

PRECIPITATE GOLD CORP.
Management Discussion and Analysis (“MD&A”)
for the year ended November 30, 2017

The following discussion and analysis of the operations, results, and financial position of Precipitate Gold Corp. (“the Company”) for the year ended November 30, 2017 should be read in conjunction with the Company’s audited financial statements and related notes for the year ended November 30, 2017 which have been prepared in accordance with International Financial Reporting Standards. The effective date of this report is March 27, 2018. 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 “Juan de Herrera Project” located in the Dominican Republic 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 of west-central Dominican Republic; an area underlain by precious and base metal enriched Cretaceous age Tireo formation volcanic and sedimentary rocks.

MINERAL PROPERTIES

The Company is conducting exploration activities and evaluating possible new opportunities in the Dominican Republic, while holding 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. to acquire 100% of certain concessions within the Juan de Herrera Project In December of 2016, the Company completed all necessary cash payments, share issuances, and work commitments required to satisfied the option agreement and has thereby acquired a 100% interest in the project (subject to a 3% net smelter return royalty (“NSR”)).

b) Artur Concession, Dominican Republic

In January 2016, the Company, via its wholly owned Dominican Republic subsidiary, Precipitate Dominicana SRL, acquired via staking the Artur exploration concession as a standalone and 100% owned property in the Pueblo Viejo district. The Artur concession (220 hectares) is located about four kilometres east-southeast of the Gold Corp - Barrick Gold Pueblo Viejo gold-silver mine.

c) Reef Property, Yukon

The Company’s road accessible Reef Property is located in southeast Yukon Territory (Canada) 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. Reef Property claims are in good standing until 2021. On February 9, 2017 the Company entered into

a mineral Property Option Agreement (the “Agreement”) with Golden Predator Mining Corp. (“Golden Predator”) pursuant to which Golden Predator has the right to acquire Precipitate Gold’s 100% interest in the claims comprising the Reef property. The Reef claims are located immediately adjacent to the northern boundary of Golden Predator’s 3 Aces Project.

To earn a 100% interest in the Property Golden Predator must, among other things, complete staged payments of cash payments, issuances of common shares and warrants as follows:

- a) Cash payments totalling \$1,050,000:
 - \$400,000 on February 9, 2017 (received)
 - \$150,000 on February 9, 2018 (received subsequent to year end)
 - \$200,000 on February 9, 2019
 - \$300,000 on February 9, 2020

- b) Common shares of Golden Predator:
 - 100,000 common shares on February 9, 2017 (received)
 - 100,000 common shares on February 9, 2018 (received subsequent to year end)
 - \$300,000 worth of common shares on February 9, 2019*
 - \$300,000 worth of common shares on February 9, 2020*

*The price per share is based on the 21-day volume weighted average price (“VWAP”) at the date of issuance and subject to a floor price equal to the minimum price permitted under TSXV policies.

- c) Warrants of Golden Predator:
 - 100,000 warrants on February 9, 2017 at exercise price of \$1.59 per share with a 3 year term (received)
 - 100,000 warrants on February 9, 2018 at an exercise price of \$2.00 per share with a 3 year term (received subsequent to year end)
 - 300,000 warrants on February 9, 2019*
 - 300,000 warrants on February 9, 2020*

*The warrants will have a year term and an exercise price of 150% of the 21-day VWAP at the date of issuance.

Pursuant to the Agreement, Golden Predator will grant to Precipitate a 2% NSR royalty on claims that are not subject to a pre-existing royalty, and a 1% NSR royalty on claims that are subject to a pre-existing royalty. Golden Predator may purchase 25% of the Company’s NSR royalty at any time for a purchase price of \$1,000,000 and an additional 25% of the Company’s NSR royalty at any time for a purchase price of \$1,500,000 (and aggregate of \$2,500,000 to buy back 50% of the NSR held by the Company).

d) Gemini Property, British Columbia

In March of 2018, the Company elected not to proceed with its rights to the Gemini mineral tenure and has allowed the property claim to lapse. As such, the Company no longer holds the rights to the Gemini property.

e) **Island Zinc Property, British Columbia**

On April 18, 2017, the Company entered into an option agreement to acquire a 100% interest in the Island Zinc zinc-lead-silver project located near Port Hardy, north Vancouver Island, British Columbia. The Company must complete the following staged payments of cash and shares as follows:

