*

On December 16, 2016, the Company entered into an agreement, amended February 28, 2017, with Exploraciones Mineras Del Bajío SA de CV ("EMDB") to acquire a 100% interest in the historic El Pinguico mine property. The property consists of two mining concessions covering 71 hectares, located approximately 5km southeast of the City of Guanajuato in Guanajuato State, Mexico, and contains the high-grade El Pinguico-Carmen silver-gold mine. The property has a historic mine with 2 access adits, one is called El Pinguico Adit and the other called El Carmen Adit. The historic El Pinguico Mine is on strike with the Veta Madre (Mother Lode), and is located approximately 4.5 km from Endeavor Silver's El Cubo mine and 2.5 km from Mina Las Torres, Fresnillo. Inside the El Pinguico-Carmen mine, there is a large underground stockpile in the area of the El Pinguico vein, which has been there since the mine was closed at the time of the Mexican Revolution. The Guanajuato Mining District is mainly characterized by epithermal deposits associated with continental Tertiary acid volcanism (e.g., Querol et al., 1991). On the El Pinguico property, the most important historically productive vein has been the El Pinguico Vein, which produced silver and gold. The El Carmen-El Pinguico Vein is considered to be part of the top of the Veta Madre Vein system, the main vein in the historic Guanajuato Silver District, and the depth extent is still unknown. The mineralization in the Pinguico-Carmen mine, like those of the Guanajuato camp in general, consist of a mixture of native gold and silver, polybasite, pyargyrite, tetrahedrite, marcasite, sphalerite, galena, pyrite and chalcopyrite. The property has excellent access routes, communications, basic mining infrastructure and proximity to processing plants. EMDB has been conducting a geological assessment of the historic mine with the aim of bringing it back into production and liberating a stockpile of broken mineralized rock. The acquisition is at arm's length and was completed on April 27, 2017.

Under the terms of the agreement, the Company paid consideration of USD\$100,000 and issued 5,000,000 common shares. The Company also issued 662,500 common shares as a finder's fee.

The vendors retain a 4% NSR and a 15% Net Profits Interest ("NPI") on minerals recovered from an existing stockpile of mineralized rock and a 3% NSR and 5% NPI on all newly mined mineralization. The Company may repurchase 1% (one-third) of the 3% NSR on all newly mined mineralization for USD\$1,000,000.

### Canada

#### *Rossland Properties, Rossland, BC*

#### **South Belt**

Vangold holds a 50% interest in certain mineral claims within the historic Rossland gold camp in southeastern British Columbia.

The Company entered into an Option and Joint Venture Agreement with a private company, Rossland Resources Inc. ("RRI" or the "Optionee") that entitles RRI to earn a 100% interest in the property. RRI has fulfilled its commitments to earn a 50% interest. RRI has granted Vangold a 1.5% Net Smelter Royalty ("NSR") on the claims. It is understood that RRI can purchase the NSR granted to Vangold for a total of

\$1,500,000 at any time. RRI is operator of the project.

### ***Evening Star Property***

The Company owns a 100% interest in the surface rights and a 50% interest in the mineral rights comprising the Evening Star Property. The Evening Star is a former producing mine located in what is known as the North Belt. The property saw minor production from 1896 to 1907 and from 1932 to 1939. Total output was 57.6 Kilograms of gold, 21.5 kilograms of silver and 1276 kilograms of copper from 2859 tonnes of ore. Production was mainly from shallow surface workings following strong mineralized trend across the claim, representing the surface expression of a steeply dipping tabular or body near the contact of the Rosslund monzonite. The ore is crossed by several north-striking porphyritic syenite dykes which are probably Eocene. The Evening Star deposit is hosted by contact metamorphosed and hydrothermally altered Jurassic volcanic sediments.

Rosslund is BC's second largest gold producing camp in history, with over 3 million ounces of gold and 3.5 million ounces of silver produced between 1899 and 1928 from the Le Roi, Centre Star, Josie, War Eagle and other mines. The main producing properties were amalgamated by 1911 and provided the basis for the formation of the Consolidated Mining and Smelting Company, later Cominco, which was subsequently merged into Teck-Cominco Ltd.

On July 1, 2014, the Company issued a mortgage on the Evening Star Property in the amount of \$50,000. The mortgage is being held as collateral on part of the Company's short-term debt.

