REUNION
GOLD CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended March 31, 2017 and 2016

In Canadian dollars

Raymond Chabot Grant Thornton

Independent Auditor's Report

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To the Shareholders of
Reunion Gold Corporation

We have audited the accompanying consolidated financial statements of Reunion Gold Corporation, which comprise the consolidated statements of financial position as at March 31, 2017 and 2016 and the consolidated statements of comprehensive income (loss), changes in equity (deficit) and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Reunion Gold Corporation as at March 31, 2017 and 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Raymond Chabot Grant Thornton LLP [1]

Montréal
June 28, 2017

[1] CPA auditor, CA public accountancy permit no. A127023

Reunion Gold Corporation
Consolidated Statements of Financial Position

(audited, in Canadian dollars)	**March 31, 2017**	March 31, 2016
	$	$
ASSETS		
Current		
Cash	**4,992,291**	75,388
Receivable from related parties (Note 14)	**74,310**	861
Sales taxes receivable	**28,842**	-
Other receivables (Note 3)	**346,009**	283,726
Prepaid expenses	**6,813**	4,632
	5,448,265	364,607
Non-current		
Performance bond (Note 3)	**-**	150,649
Exploration and evaluation assets (Note 3)	**-**	496,128
TOTAL ASSETS	**5,448,265**	1,011,384
LIABILITIES		
Current		
Accounts payable and accrued liabilities	**493,256**	1,423,602
Income taxes payable (Note 5)	**381,828**	-
Loans from related parties (Note 4)	**-**	1,619,969
	875,084	3,043,571
Non-current		
Loans from related parties (Note 4)	**1,150,289**	-
Rental fees payable (Note 3)	**-**	236,051
TOTAL LIABILITIES	**2,025,373**	3,279,622
EQUITY (DEFICIT)		
Share capital (Note 6)	**102,190,531**	101,477,165
Equity component of convertible loans	**17,935**	17,935
Contributed surplus	**14,602,442**	14,411,085
Deficit	**(113,282,060)**	(118,234,484)
Cumulative translation adjustment	**(105,956)**	60,061
TOTAL EQUITY (DEFICIT)	**3,422,892**	(2,268,238)
TOTAL LIABILITIES AND EQUITY (DEFICIT)	**5,448,265**	1,011,384

Going concern (Note 1); Commitments (Notes 3 and 9).

The accompanying notes are an integral part of these consolidated financial statements.

On behalf of the Board,

/s/ Réjean Gourde
Réjean Gourde, Director

/s/ Elaine Bennett
Elaine Bennett, Director

Reunion Gold Corporation
Consolidated Statements of Comprehensive Income (Loss)

(audited, in Canadian dollars)	Year ended March 31, **2017**	2016
	$	$
Expenses and other items		
Salaries and benefits	**1,082,085**	532,234
Contractors and consultants	**417,458**	81,932
Professional fees	**45,246**	44,036
Reporting issuer costs	**15,805**	19,601
Investor relations and travel	**46,557**	8,473
Camp costs	**12,183**	52,844
Office and other expenses	**37,787**	135,164
Share-based compensation	**191,357**	-
Depreciation and amortization	**17,542**	476,993
Recovery of expenses (Note 3)	**(260,450)**	-
Gain on sale of exploration and evaluation assets (Note 3)	**(6,969,106)**	(470,620)
Finance expense on loans from related parties	**115,540**	128,216
Finance income	**(5,981)**	(45)
Gain (loss) on foreign exchange	**(81,793)**	7,440
Net income (loss) before income taxes	**5,335,770**	(1,016,268)
Income taxes - current (Note 5)	**(376,861)**	-
Net income (loss) for the year	**4,958,909**	(1,016,268)
Other comprehensive loss		
Item that will be subsequently reclassified to income		
Foreign currency translation adjustment	**(166,017)**	(5,210)
Comprehensive income (loss) for the year	**4,792,892**	(1,021,478)
Basic and diluted earnings (loss) per common share (Note 8)	**0.03**	(0.01)
Weighted average number of common shares - basic and diluted	**180,747,910**	180,317,936

The accompanying notes are an integral part of these consolidated financial statements.

Reunion Gold Corporation
Consolidated Statements of Changes in Equity (Deficit)

(audited, in Canadian dollars)	Number of issued and outstanding common shares	Share capital	Equity component of convertible loans	Contributed surplus	Deficit	Cumulative translation adjustment	Total equity (deficit)
		$	$	$	$	$	$
Balance at March 31, 2016	180,317,936	101,477,165	17,935	14,411,085	(118,234,484)	60,061	(2,268,238)
Private placement (Note 6)	**7,133,660**	**713,366**	**-**	**-**	**-**	**-**	**713,366**
Share issue expenses	**-**	**-**	**-**	**-**	**(6,485)**	**-**	**(6,485)**
Share-based compensation	**-**	**-**	**-**	**191,357**	**-**	**-**	**191,357**
Net income for the year	**-**	**-**	**-**	**-**	**4,958,909**		**4,958,909**
Other comprehensive loss							
Foreign currency translation adjustment	**-**	**-**	**-**	**-**	**-**	**(166,017)**	**(166,017)**
Balance at March 31, 2017	**187,451,596**	**102,190,531**	**17,935**	**14,602,442**	**(113,282,060)**	**(105,956)**	**3,422,892**
Balance at March 31, 2015	180,317,936	101,477,165	17,935	14,411,085	(117,218,216)	65,271	(1,246,760)
Net loss for the year	-	-	-	-	(1,016,268)	-	(1,016,268)
Other comprehensive income							
Foreign currency translation adjustment	-	-	-	-	-	(5,210)	(5,210)
Balance at March 31, 2016	180,317,936	101,477,165	17,935	14,411,085	(118,234,484)	60,061	(2,268,238)

The accompanying notes are an integral part of these consolidated financial statements.