	Cash Payment	Shares Issued	Work Commitment
On April 18, 2017 (completed)	\$10,000	Nil	\$Nil
On or before April 18, 2018	\$15,000	25,000	\$25,000
On or before April 18, 2019	\$20,000	50,000	\$50,000
On or before April 18, 2020	\$25,000	75,000	\$75,000
On or before April 18, 2021	\$25,000	100,000	\$125,000
Total	\$95,000	250,000	\$275,000

A 2% Net Smelter Return royalty ('NSR') is payable to the vendor. Precipitate may purchase one-half of the NSR Royalty at any time for a purchase price of \$500,000, and may purchase the remaining one-half (1 %) for \$1,000,000.

OPERATIONS UPDATE

Juan de Herrera Property, Dominican Republic

The Company has completed multiple phases of regional and local scale exploration work on its Juan de Herrera Project ("JDH"), since acquiring the property in late 2012. The JDH Project concessions cover about 12,754 hectares, directly adjoining the "Tireo Gold Trend" holdings of GoldQuest Mining Corp on the south and west sides. Much of the Company's early exploration work focused on the Ginger Ridge zone, however more recent exploration has expanded to include several other geochemically anomalous areas, such as the Ginger Ridge East, Southeast, South Jengibre, Peak and Melchor zones.

Exploration completed at the Ginger Ridge Zone includes geological mapping, rock sampling, gridded soil sampling, trenching, induced polarization ('IP') geophysical surveying, ground magnetics geophysical surveying and two diamond drilling programs consisting of 15 holes, totalling 3,274 metres. See the Company's September 23, 2014 and select 2017 news releases for more drill program related details.

Ginger Ridge Zone highlight Phase 1 drill results*

- Drill Hole 5 (vertical orientation)
Multiple gold-rich intervals, including the following highlights:
 - 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
 - 98.1 metre interval of strongly disseminated, semi-massive to massive sulphide (dominantly pyrite).
- Affinities to a volcanogenic massive sulphide ('VMS') and/or intermediate sulphidation epithermal type deposit models.

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

In November of 2016 Precipitate announced the commencement of a follow-up diamond drill program at its Ginger Ridge Zone. The Phase 2 diamond drill program was completed in 2 stages (late 2016 and spring 2017) consisting of 9 holes (GR-07 to GR-15, totalling 2,080 metres) stepping out along the

projected strike of the geophysical and geochemical anomalies hosting the Phase 1 discovery hole ('Hole 5') at Ginger Ridge.

Results from the Phase 2 drill program at Ginger Ridge included nine holes (GR16-07 to GR16-15). Holes 7 to 11 were collared up to 150 metres from the 2014 discovery hole ("Hole 5") testing mineralization and alteration continuity and select discrete induced polarization ('IP') chargeability-high geophysical anomalies. Holes GR17-12 to GR17-15 were drilled as extensive step outs to the north and south of the Main Ginger ridge drill test area.

Laboratory results for holes 7 to 15 reported intervals of sulphide-silica alteration combined with anomalous gold-copper-zinc metal enrichment is encouraging, as they appear to show characteristics commonly associated with a volcanogenic massive sulphide ("VMS") setting. See the Company's news releases dated January 19, 2017 and August 1, 2017 for full details. The mineralization identified in the Phase 2 program did not meet the Company's expected thresholds and is not likely to see any additional near-term work programs.

Ginger Ridge East Zone

Subsequent to the completion of Phase 2 drilling at Ginger Ridge, the Company shifted its exploration focus to the Ginger Ridge East zone, located approximately 1.0 km east of the main Ginger Ridge zone. The East Zone emerged as a prospective target following the announcement of GoldQuest Mining's Cachimbo discovery which reported the identification of a new gold-rich polymetallic discovery in an area approximately 3.0km northwest of what is now Ginger Ridge East. The East Zone is multi-element soil anomaly (gold, lead, zinc, copper, arsenic, antimony, plus other elements) strikes approximately 1 kilometres in a northwest direction and is coincident with induced polarization gradient geophysical anomalies of elevated resistivity and moderate chargeability. Trench sampling within the anomaly returned consistent mineralization of gold, lead, zinc, and copper over substantial lengths at all six trench locations.