## **Significant Accounting Policies and Adoption of New and Amended IFRS Pronouncements**

The Company prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations as issued by the International Accounting Standards Board ("IASB"). The accounting policies and methods of application applied by the Company in preparing its audited financial statements for the year ended December 31, 2016 are the same as those applied in the Company's prior audited financial statements for the year ended December 31, 2015, except for those policies which have changed as a result of the adoption of new and amended IFRS pronouncements effective January 1, 2017. A detailed summary of all of the Company's significant accounting policies is included in Note 3 of its annual audited financial statements of the year ended December 31, 2016. The effects of the adoption of new and amended IFRS pronouncements are discussed below:

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for annual periods beginning on or after January 1, 2017, or later periods.

The following new standards, amendments and interpretations were not early adopted and will not have a material effect on the Company's future results and financial position:

- IFRS 9: New standard that replaced IAS 39 for classification and measurement, tentatively effective for annual periods beginning on or after January 1, 2018.
- Annual Improvements 2012 - 2014 Cycle: Revisions to IFRS 5, IFRS 7, IFRS 19 and IAS 24 for annual periods beginning on or after January 1, 2017.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

## **Critical Accounting Estimates and Judgments**

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Uncertainty about these judgments, estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the assets or liabilities in future years.

The information about significant areas of estimation uncertainty considered by management in preparing the financial statements are included in Note 4 of the financial statements for the year ended December 31, 2016.

## Selected Annual Financial Information

The table below sets forth selected financial data relating to the Company for the years ended December 31, 2016, 2015 and 2014.

Year Ended	December 31, 2016	December 31, 2015	December 31, 2014
Current assets	\$ 66,409	\$ 6,277	\$ 6,009
Exploration and evaluation assets	\$ 9,001	\$ 9,001	\$ 1
Oil and gas properties	\$ -	\$ -	\$ 1
Equipment, net	\$ -	\$ 7,104	\$ 8,880
Total assets	\$ 75,410	\$ 22,382	\$ 14,892
Liabilities	\$ 588,096	\$ 432,298	\$ 324,542
Total revenue	Nil	Nil	Nil
Net loss	\$ (146,732)	\$ (100,266)	\$ (387,661)
Comprehensive loss	\$ (152,770)	\$ (100,266)	\$ (904,629)
Basic and diluted loss per share	\$ (0.02)	\$ (0.01)	\$ (0.05)
Weighted Avg. shares	8,030,773	8,030,773	8,030,773

## Results of Operations

Vangold is in the exploration phase and its exploration and evaluation assets are in the early stages of exploration and none of the Company's properties are in production. Exploration and evaluation expenses and administrative expenses relating to the operation of the Company's business are being expensed as incurred. Consequently, the Company's net loss is not a meaningful indicator of its performance or potential.

The key performance driver for the Company is the acquisition and development of prospective exploration and evaluation assets. By acquiring and exploring projects of superior technical merit, the Company increases its chances of finding and developing an economic deposit.

At this time, the Company is not anticipating profit from operations. Until such time as the Company is able to realize profits from the production and marketing of commodities from its mineral interests, the Company will report an annual deficit and will rely on its ability to obtain equity or debt financing to fund on-going operations.

Additional financing is required for additional exploration and administration costs. Due to the inherent nature of the junior mineral exploration industry, the Company will have a continuous need to secure additional funds through the issuance of equity or debt in order to support its corporate and exploration activities, as well as its share of obligations relating to mineral properties.

### Year Ended December 31, 2016 compared to the year ended December 31, 2015

The net loss for year ended December 31, 2016 was \$146,732 or \$0.02 loss per share compared to the net loss of \$100,266 or \$0.01 loss per share for the year ended December 31, 2015, an increase of \$46,466. The comprehensive loss for the year ended December 31, 2016 was \$152,770 compared to the comprehensive loss of \$100,266 for the year ended December 31, 2015, an increase of \$52,504. The comprehensive loss consisted of general and administrative expenses of \$102,148 (2015 - \$80,257), General exploration of \$17,897 (2015 - \$nil) related to property evaluation costs prior to acquisition, Depreciation of \$1,066 (2015 -

\$1,776), Interest and accretion on short-term debt of \$25,621 (2015 - \$18,231) related to the loans received supported by the mortgage on the Evening Star property, and a loss on disposal of equipment of \$6,038 (2015 - \$nil).