Reunion Gold Corporation
Consolidated Statements of Cash Flows

	Year ended March 31,	
(audited, in Canadian dollars)	**2017**	2016
	$	$
OPERATING ACTIVITIES		
Net income (loss) for the year	**4,958,909**	(1,016,268)
Adjustments		
Share-based compensation	**191,357**	-
Depreciation and amortization	**17,542**	476,993
Finance expense on loans from related parties	**115,540**	128,216
Gain on sale of exploration and evaluation assets	**(6,969,106)**	(470,620)
Changes in working capital items		
Receivable from related parties	**(73,449)**	(861)
Sales taxes receivable	**(28,842)**	41,743
Other receivables	**(54,760)**	18,757
Prepaid expenses	**(2,181)**	48,218
Accounts payable and accrued liabilities	**(941,565)**	562,255
Income taxes payable	**381,828**	-
Due to related parties	**-**	(21,385)
	(2,404,727)	(232,952)
INVESTING ACTIVITIES		
Performance bond (Note 3)	**155,579**	-
Proceeds on sale of exploration and evaluation assets (Note 3)	**7,218,948**	251,659
	7,374,527	251,659
FINANCING ACTIVITIES		
Reimbursement of loans from related parties (Note 4)	**(593,050)**	-
Private placement (Note 6)	**713,366**	-
Share issue expenses	**(6,485)**	-
	113,831	-
Effect of exchange rate changes on cash held in foreign currency	**(166,728)**	(17,032)
Net change in cash	**4,916,903**	1,675
Cash, beginning of year	**75,388**	73,713
Cash, end of year	**4,992,291**	75,388
Supplemental cash flow information		
Finance income received, included in operating activities	**2,989**	45
Non-cash items		
Other receivables related to sale of exploration and evaluation assets	**62,663**	282,776
Liabilities related to exploration and evaluation assets	**(236,051)**	236,051

The accompanying notes are an integral part of these consolidated financial statements.

1. GENERAL INFORMATION

Reunion Gold Corporation ("Reunion Gold") is a Canadian-based company. Reunion Gold and its subsidiaries (together the "Company") are primarily engaged in the acquisition, exploration and development of mineral properties. To date, the Company has not earned significant revenue.

On November 4, 2016, the Company entered into an agreement to sell its Matthews Ridge manganese project located in Guyana, South America, which transaction was completed on February 1, 2017 (Note 3). On December 1, 2016, the Company entered into an option agreement to acquire an 80% interest in the Haute Mana gold project in French Guiana, South America (Note 3) and on February 4, 2017, the Company entered into an option agreement to acquire a 75% interest in the Dorlin gold project, in French Guiana (Note 3).

All financial results in these consolidated financial statements are expressed in Canadian dollars unless otherwise indicated. The address of the Company's registered office is 181 Bay Street, Toronto, Ontario, Canada, M5J 2T3. Reunion Gold's common shares are listed on the TSX Venture Exchange ("TSXV") under the symbol RGD.

The Board of Directors approved these consolidated financial statements on June 28, 2017.

Going concern

These consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of operations as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period.

At March 31, 2017, management of the Company believes that it has sufficient working capital to pay for its ongoing general and administrative expenses and to meet its liabilities, obligations and existing commitments for at least the next 12 months. As described in Note 3, the Company has recently entered into option agreements to acquire an interest in two gold projects located in French Guiana, which will require that certain expenditures be incurred. The Company will need to raise funds in the future through the issuance of equity instruments or other arrangement to meet future work requirements. While management has been successful in securing financing in the past, there can be no assurance that it will be able to do so in the future or that sources of funding or initiatives will be available to the Company or that they will be available when such funds are required.

2. SUMMARY OF ACCOUNTING POLICIES

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The significant accounting policies that have been applied in the preparation of these consolidated financial statements are summarized below.

b) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis. The Company has elected to present the statement of income and comprehensive income in a single statement.

c) Basis of consolidation

These consolidated financial statements include the accounts of Reunion Gold and its wholly-owned subsidiaries, namely Reunion Manganese Inc. (Guyana), Northwest Utilities Inc. (Guyana) and New Sleeper Gold (USA) Ltd. (USA). On March 31, 2016, RMI Manganese Ltd. (Barbados), wholly-owned by the Company until that date, ceased its operations and was subsequently liquidated. All intercompany transactions, balances, income and expenses are eliminated upon consolidation. Reunion Gold and its subsidiaries have an annual reporting date of March 31.

d) Foreign currency translation

These consolidated financial statements are presented in Canadian dollars, which is also the functional currency of Reunion Gold. The functional currency of Reunion Gold's wholly-owned subsidiaries is the US dollar. The functional currencies of Reunion Gold and its subsidiaries have remained unchanged during the reporting years. Monetary assets and liabilities denominated in a foreign currency other than the functional currency of each entity are translated at the exchange rate in effect at the reporting date, whereas non-monetary assets and liabilities denominated in a foreign currency are translated at the exchange rate in effect at the transaction date. Revenues and expenses denominated in a foreign currency are translated at the average rate in effect during the year with the exception of depreciation that is translated at the historical rate. Gains and losses on exchange arising from the translation of foreign operations are recorded in profit or loss.