The first phase of drilling at the East Zone consisted of 8 shallow drill holes totalling 812 metres. Highlight core sampling results include mineralized drill intercepts yielding 10.47m of 0.83 g/t gold, and 0.20% zinc (hole EA17-03) and 3.04m of 2.1% zinc and 0.2% copper, including 1.50m of 3.18% zinc and 0.4% copper (hole EA17-06). In addition to the reported drill results, final results for expanded continuous chip sampling of the East Zone's Trench 6 include highlight values of 22.0m of 1.79 g/t gold, including 8.0m of 3.52 g/t gold (see August 09, 2017 news release). Several immediate follow up targets, including a sizable untested area in and around the newly expanded Trench 6, are the anticipated focus of follow up drilling.

Southeast Zone

The Company's continuous rock chip channel sample results from Trench 7 at the high-grade copper showing at the Southeast Zone, located approximately 6 kilometres southeast of the Ginger Ridge Zone, has yielded a highlight interval of 3.0m of 2.78% copper within 8.0m of 1.28% copper within a broader 18.0m of 0.70% copper. Surface rock grab samples collected up to 60 metres to the southwest report copper values up to 0.76%. In late 2017, crews conducted an extensive soil sampling and X-ray fluorescence ("XRF") scanning survey over the Southeast Zone (and multiple other zones within the project). Results from the latest sampling survey strengthened the anomalous base metal component of this zone. Full laboratory analysis of select samples is expected to be conducted in the months ahead. The Southeast copper showing is located within a northwest trending, 650m by 125m multi-element soil anomaly which is currently open in all directions, except to the southeast. The zone is underlain by mixed andesite and dacite volcanic rocks with moderate high and locally variable IP chargeability and resistivity geophysical anomalies and a magnetic low signature. See the Company's news release dated September 19, 2017.

Other Zones

Since early 2016, the Company has been carrying out property wide exploration following up on targets derived from an integrated Precipitate and GoldQuest Mining Corp. satellite, geochemical and magnetic geophysical Tireo Gold Trend database and also ongoing Company work. Field crews are focused on areas which evidence compelling gold or copper values identified soil or rock grab samples gathered in areas underlain by magnetic and induced polarization anomalies, all within the favoured Tireo volcanic rock units. The latest work included a nearly property-wide soil sampling and XRF scanning soil sampling survey throughout the project. Crews collected over 17,000 individual soil samples on 25 metre by 50 metre spacings. Over 14,000 of the soil samples were scanned by Company crews with a portable XRF unit for indications of various base metal and pathfinder elements. To date, the full scope of exploration work has successfully identified multiple combined geological, geophysical (both induced polarization & magnetics) and geochemical anomalous areas that are expected to undergo follow-up sampling and detailed geological mapping to prioritize these zones for possible future drill testing. These early stage zones include the JT, Southeast, Jengibre South, Peak and Melchor areas, as well as several other anomalous zones in the northern part of the project.

These new target areas are part of an expanding and developing prospective regional mineral trend that cuts through several portions of Precipitate and GoldQuest Mining Corp's Tireo Gold Camp landholdings.

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/ground geophysical anomalies throughout the property area, with the goal of identifying new target areas for ongoing systematic exploration work and drill target delineation.

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, 2017	As at and year ended November 30, 2016	As at and year ended November 30, 2015
	\$	\$	\$
Revenue	Nil	Nil	Nil
Loss for the year	1,745,133	1,751,635	3,239,351
Loss per common share, basic and diluted	0.02	0.03	0.08
Weighted Average number of common shares outstanding	75,637,780	57,152,875	39,573,185
Statement of Financial Position Data			
Working capital	1,538,732	3,248,865	922,980
Total assets	2,511,911	4,134,628	1,334,918

SUMMARY OF QUARTERLY RESULTS

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

	Nov 30, 2017	Aug 31, 2017	May 31, 2017	Feb 28, 2017	Nov 30, 2016	Aug 31, 2016	May 31, 2016	Feb 29, 2016
Expenses	\$373,105	\$636,599	\$671,412	\$618,378	\$980,237	\$260,390	\$381,685	\$139,374
Loss for the period	\$398,602	\$698,732	\$27,815	\$612,984	\$975,765	\$257,345	\$380,592	\$137,933
Weighted average shares outstanding	75,637,780	75,692,575	75,692,575	75,470,353	57,152,875	57,965,428	52,516,880	51,987,668
Loss per share	\$0.01	\$0.01	\$0.01	\$0.01	\$0.02	\$0.00	\$0.01	\$0.00
Mineral property acquisition costs	-	-	\$10,000	\$235,000	\$150,000	-	-	\$155,000
Mineral property exploration costs	\$259,482	\$514,143	\$566,348	\$520,326	\$578,235	\$154,461	\$149,629	\$70,393