Within general and administrative expenses:

- Management and consulting fees of \$57,000 (2015 - \$48,000) were higher due to consulting fees incurred for the fourth quarter of 2016, offset by a reduction in management fees as CFO fees were only charged in the first quarter of 2016;
- Professional fees of \$31,050 (2015 - \$15,300) increased due to more activity during the year; and
- Regulatory filing and transfer agent fees of \$11,819 (2015 - \$13,347) were lower due to less activity during the year.

### Three Months Ended December 31, 2016

During the three months ended December 31, 2016, the Company had a net loss of \$104,975 as compared to 2015 with a net loss of \$18,893. The majority of the loss consisted of \$73,227 in general and admin expenses (2015 - \$22,725) and \$17,897 of general exploration (2015 - \$nil). The majority of the increase in general and admin expenses related to consulting fees and legal fees incurred in the fourth quarter as activity in the Company began to pick up again.

## Summary of Quarterly Results

The following table summarizes selected financial data reported by the Company for the three months ended December 31, 2016 and the previous seven quarters in Canadian dollars.

	December 31, 2016 \$	September 30, 2016 \$	June 30, 2016 \$	March 31, 2016 \$	December 31, 2015 \$	September 30, 2015 \$	June 30, 2015 \$	March 31, 2015 \$
Net income (loss)	(98,937)	(14,424)	(14,379)	(18,992)	(18,893)	(19,928)	(40,361)	(21,084)
Comprehensive income (loss)	(104,975)	(14,424)	(14,379)	(18,992)	(18,893)	(19,928)	(40,361)	(21,084)
Basic and diluted income (loss) per share	(0.01)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Total assets	75,410	22,086	22,405	21,670	22,382	23,586	25,113	20,039
Exploration and evaluation assets	9,001	9,001	9,001	9,001	9,001	9,001	9,001	9,001
Oil and gas properties	-	-	-	-	-	1	1	1
Revenues	-	-	-	-	-	-	-	-
Equity (Deficiency)	(512,686)	(457,711)	(443,287)	(428,908)	(409,916)	(391,023)	(371,095)	(330,734)

## Liquidity and Capital Resources

### Going Concern

The financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its commitments, continue operations and realize its assets and discharge its liabilities in the normal course of business for the foreseeable future, there are events and conditions that cast significant doubt on the validity of that assumption. The Company has incurred losses since inception, has a working capital deficiency of \$512,687 (2015 - \$426,021) and has an accumulated deficit of \$43,673,851 at December 31, 2016 (2015 - \$43,521,081).

The Company will need to raise sufficient funds in order to finance ongoing exploration and development and

administrative expenses and to settle its liabilities, which may be settled by issuances of shares or other means. The Company has no assurance that such financing will be available or be available on favourable terms. Factors that could affect the availability of financing include the Company's performance, the state of international debt and equity markets, investor perceptions and expectations and the global financial and metals markets. These conditions cast significant doubt as to the Company's ability to continue as a going concern.

The financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

### Liquidity Outlook

Given volatility in equity markets, global uncertainty in economic conditions, cost pressures and results of exploration activities, management constantly reviews expenditures and exploration programs and equity markets such that the Company has sufficient liquidity to support its growth strategy.

The Company's cash position is highly dependent on the ability to raise cash through financings and the expenditures on its exploration programs.

As results of exploration programs are determined and other opportunities become available to the Company, management may complete an external financing as required.

At present, the Company's operations do not generate cash inflows and its financial success is dependent on management's ability to discover economically viable mineral deposits and proven reserves with respect to its exploration and evaluation assets. These processes can take many years and is subject to factors that are beyond the Company's control.

In order to finance the Company's future exploration and development of its mineral programs and to cover administrative and overhead expenses, the Company raises money through equity sales, from the exercise of convertible securities and from optioning its resource properties. Many factors influence the Company's ability to raise funds, including the health of the resource market, the climate for mineral exploration investment, the Company's track record, and the experience and calibre of its management. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration activities. Management believes it will be able to raise equity capital as required in the long term, but recognizes that there will be risks involved which may be beyond its control.

This outlook is based on the Company's current financial position and is subject to change if opportunities become available based on current exploration results, and/or external opportunities.

As of December 31, 2016, the Company had \$55,816 (2015 - \$1,041) in cash and this amount is insufficient to fund the Company's ongoing operations. The Company does not have any cash flow from operations due to the fact that it is an exploration stage company therefore financings have been the sole source of funds in the past few years.