On consolidation, assets and liabilities of Reunion Gold's subsidiaries are translated into Canadian dollars at the closing rate in effect at the reporting date. Income and expenses are translated into Canadian dollars at the average rate over the reporting years. Exchange differences are presented as other comprehensive income and recognized in the currency translation adjustment reserve in equity.

2. SUMMARY OF ACCOUNTING POLICIES (continued)

e) Financial assets and liabilities

Financial assets are recognized when the Company becomes a party to the contractual provision of a financial instrument. Financial assets held by the Company consist of cash, receivable from related parties, other receivables and performance bond which are classified as loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. Income relating to financial assets that are recognized in profit or loss are presented as finance income.

The Company's financial liabilities consist of accounts payable and accrued liabilities, loans from related parties and rental fees payable. They are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. Financial liabilities are de-recognized when the obligations are extinguished, discharged, cancelled or expired. Interest-related charges are reported in comprehensive income within finance expense on loans and advances from related parties.

All financial assets are assessed for indicators of impairment at the end of each reporting year. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been negatively impacted. The carrying amount of financial assets is reduced by any impairment loss. If, in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the reversal of the previously recognized impairment loss is reversed through profit or loss.

2. SUMMARY OF ACCOUNTING POLICIES (continued)

f) Exploration and evaluation assets

Mineral properties and exploration and evaluation expenditures

Exploration and evaluation expenditures are costs incurred in the course of initial search for mineral deposits with economic potential. Costs incurred before the legal right to undertake exploration and evaluation activities has been obtained are recognized in profit or loss as incurred. The cost of acquiring licenses and other expenditures associated with the acquisition of exploration and evaluation assets are capitalized as intangible assets under mineral properties on a property-by-property basis and are carried at cost less accumulated impairment losses, if any. No amortization expense is recognized on these assets during the exploration and evaluation period. Other exploration and evaluation expenditures are expensed as incurred. Once a project has been established as commercially viable and technically feasible, mineral properties are reclassified as tangible assets and related development expenditures are capitalized. An impairment test is performed before reclassification and any impairment loss is then recognized in profit or loss. Whenever a mining property is no longer viable or is abandoned, the capitalized amounts are written-down to their net recoverable amounts with the related charge recognized in profit or loss.

Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment consists of the purchase price, the finance expense attributable to the acquisition of the asset, and all other costs directly attributable to bringing the asset to the location and condition necessary for its intended use. Where parts of an item of property, plant and equipment have a different useful life, they are accounted for as separate items of property, plant and equipment. Depreciation is recognized on a straight-line basis using the cost of an item of property, plant and equipment, less its estimated residual value, over its estimated useful life. Each asset's residual value, useful life and depreciation method are reassessed, and adjusted if appropriate, at the reporting date. Mobile equipment is depreciated over 5 years, service vehicles and other mining equipment are depreciated over 3 years, furniture is depreciated over 3 years, computer equipment is depreciated over 2 years and leasehold improvements are depreciated over the lease period. The carrying amount of an item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. The gain or loss arising from the derecognition is included in profit or loss when the item is derecognized.

2. SUMMARY OF ACCOUNTING POLICIES (continued)

g) Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets with finite lives to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Long lived assets that are not amortized are subject to an annual impairment assessment or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use. Value in use takes into account estimated future cash flows associated with the asset, such value being discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. In the case of exploration and evaluation assets, impairment reviews are carried out on a property-by-property basis, with each property representing a potential cash-generating unit. A previous impairment is reversed if the asset's recoverable amount exceeds its carrying amount.

h) Provisions and contingent liabilities

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. Timing or amount of the outflow may still be uncertain. If the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized, unless it was assumed in the course of a business combination.

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the related asset, as soon as the obligation to incur such costs arises and to the extent that such cost can be reasonably estimated. The Company had no material provisions at March 31, 2017 and March 31, 2016.

2. SUMMARY OF ACCOUNTING POLICIES (continued)

i) Income taxes

When applicable, income tax on the profit or loss for the years presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which case it is recognized in other comprehensive income or directly in equity.

Current tax is the expected tax payable on the taxable profit for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. However, deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination which affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries is not provided for if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date and which are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. A deferred tax asset is recognized only to the extent that it is probable that future taxable income will be available against which the underlying tax losses on deductible temporary differences can be utilized. Deferred tax assets and liabilities are offset only when the Company has a legally enforceable right and intention to set-off current tax assets and liabilities from the same taxation authority.

j) Convertible notes

The convertible notes were determined to be compound instruments. As the convertible notes are convertible into common shares, the liability and equity components are presented separately. Using the residual method, the carrying amount of the conversion feature at inception is the difference between the principal amount and the carrying value of the financial liability.

k) Equity

Share capital represents the amount received on the issue of shares. Contributed surplus includes charges related to stock options and warrants until such equity instruments are exercised. Deficit includes all current and prior year losses and share issuance costs. Cumulative translation adjustment includes the impact of converting the accounts of the Company's foreign operations into Canadian dollars. All transactions with owners of the parent company are recorded separately within equity.