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 75,692,575 shares outstanding. The following table summarizes maximum number of common shares outstanding as at November 30, 2017 and as of the date of this MD&A if all outstanding options were converted to shares:

	November 30, 2017	As of the date of this MD&A
Common shares	75,692,575	75,692,575
Share purchase warrants	10,380,000	-
Options to purchase common shares	3,180,000	2,880,000
	89,252,575	78,572,575

RESULTS OF OPERATIONS

Three months ended November 30, 2017 ("Q4 2017") compared to the three months ended November 30, 2016 ("Q4 2016")

The loss for the quarter ended November 30, 2017 was \$398,602 compared to \$975,765 for the quarter ended November 30, 2016. The decrease in net loss is mainly due to a decrease in exploration and evaluation costs, salaries and wages, and share-based compensation expense offset by an increase in unrealized loss on investments. Major variances are explained as follows:

- Exploration and evaluation costs of \$259,482 were incurred on the Company's properties during Q4 2017 compared to \$578,235 in Q4 2016. Most of the costs incurred in Q4 2017 were assay, drilling, geological consulting, geophysics and office expenses relating to the Juan de Herrera

property. The decrease in costs from Q4 2016 to Q4 2017 was due to the fact that there were less exploration activities in Q4 2017 in the Dominican Republic compared with Q4 2016;

- Salaries and wages decreased from \$65,551 in Q4 2016 to \$39,957 in Q4 2017. The decrease was due to a bonus paid during Q4 2016;
- Share-based compensation expense was \$Nil Q4 2017 compared to \$216,175 in Q4 2016. The share-based compensation expense incurred during Q4 2016 related to the 1,170,000 options granted on October 13, 2016. There were no options that vested during Q4 2017; and
- During Q4 2017, an unrealized loss on investments of \$66,000 was recorded to reflect the decrease in the value of the warrants received from Golden Predator as part of the option agreement for the Reef property.

Year ended November 30, 2017 (“2017”) compared to the year ended November 30, 2016 (“2016”)

The loss for the year ended November 30, 2017 was \$1,745,133 compared to \$1,751,635 for the year ended November 30, 2016. The decrease in net loss is mainly due to decrease in share-based compensation expense, an increase in gain on sale of mineral property interests, offset by an increase in exploration and evaluation costs and increase in unrealized loss on investments. Major variances are explained as follows:

- Exploration and evaluation costs of \$1,860,299 were incurred on the Company’s properties during 2017 compared to \$952,718 in 2016. Most of the costs incurred in 2017 were assay, drilling, geological consulting, geophysics and office expenses relating to the Juan de Herrera property. The increase in costs from 2016 to 2017 was due to the fact that there were more exploration activities in 2017 on the Juan de Herrera, Island Zinc Artur and Escalibur properties compared to 2016;
- Share-based compensation expense decreased from \$358,204 in 2016 to \$Nil in 2017. The share-based compensation expense in 2016 related to 1,270,000 stock options granted on March 4, 2016. and 1,170,000 options granted on October 13, 2016. There were no options that vested in 2017;
- During 2017, there was a gain on sale of mineral property interests of \$631,000 compared to \$Nil in 2016. The gain on sale of mineral property interests consists of \$400,000 cash payment, 100,000 common shares valued at \$143,000 and 100,000 share purchase warrants valued at \$88,000 from Golden Predator as part of the option agreement relating to the Reef property; and
- During 2017, an unrealized loss on investments of \$66,000 was recorded to reflect the decrease in the value of the warrants received from Golden Predator as part of the option agreement for the Reef property.

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 November 30, 2017, the Company's working capital was \$1,538,732, compared to working capital of \$3,248,865 as of November 30, 2016. The \$1,710,133 decrease in working capital is mainly due to spending of \$1,860,299 on exploration and evaluation costs, \$85,000 on mineral property acquisition costs and \$439,195 on general and administrative expenses, offset by receiving \$400,000 from sale of mineral property interests, \$113,343 from sale of investments and \$120,000 from exercise of warrants.