Subsequent to December 31, 2016, the Company has worked with its creditors to negotiate debt settlement agreements totalling \$253,911 and has raised gross proceeds of \$1,508,550 through non-brokered private placements at \$0.05, \$0.07 and \$0.09. In the opinion of management, this is not sufficient to support the Company's general administrative and corporate operating requirements and exploration activities on an ongoing basis and should the Company wish to continue as a going concern and continue its fieldwork on its exploration projects in 2017 and beyond, further financing will be required.

## **Exploration Stage Company**

The Company is engaged in the business of acquiring and exploring mineral properties with the expectation of locating economic deposits of minerals. All of the properties are without proven ore deposits and there is no assurance that the Company's exploration programs will result in proven ore deposits, nor can there be any assurance that economic deposits can be commercially mined. As a consequence, any forward-looking information is subject to known and unknown risks and uncertainties as follows, but not limited thereto:

- Exploration and development of mining properties is highly speculative in nature and involves a high degree of risk.
- Timing delays in exploration and development and delays in funding may result in delays and postponement of projects.
- Many competitors are in the business, some of which have greater financial, technical and other resources than the Company.
- Mining involves many hazards and risks in the field such as unexpected rock formations, seismic activity, cave-ins, adverse weather conditions, unstable political conditions and many other conditions.
- Lack of assurance that: the Company will be able to obtain all necessary permits and approvals to conduct its affairs or that future tax, environmental or other legislation will not cause additional expenses, delays or postponements.
- Operations of the Company are subject to environmental regulation, a breach of which may result in imposition of enforcement actions. Environmental hazards may exist on current properties which are presently unknown to the Company and regulations and laws change over time.
- World prices for metals can be unstable and unpredictable and may materially affect the Company's operations, as well as economic conditions which may change the demand for minerals.
- The securities markets worldwide can experience high price and volume volatility.
- The Company is dependent on the services of several key individuals, the loss of which could significantly affect operations.
- There is potential for officers and directors of the Company to have conflicts of interest with other entities.
- Uncertainties as to the development and implementation of future technologies.
- Changes in accounting policies and methods may affect how the financial condition of the Company is reported.
- Breaches of contracts, such as property agreements, could result in significant loss.
- Foreign currency risk as the Company operates in several foreign jurisdictions.
- The Company has investigated the right to explore and exploit its properties and to the best of its knowledge there are no known encumbrances. However, the Company's investigation should not be construed as a guarantee of title.

### **Additional Disclosure for Venture Issuers Without Significant Revenue**

Additional disclosure concerning Vangold's general and administrative expenses, and exploration and evaluation assets and expenditures are provided in its Audited Financial Statements for the year ended December 31, 2016, available on Vangold's website at [www.vangold.ca](http://www.vangold.ca) or on its SEDAR site page accessed through [www.sedar.com](http://www.sedar.com).

### **Dividends**

Vangold has no earnings or dividend record and is unlikely to pay any dividends in the foreseeable future as it intends to employ available funds for mineral exploration and development. Any future determination to pay dividends will be at the discretion of the Board of Directors of Vangold and will depend on the Company's

financial condition, results of operations, capital requirements and such other factors as the Board of Directors of the Company deem relevant.

## Off-Balance Sheet Arrangements

The Company had no off-balance sheet arrangements as at December 31, 2016 or as at the date hereof.

## Related Party Transactions

### Related Parties and Compensation of Key Management Personnel

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company incurred fees and expenses in the normal course of operations at exchange amounts agreed to by the transacting parties in connection with its former CFOs as follows:

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Management and consulting fees*	\$ 6,000	\$ 24,000

\* Management and consulting fees are included in general and administrative expense

All management and consulting fees for the years ended December 31, 2016 and 2015 are accrued to a private company controlled by the Company's former CFO.

Included in accounts payable and accrued liabilities at December 31, 2016, is \$1,966 (2015 - \$74,099) owed by the Company to the Chairman and former President and Chief Executive Officer ("CEO") of the Company. These amounts owing are for payments of expenses on behalf of the Company.

Included in accounts payable and accrued liabilities at December 31, 2016, is \$51,608 (2015 - \$44,363) owed by the Company to a former CFO of the Company. These amounts owing are for unpaid consulting fees. Subsequent to the year ended December 31, 2016, the Company settled \$50,663 of accounts payable and accrued liabilities owing to the former CFO through the issuance of 723,757 common shares at a price of \$0.07 per share.

Included in accounts payable and accrued liabilities at December 31, 2016, is \$122,138 (2015 - \$nil) owed by the Company to the President and CEO of the Company and a company controlled by the President and CEO of the Company. These amounts owing are for debt assigned from certain vendors of the Company, consulting fees incurred prior to being appointed as President and CEO of the Company, and payments of expenses on behalf of the Company.