2. SUMMARY OF ACCOUNTING POLICIES (continued)

l) Allocation of proceeds on equity financing

The Company allocates the proceeds from an equity financing between common shares and share purchase warrants based on the relative fair values of each instrument. The fair value of the common shares is calculated by using the TSXV share price on the date of the issuance and is accounted for in share capital and the fair value of the share purchase warrants is determined using the Black-Scholes valuation model and is accounted for in contributed surplus.

m) Share-based payment transactions

Equity-settled share-based payments are made in exchange for services received and are measured at their fair value. The fair value of the services rendered is determined indirectly by reference to the fair value of the equity instruments granted when the fair value of services received cannot be reliably estimated. The fair value of share-based payments to directors, officers, employees and consultants is recognized as an expense over the vesting period with a corresponding increase to contributed surplus. Financing warrants and warrants to brokers, in respect of an equity financing, are recognized as a share issue expense with a corresponding increase to contributed surplus. The fair value of stock options granted is measured at the grant date and recognized over the period during which the options vest using the Black-Scholes option pricing model and taking into account an estimated forfeiture rate and the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options that are expected to vest. Upon the exercise of share-based payments, the proceeds received, net of any direct expenses, as well as the related compensation expense previously recorded as contributed surplus are credited to share capital.

n) Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share data for its common shares. Basic earnings (loss) per share is calculated by dividing the earnings (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is determined by adjusting the earnings (loss) attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. Dilutive potential common shares are deemed to have been converted into common shares at the beginning of the period or, if later, at the date of issue of the potential common shares. For the purpose of calculating diluted earnings (loss) per share, the Company assumes the exercise of its dilutive options and convertible notes. The assumed proceeds from these instruments are regarded as having been received from the issue of common shares at the average market price of its shares during the period.

2. SUMMARY OF ACCOUNTING POLICIES (continued)

o) Significant accounting judgments and estimates

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting periods. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain and may require accounting adjustments based on future occurrences. Revisions to accounting estimates, judgments and assumptions are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates, judgments and assumptions are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to: i) the recoverability of other receivables; ii) the amount of the income tax provision, which has been determined my management as the capital gains tax payable as a result of the sale of the Matthews Ridge project, based on the interpretation of the tax rules in effect in Guyana; and iii) the assessment of the Company’s ability to execute its strategy by funding future working capital requirements.

2. SUMMARY OF ACCOUNTING POLICIES (continued)

p) Accounting standards issued but not yet applied

Standards, amendments and interpretations issued but not yet effective up to the date of the issuance of these consolidated financial statements that are expected to be relevant to the Company are listed below. Certain other standards and interpretations have been issued but are not expected to have a material impact on the Company's consolidated financial statements.

IFRS 9, Financial Instruments

The International Accounting Standards Board ("IASB") released *IFRS 9, Financial Instruments (2014) ("IFRS 9")*, representing the completion of its project to replace *IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39")*. The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new "expected credit loss model" for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting. The new standard is required to be applied for annual reporting periods beginning on or after January 1, 2018. The Company's management has yet to assess the impact of IFRS 9 on its consolidated financial statements.

IFRS 16, Leases

In January 2016, the IASB published *IFRS 16, Leases ("IFRS 16")* which will replace *IAS 17, Leases ("IAS 17")*. IFRS 16 eliminates the classification as an operating lease and requires lessees to recognize a right-of-use asset and a lease liability in the statement of financial position for all leases with exemptions permitted for short-term leases and leases of low value assets. In addition, IFRS 16 changes the definition of a lease; sets requirements on how to account for the asset and liability, including complexities such as non-lease elements, variable lease payments and option periods; changes the accounting for sale and leaseback arrangements; largely retains IAS 17's approach to lessor accounting; and introduces new disclosure requirements. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019 with early application permitted in certain circumstances. The Company has yet to assess the impact of this new standard on its consolidated financial statements.

March 31, 2017 and 2016 (audited, in Canadian dollars)

3. EXPLORATION AND EVALUATION ASSETS

Assets subject to depreciation and amortization are as follows:

	Intangible assets	Mobile equipment and service vehicles	Other mining equipment	Computer equipment, leasehold improvements and furniture	Total
	$	$	$	$	$
Cost					
Balance at March 31, 2015	211,382	3,457,256	3,109,911	804,587	7,583,136
Disposals	(7,662)	(1,947,560)	(129,757)	(143,959)	(2,228,938)
Write-down	(221,010)	(502,170)	(110,992)	(48,886)	(883,058)
Net exchange differences	17,290	218,285	90,154	18,800	344,529
Balance at March 31, 2016	-	1,225,811	2,959,316	630,542	4,815,669
Disposals	**-**	**(912,130)**	**(2,819,045)**	**(637,994)**	**(4,369,169)**
Write-down	**-**	**(195,765)**	**-**	**-**	**(195,765)**
Net exchange differences	**-**	**208**	**20,405**	**11,774**	**32,387**
Balance at March 31, 2017	**-**	**118,124**	**160,676**	**4,322**	**283,122**
Accumulated depreciation and amortization					
Balance at March 31, 2015	211,382	2,894,050	3,109,911	796,518	7,011,861
Depreciation and amortization	-	471,738	-	5,255	476,993
Disposals	(7,662)	(1,886,724)	(129,757)	(141,146)	(2,165,289)
Write-down	(221,010)	(502,170)	(110,992)	(48,886)	(883,058)
Net exchange differences	17,290	199,653	90,154	18,801	325,898
Balance at March 31, 2016	-	1,176,547	2,959,316	630,542	4,766,405
Depreciation and amortization	**-**	**17,542**	**-**	**-**	**17,542**
Disposals	**-**	**(880,643)**	**(2,819,045)**	**(637,994)**	**(4,337,682)**
Write-down	**-**	**(195,765)**	**-**	**-**	**(195,765)**
Net exchange differences	**-**	**443**	**20,405**	**11,774**	**32,622**
Balance at March 31, 2017	**-**	**118,124**	**160,676**	**4,322**	**283,122**
Carrying amounts					
At March 31, 2016	-	49,264	-	-	49,264
At March 31, 2017	**-**	**-**	**-**	**-**	**-**

March 31, 2017 and 2016 (audited, in Canadian dollars)

3. EXPLORATION AND EVALUATION ASSETS (continued)

Mineral properties not subject to depreciation and amortization are as follows:

	Matthews Ridge, Guyana
	$
Cost	
Balance at March 31, 2015	319,917
Additions	120,975
Net exchange differences	5,972
Balance at March 31, 2016	446,864
Disposals	**(461,826)**
Net exchange differences	**14,962**
Balance at March 31, 2017	**-**

Total exploration and evaluation assets are as follows:

	Year ended March 31, 2017	Year ended March 31, 2016
	$	$
Cost, beginning of year	**5,262,533**	7,903,053
Additions	**-**	120,975
Disposals	**(4,830,995)**	(2,228,938)
Write-down	**(195,765)**	(883,058)
Net exchange differences	**47,349**	350,501
Cost, end of year	**283,122**	5,262,533
Accumulated depreciation and amortization, beginning of year	**4,766,405**	7,011,861
Depreciation and amortization	**17,542**	476,993
Disposals	**(4,337,682)**	(2,165,289)
Write-down	**(195,765)**	(883,058)
Net exchange differences	**32,622**	325,898
Accumulated depreciation and amortization, end of year	**283,122**	4,766,405
Carrying amount, beginning of year	**496,128**	891,192
Carrying amount, end of year	**-**	496,128

3. EXPLORATION AND EVALUATION ASSETS (continued)

Sale of the Matthews Ridge Project

On November 4, 2016, the Company entered into an agreement to sell all of its rights, title and interest in the Matthews Ridge manganese project to Bosai Minerals Group Co., Ltd. (“Bosai”), an arm’s length Chinese corporation. The total consideration for the sale of the project is US$10 million including US$5 million paid at closing (February 1, 2017) and US$5 million to be paid at the rate of US$2.00 per tonne of manganese concentrate or ore shipped from Matthews Ridge once it enters into production. Pursuant to the agreement, the Company agreed to transfer to Bosai the four prospecting licenses (which make up the Matthews Ridge project), the March 2011 Mineral Agreement between the Company, the Co-Operative Republic of Guyana and the Guyana Geology Mines Commission (“GGMC”), and capital assets located at Matthews Ridge.

Prior to completing the sale of the Matthews Ridge project on February 1, 2017, the Company obtained all required approvals, including a consent from a majority of the Company’s shareholders and approvals from the TSXV, the Government of Guyana and the GGMC.

The amount of $6,706,000 (US$5,000,000) paid at closing less capitalized mineral properties expenditures, net of rental fees and other payables, resulted in a gain on sale of the Matthews Ridge project of $6,487,461. The remaining amount of US$5 million, which is to be paid based on future production, will be accounted for as the amounts are received.

As part of the transaction, Bosai agreed to reimburse the Company at closing for the amount of the performance bond of $155,579 (US$116,000) that had been paid by the Company to the GGMC at the time that the prospecting licenses had been granted in 2010.

In December 2016, the Company recovered an amount of $260,450 from the GGMC for expenses incurred by the Company on behalf of the GGMC for the removal of scrap metal located at the Matthews Ridge property, which amount was presented as recovery of expenses in the consolidated statements of comprehensive income (loss).

At March 31, 2016, the Company had presented as a long-term liability the fair value of unpaid rental fees related to the Matthews Ridge project, estimated at $236,051, given that the payment of these amounts at that time had been deferred until April 2018.

3. EXPLORATION AND EVALUATION ASSETS (continued)

Option agreement on the Haute Mana gold project in French Guiana

On December 1, 2016, the Company entered into an option agreement with Union Minière de Saül ("UMS"), an arm's length private company. Pursuant to the option agreement, the Company has the right to acquire an 80% interest in eight contiguous mining concessions covering an area of 122.5 km^2 in central French Guiana (referred to as the Haute Mana gold project) by completing a preliminary economic assessment ("PEA") on the project within a period of five years (the "Option Period"). The Option Period will commence upon receipt of all required approvals and the receipt from the French regulatory authority of a plan describing environmental reclamation work required to be done on the concessions as a result of past mining activities (the "Plan").