Cash

On November 30, 2017, the Company had \$1,551,992 of cash, compared with \$3,402,117 of cash on November 30, 2016. The \$1,850,125 decrease in the cash position is mainly due spending \$2,398,468 on operating activities, offset by receiving \$428,343 from investing activities and \$120,000 from financing activities.

Cash Used in Operating Activities

Cash used in the operating activities during the year ended November 30, 2016 was \$2,398,468. Funds were used mostly on exploration and evaluation, audit and accounting fees, marketing, conferences and shareholder relations, office and administrative, transfer agent and filing fees, and salaries and wages. Cash used in the operating activities during the year ended November 30, 2016 was \$1,273,806. Funds were used mostly on exploration and evaluation, office and administrative, transfer agent and filing fees, and salaries and wages.

Cash Used in Investing Activities

During the year ended November 30, 2017, the Company spent \$85,000 on mineral acquisition costs in relation to the Juan de Herrera property and Island Zinc property. The Company received \$400,000 of cash option payment from Golden Predator as part of the Reef property option agreement and \$113,343 from the sale of shares of Golden Predator. During the year ended November 30, 2016, the Company spent \$75,000 on mineral acquisition costs in relation to the Juan de Herrera property.

Cash Generated by Financing Activities

During the year ended November 30, 2017, the Company received proceeds of \$120,000 from the exercise of warrants. During the year ended November 30, 2016, the Company received proceeds of \$2,675,000 from two tranches of a private placement, received proceeds of \$1,241,948 from exercise of warrants, received proceeds of \$8,400 from exercise of options, and spent \$132,280 of costs associated with the private placement.

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 \$2,675,000 of gross funds from private placements that closed

during the year ended November 30, 2016. 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 November 30, 2017, the Company had not achieved profitable operations and had an accumulated deficit. 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. These financial statements do not include adjustments that would be necessary should the Company be unable to continue as a going concern, and such adjustments could be material.

TRANSACTIONS WITH RELATED PARTIES

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

Name of related party	Nature of transactions	2017	2016
Jeffrey Wilson	Salaries and wages	\$ 155,000	\$ 180,000
Michael Moore	Geological consulting	174,800	175,925
CDM Capital Partners	Accounting, office and administration	48,000	44,000
VC Consulting Corp.	Accounting	18,000	6,000
Total		\$ 395,800	\$ 405,925

Total fair value of the share-based payments made to directors and officers is \$Nil (2016 - \$292,153) for the year ended November 30, 2017.

PLAN OF OPERATIONS AND FUNDING

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

- Juan de Herrera Project: Follow up exploration of the 2017 property-wide geological, geophysical and geochemical work which identified multiple new zones, with the goal of identifying new drill worthy targets. Follow up exploration work will include any combination of detailed surface geochemical sampling, geological mapping, hand trenching, detailed ground magnetic geophysical surveying, and exploration drilling;
- At the Ginger Ridge East Zone and Southeast Zone future work may include additional sampling and mapping and possible drilling in multiple prospective un-drilled areas away from the previous

drill hole locations with a focus on testing for concentrations of elevated gold and other precious and base metals;

- At the Island Zinc project future planned work includes a ground gravity geophysical survey, with possible follow up selective ground magnetic geophysical survey.
- 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 designated investments as financial assets at 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 no available-for-sale financial assets

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.

Derivative liabilities are recognized at fair value with changes recognized in equity as adjustments to the distribution.

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 or 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

The Company's Juan de Herrera property is located in the Dominican Republic 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, 2017 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 United States, the Dominican Republic and Mexico; therefore, the Company's operations are affected by the currency fluctuations in these jurisdictions.

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

Certain new standards, interpretations, amendments and improvements to existing standards were issued by IASB. The following have not yet been adopted by the Company and are being evaluated to determine their impact:

IFRS 9 *Financial Instruments* – New standard that replaces IAS 39, *Financial instruments: recognition and measurement*, for classification and measurement, effective for annual periods beginning on or after January 1, 2018.

IFRS 15 *Revenue from Contracts with Customers* – New standard to establish principles for reporting nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers, effective for annual periods beginning on or after January 1, 2018.

IFRS 16 *Leases* – New standards to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019.

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 financial statements for the year ended November 30, 2017. 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)
Alistair Waddell (Director)

Members of the Audit Committee

Darryl Cardey (Chair)
Adrian Fleming
Jeffrey Wilson

Members of the Compensation Committee

Darryl Cardey (Chair)
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