Included in accounts payable and accrued liabilities at December 31, 2016, is \$nil (2015 - \$29,736) owed by the Company to a former CFO of the Company. During the year ended December 31, 2016, \$29,736 owing to the former CFO of the Company was assigned to the President and CEO of the Company.

As at December 31, 2016, the Company had short-term debt, including accrued interest expense in the amount of \$235,126 (2015 - \$159,366), owing to the Chairman and former President and CEO of the Company and a company controlled by a director of the Company.

Key management personnel were not paid post-employment benefits, termination benefits or other long-term benefits during the years ended December 31, 2016 and 2015.

## Nature of the Securities

The purchase of the Company's securities involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks. The Company's securities should not be purchased by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in the Company's securities should not constitute a major portion of an investor's portfolio.

## Proposed Transactions

Currently, there are no proposed transactions that are required to be disclosed other than those already

discussed in this MD&A.

## Outstanding Share Data

Vangold's authorized share capital consists of unlimited common shares without par value. As at April 28, 2017, the following common shares, stock options and share purchase warrants were outstanding:

	<u>April 28, 2017</u>	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Common shares	40,141,129	8,030,774	8,030,774
Stock Options	-	-	-
Warrants	23,203,723	-	1,118,400
Fully Diluted Shares	<u>63,344,852</u>	8,030,774	9,149,174

## Financial Instruments

### Fair Value

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 cash is measured based on level 1 inputs of the fair value hierarchy.

### Financial Risk Management

#### 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. Financial instruments that potentially subject the Company to credit risk consist of cash. The Company deposits its cash with high credit quality major Canadian financial institutions as determined by ratings agencies. The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the maximum exposure to credit risk. Sales tax and other receivables comprises of GST receivable from the Government of Canada.

#### Currency Risk

The Company is not exposed to significant foreign currency risk as it does not hold significant foreign balances of cash, accounts payable and accrued liabilities, short-term debt or sales tax and other receivables.

#### Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company attempts to manage liquidity risk by maintaining sufficient cash balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term obligations. As of December 31, 2016, the Company had cash of \$55,816 to settle current liabilities of \$588,096.

#### Market Risk

The significant market risks to which the Company is exposed are interest rate risk, foreign currency risk, and price risk.

## Interest Rate Risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash is held mainly in a bank account at a Canadian bank. Fluctuations in market rates do not have a significant impact on estimated fair values as of December 31, 2016.

The Company's interest rate risk principally arises from the interest rate impact on interest charged on its short-term debt. The Company's short-term debt is subject to fixed interest rates thus any change in interest rates would not affect its short-term debt balances.

## Foreign Currency risk

The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars. As at December 31, 2016, the Company is not exposed to currency risk as all transactions and balances are denominated in Canadian dollars.

## 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 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.

## Management of Capital

The Company considers its capital to consist of its share capital, equity reserves and deficit. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support exploration and development of exploration and evaluation assets. The Board of Directors has not established quantitative capital structure criteria management, but will review on a regular basis the capital structure of the Company to ensure its appropriateness to the stage of development of the business.

The Company's objectives when managing capital are:

- To maintain and safeguard its accumulated capital in order to provide an adequate return to shareholders by maintaining a sufficient level of funds, to support continued evaluation and maintenance at the Company's existing properties, and to acquire, explore, and develop other precious and base metal deposits.
- To invest cash on hand in highly liquid and highly rated financial instruments with high credit quality issuers, thereby minimizing the risk and loss of principal.
- To obtain the necessary financing to complete exploration and development of its properties, if and when it is required.

The properties in which the Company currently holds an interest in are in the exploration stage and the Company is dependent on external financing to fund its activities. In order to carry out planned exploration and pay for administrative costs. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

In addition, the Company may issue new equity, incur additional debt, option its exploration and evaluation assets for cash and/or expenditure commitments from optionees, enter into joint venture arrangements, or dispose of certain assets. When applicable, the Company's investment policy is to hold cash in interest bearing accounts at high credit quality financial institutions to maximize liquidity. In order to maximize ongoing development efforts, the Company does not pay dividends.

There were no changes in the Company's approach to capital management during the year ended December 31, 2016 compared to the year ended December 31, 2015. The Company is not subject to externally imposed capital requirements.