In connection with the work required under the Plan, the Company agreed to advance, as a loan to UMS, up to 250,000 euros. The loan will bear interest at the legal rate in effect in French Guiana at the time of the disbursement. The loan and accrued interest will be repayable within 60 days of the completion of the PEA. At March 31, 2017, the Company had not yet advanced any funds to UMS under the loan agreement.

Upon exercise of the option, the Company will be deemed to have acquired an 80% interest in the concessions. UMS will then have the option to retain its 20% participating interest or convert its interest in a 5% net profit interest or sell its 20% interest to the Company at a price to be agreed to at that time.

3. EXPLORATION AND EVALUATION ASSETS (continued)

Option agreement on the Dorlin gold project in French Guiana

On February 4, 2017, the Company entered into an option agreement to acquire a 75% interest in the Dorlin project in French Guiana from Société Minière Yaou-Dorlin ("SMYD"), a subsidiary of Auplata S.A., a French company listed on Alternext. The Dorlin project consists of an 84 km^2 Exploitation Permit for gold, in the central west region of French Guiana, approximately 190 km south-west of the capital Cayenne, within an area open to mining activity. Auplata is carrying out a small scale alluvial gold mining operation using contractors on the project area.

The option is subject to certain conditions precedent including the renewal of the Dorlin project permit and the completion by the Company of technical and legal due diligence on the project for a period of 120 days from the renewal date. The option will be valid for a period of five years from the date all conditions precedent are satisfied. To exercise the option to acquire a 75% interest in the Dorlin project, the Company will have to complete and deliver a feasibility study to SMYD within a period of four years and six months of the beginning of the option period. To maintain the option, the Company is required to spend at least US$3 million in the first three years. Once the option is exercised, SMYD can maintain a 25% participating interest ("PI") or can elect to receive a 5% net profit interest ("NPI"). If SMYD chooses a 25% PI, the Company will have the option to acquire an additional 5% PI from SMYD for a consideration based on the net present value as established in the feasibility study. The Dorlin project is subject to a 0.5% royalty payable to a subsidiary of Iamgold Corporation. SMYD filed an application to renew the Dorlin permit in July 2015 and it is still pending.

Sale of exploration and evaluation assets

During the year ended March 31, 2017, the Company sold some mobile equipment, service vehicles and other equipment located at the Matthews Ridge project for proceeds of $512,948, resulting in a gain on sale of $481,645 (during the year ended March 31, 2016, the Company sold exploration and evaluation assets for proceeds of $500,935, resulting in a gain on sale of $470,620). At March 31, 2017, other receivables include an amount of $345,439 to be received from the sale of these assets, over the next 12 months ($282,776 at March 31, 2016). During the year ended March 31, 2016, the Company had also sold office furniture and computer equipment for an amount of $33,500 to Highland Copper Company Inc. ("Highland"), a related party by virtue of common management (Note 14).

March 31, 2017 and 2016 (audited, in Canadian dollars)

4. LOANS FROM RELATED PARTIES

Loans from related parties are composed of the following:

	March 31, 2017	March 31, 2016
	$	$
Convertible Notes	**682,876**	1,007,000
Accrued interest on Convertible Notes	**300,511**	286,996
Deferred bonus payments	**132,990**	259,740
Accrued interest on deferred bonus payments	**33,912**	66,233
	1,150,289	1,619,969

In 2013, two of the Company's executive officers advanced to the Company a total amount of $1,007,000 for working capital purposes ("Convertible Notes"). Also, these executive officers agreed to defer the receipt of bonus payments in the amount of $265,980 (US$200,000) which had become payable in February 2013.

The Convertible Notes bear interest at the rate of 1% per month until maturity. The outstanding principal and accrued interest are repayable by the Company on the earlier of the completion of a financing for a minimum amount of $5 million or upon demand at any time after June 30, 2018 (following amendments to the repayment schedule in June 2014, June 2015 and June 2016), either in cash or in common shares of the Company, at the option of the holder. The conversion price for the outstanding principal of the Convertible Notes is $0.14 per share, and the conversion price of the accrued interest on the Convertible Notes will be equal to the market price of the Company's shares at the time of conversion, if such election is made. The Company has the right to redeem the Convertible Notes at any time.

The principal amount of the deferred bonus payments as well as accrued interest (up to June 30, 2015 as the interest on the deferred bonus payments ceased to accrue after June 30, 2015) can be repaid by the Company at any time without penalty but no later than three business days after the completion of a financing for a minimum amount of $5 million. The payment of the deferred bonus payments as well as accrued interest may be demanded in full by the lenders at any time after June 30, 2018 (following amendments to the repayment schedule in June 2014, June 2015 and June 2016).

In February 2017, following the completion of the sale of the Matthews Ridge project, the Company reimbursed advances that had been made to the Company by its former president and CEO and his share of the deferred bonus payment, including accrued interest, for a total of $533,926. In March 2017, the Company reimbursed an amount of $59,124 in advances that had been made to the Company by its chairman.