## **Recent Developments and Outlook**

The Company expects to obtain financing in the future primarily through further equity financing, as well as through joint venturing and/or optioning out its properties to qualified mineral exploration and oil and gas companies. There can be no assurance that the Company will succeed in obtaining additional financing, now or in the future. Failure to raise additional financing on a timely basis could cause the Company to suspend its operations and eventually to forfeit or sell its interest in its properties.

## **Corporate Governance**

The Board of Directors of Vangold Resources Ltd. comprises of five directors as of the 2016 AGM held April 10, 2017.

The Board consists of the following:

Dal Brynelsen – Director & Chairman

Cameron S. King – Director, President & CEO

Hernan Dorado – Director

Mark J. Ashley – Director

Michael Cooney – Director

## **Management's Responsibility for the Financial Statements**

The preparation and presentation of the accompanying financial statements, MD&A and all financial information in the financial statements are the responsibility of management and have been approved by the Audit Committee of the Board of Directors. The financial statements have been prepared in accordance with IFRS. Financial statements, by nature are not precise since they include amounts based upon estimates and judgments. When alternative treatments exist, management has chosen those it deems to be the most appropriate in the circumstances.

Management, under the supervision of and with the participation of the CEO and the CFO, have a process in place to evaluate disclosure controls and procedures and internal control over financial reporting as required by Canadian securities regulations. The CEO and CFO will certify the annual filings with the CSA as required in Canada by National Instrument ("NI") 52-109 (Certification of disclosure in an Issuer's Annual and Interim Filings). The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee which is independent from management. The Audit Committee is appointed by the Board of Directors and reviews the financial statements and MD&A; considers the report of the external auditors; assesses the adequacy of management's assessment over internal controls described below; examines and approves the fees and expenses for the audit services; and recommends the independent auditors to the Board for the appointment by the shareholders. The independent auditors have full and free access to the Audit Committee and meet with it to discuss their audit work, our internal control over financial reporting and financial reporting matters. The Audit Committee reports its findings to the Board of Directors for consideration when approving the financial statements for issuance to the shareholders and also management's report on Internal Control over Financial Reporting. Management is responsible for establishing and maintaining adequate internal control over financial reporting.

## **Cautionary Statement on Forward-Looking Information**

The Company's audited financial statements for the year ended December 31, 2016 and this accompanying MD&A contain certain statements that may be deemed "forward-looking statements." All statements in this document, other than statements of historical fact, that address events or developments that the Company expects to occur, are forward-looking statements. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by words "expects," "plans," "anticipates,"

"believes," "intends," "estimates," "projects," "potential," "interprets," and similar expressions, or that events or conditions "will," "would," "may," "could," or "should" occur. Forward-looking statements in this document include statements regarding future exploration programs, joint venture partner participation, liquidity and effects of accounting policy changes, risks and uncertainties relating to the interpretation of drill results and the estimation of mineral resources, the geology, grade and continuity of mineral deposits, the possibility that future exploration and development results will not be consistent with the Company's expectations, accidents, equipment breakdowns, title matters and surface access, labour disputes, the potential for delays in exploration activities, the potential for unexpected costs and expenses, commodity price fluctuations, currency fluctuations, failure to obtain adequate financing on a timely basis and other risks and uncertainties. In addition, forward-looking statements are based on various assumptions including, without limitation, the expectations and beliefs of management, the assumed long-term price of gold, that the Company will receive required permits and access to surface rights, that the Company can access financing, appropriate equipment and sufficient labour and that the political environment within

Canada and the Province of British Columbia will continue to support the development of environmentally safe mining projects. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in 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 may differ materially from those in forward-looking statements.

Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements. Forward-looking statements are based on the beliefs, estimates and opinions of the Company's management on the date the statements are made. The Company undertakes no obligation to update these forward-looking statements in the event that management's beliefs, estimates or opinions, or other factors, should change except as required by law.

## Approval

The Board of Directors of Vangold Resources Ltd. have approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

## Additional Information

Additional Information relating to Vangold Resources Ltd. is on SEDAR at [www.sedar.com](http://www.sedar.com) or by contacting:

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[www.vangold.ca](http://www.vangold.ca)  
Email: [cking@vangold.ca](mailto:cking@vangold.ca)  
Attention: Cameron S. King MBA, President & CEO

/s/ "Cameron S. King"  
Cameron S. King  
President and Chief Executive Officer

/s/ "Sandy Huntingford"  
Sandy Huntingford  
Chief Financial Officer