March 31, 2017 and 2016 (audited, in Canadian dollars)

5. INCOME TAXES

The income tax provision differs from the amount resulting from the application of the combined Canadian statutory income tax rate as follows:

		Year ended March 31, 2017		Year ended March 31, 2016
		$		$
Net income (loss) before income taxes		**5,335,770**		(1,016,268)
Tax using the Company's domestic tax rate	**26.88%**	**1,433,988**	26.90%	(273,376)
Effect of tax rate in foreign jurisdictions	**0.74%**	**39,230**	18.75%	(190,501)
Effect of foreign exchange due to consolidation	**0.81%**	**43,135**	(27.17%)	276,151
Difference in tax rate	**(2.65%)**	**(141,284)**	-	-
Effect of tax rate on deferred income tax balance	**36.02%**	**1,921,802**	-	-
Non-deductible expenses	**(0.35%)**	**(18,848)**	4.79%	(48,650)
Unrecognized tax assets	**(53.11%)**	**(2,833,958)**	(24.26%)	246,525
Others	**(1.26%)**	**(67,204)**	0.99%	(10,149)
Income tax expense	**7.08%**	**376,861**	-	-

Unrecognized deductible temporary differences for which no deferred tax assets have been recognized are presented in the following tables. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profits will be available against which the Company can utilize the benefits therefrom.

				March 31, 2017
	Guyana	**United States**	**Canada**	**Total**
	$	**$**	**$**	**$**
Non-capital loss carry-forwards	**64,921,668**	**17,181,543**	**16,184,119**	**98,287,330**
Capital loss carry-forwards	**332,067**	**15,273,077**	**8,319,118**	**23,924,262**
Property and equipment	**41,330**	**-**	**392,358**	**433,688**
Exploration and evaluation assets	**-**	**-**	**16,701,207**	**16,701,207**
Other	**-**	**-**	**179,528**	**179,528**
	65,295,065	**32,454,620**	**41,776,330**	**139,526,015**

March 31, 2017 and 2016 (audited, in Canadian dollars)

5. INCOME TAXES (continued)

				March 31, 2016
	Guyana	United States	Canada	Total
	$	$	$	$
Non-capital loss carry-forwards	66,235,544	16,778,457	14,652,592	97,666,593
Capital loss carry-forwards	320,159	14,914,765	8,151,456	23,386,380
Property and equipment	1,349,390	-	392,358	1,741,748
Exploration and evaluation assets	-	-	16,701,207	16,701,207
Other	-	-	139,682	139,682
	67,905,093	31,693,222	40,037,295	139,635,610

Losses carried forward as at March 31, 2017 will expire as follows:

	United States	Canada
	$	$
2024	62,342	-
2025	433,837	-
2026	1,165,491	1,460,212
2027	15,519,873	1,458,642
2028	-	1,088,068
2029	-	1,262,881
2030	-	338,915
2031	-	833,035
2032	-	1,930,034
2033	-	1,746,086
2034	-	2,167,680
2035	-	1,718,455
2036	-	686,632
2037		1,493,479
	17,181,543	16,184,119

The Company’s wholly-owned subsidiary in Guyana also has a loss carry-forward of $64,921,668 at March 31, 2017, available indefinitely to reduce taxable income in future years.

6. SHARE CAPITAL

Authorized and issued

Unlimited number of common shares and unlimited number of preferred shares, issuable in series.

At March 31, 2017, the Company had 187,451,596 issued and outstanding common shares (180,317,936 at March 31, 2016).

Issuance of securities

On March 9, 2017, the Company completed a non-brokered private placement of 7,133,660 common shares at a price of $0.10 per share for proceeds of $713,366. Subscribers to the private placement consisted exclusively of directors of the Company.

March 31, 2017 and 2016 (audited, in Canadian dollars)

7. STOCK OPTIONS

The shareholders of the Company adopted and approved a stock option plan (the “2004 Stock Option Plan”) for employees, officers, directors and consultants to the Company and its affiliates. The Board of Directors has delegated the authority to oversee the 2004 Stock Option Plan to the Compensation and Corporate Governance Committee of the Company (the “Compensation Committee”). The Compensation Committee may determine the time during which any options may vest. The exercise price of an option shall not be lower than the closing price of the common shares on the TSXV on the last trading day prior to the date of the grant. The options shall be for such periods as the Compensation Committee determines up to a maximum of five years. The maximum number of common shares issuable pursuant to the 2004 Stock Option Plan shall not exceed 10% of the total number of common shares outstanding from time to time.

The following table sets out the activity in stock options:

		Year ended March 31, 2017		Year ended March 31, 2016
	Number	**Weighted average exercise price ($)**	Number	Weighted average exercise price ($)
Options, beginning of year	**7,265,000**	**1.27**	12,015,000	0.95
Granted	**9,795,000**	**0.07**	-	-
Expired	**(4,140,000)**	**(1.86)**	(4,750,000)	(0.46)
Cancelled	**(1,562,500)**	**(0.49)**	-	-
Options, end of year	**11,357,500**	**0.13**	7,265,000	1.27

On February 9, 2017, the Company granted a total of 9,045,000 stock options to its directors, officers and consultants. The stock options granted will vest over 2 years. The options have a five year term and are exercisable at a price of $0.07 per share. On the grant date, the market price of the Company’s shares was $0.07. The fair value of the stock options was estimated at $0.05 per option by applying the Black-Scholes option pricing model, using an expected time-period of 5 years, a semi-annual weighted-average risk-free interest rate of 1.2%, a volatility rate of 98% and a 0% dividend factor.

On February 14, 2017, the Company granted a total of 750,000 stock options to a consultant. The stock options granted will vest over 2 years. The options have a five year term and are exercisable at a price of $0.10 per share. On the grant date, the market price of the Company’s shares was $0.10. The fair value of the stock options was estimated at $0.08 per option by applying the Black-Scholes option pricing model, using an expected time-period of 5 years, a semi-annual weighted-average risk-free interest rate of 1.2%, a volatility rate of 109% and a 0% dividend factor.

March 31, 2017 and 2016 (audited, in Canadian dollars)

7. STOCK OPTIONS (continued)

The underlying expected volatility of all option grants was determined by reference to historical data of the Company's share price over the expected stock option life. No special features inherent to the stock options granted were incorporated into the measurement of fair value.

The following table reflects the stock options issued and outstanding at March 31, 2017:

Issue date	Number of stock options	Exercise price	Remaining contractual life (years)	Number of exercisable options	Exercise price of exercisable options
		$			$
April 12, 2012	937,500	0.73	0.0	937,500	0.73
September 18, 2013	625,000	0.13	1.5	625,000	0.13
February 9, 2017	9,045,000	0.07	4.9	2,881,666	0.07
February 14, 2017	750,000	0.10	4.9	250,000	0.10
	11,357,500	0.13	4.3	4,694,166	0.21

8. EARNINGS (LOSS) PER SHARE

The calculation of basic and diluted earnings (loss) per share for the year ended March 31, 2017 was based on the net income attributable to common shareholders of $4,958,909 (a loss of $1,016,268 in 2016) and the weighted average number of common shares outstanding of 180,747,910 (180,317,936 in 2016).

Excluded from the calculation of the diluted loss per share for the year ended March 31, 2016 are 7,265,000 stock options and the convertible notes because to include them would be anti-dilutive as they would have the effect of decreasing the loss per share.

9. OTHER COMMITMENT AND CONTINGENCY

In addition to the commitments described in Note 3, the Company has entered into a long-term lease agreement expiring in July 2017 which calls for minimum lease payments of $24,820 for the rental of office space.

The agreements between the Company and its officers contain termination without cause and change of control provisions. Assuming that the Company's officers had all been terminated without cause or that a change in control had occurred on March 31, 2017, the total amount payable to the Company's officers would have totaled $475,980 (for termination without cause) or $858,455 (for change in control).

10. SEGMENTED INFORMATION

The Company has one reportable operating segment being the acquisition and exploration of mineral properties. The Company had no non-current assets at March 31, 2017. Non-current assets held at March 31, 2016 were located in Guyana.

11. CAPITAL MANAGEMENT

The Company defines capital that it manages as shareholders' equity. When managing capital, the Company's objectives are a) to ensure the entity continues as a going concern; b) to increase the value of the entity's assets; and c) to achieve optimal returns to shareholders. These objectives will be achieved by identifying the right exploration projects, adding value to these projects and ultimately taking them to production or obtaining sufficient proceeds from their disposal. At March 31, 2017, managed capital totaled $3,422,892 (a deficit of $2,268,238 at March 31, 2016).

The Company's properties are currently in the exploration stage. As such, the Company is dependent on external financing to fund its activities. The amount and timing of additional funding will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. There were no changes in the Company's approach to capital management during the year ended March 31, 2017. The Company is not subject to any externally imposed capital requirements at March 31, 2017.

March 31, 2017 and 2016 (audited, in Canadian dollars)

12. FINANCIAL RISK MANAGEMENT

The Company thoroughly examines the various financial risks to which it is exposed and assesses the impact and likelihood of those risks. Where material, these risks are reviewed and monitored by the Board of Directors. There were no changes to the Company's financial objectives, policies and processes during the year ended March 31, 2017.

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's ability to continue as a going concern is dependent on management's ability to raise the funds required for its continued operations as the Company generates cash flow from its financing activities (Note 1).

The following table summarizes the contractual maturities of the Company's financial liabilities at March 31, 2017:

	Carrying amount	Settlement amount	Within 1 year	1-2 years	Over 2 years
	$	$	$	$	$
Accounts payable and accrued liabilities	**493,256**	**493,256**	**493,256**	**-**	**-**
Income taxes payable	**381,828**	**381,828**	**381,828**	**-**	**-**
Loans from related parties	**1,150,289**	**1,150,289**	**-**	**1,150,289**	**-**
	2,025,373	**2,025,373**	**875,084**	**1,150,289**	**-**

Interest rate risk

The Company's interest rate risk relates to cash. The Company's policy as it relates to its cash balances is to invest excess cash in guaranteed investment certificates or interest-bearing accounts with a major Canadian-based chartered bank. The Company regularly monitors compliance to its cash management policy. Cash is subject to floating interest rates. Based on cash on hand at March 31, 2017, sensitivity to a plus or minus 1% change in interest rates would affect profit or loss by approximately $50,000 (approximately $1,000 at March 31, 2016). The Convertible Notes issued to related parties bear interest at a fixed rate of 1% per month and the deferred bonus payments are non-interest bearing since June 30, 2015. Interest rate movements may affect the fair value of the Convertible Notes.

12. FINANCIAL RISK MANAGEMENT (continued)

Currency risk

In the normal course of operations, the Company is exposed to currency risk due to business transactions conducted in a currency other than the respective functional currencies of each of the entities within the consolidated group. The Company has not entered into any derivative contracts to manage this risk. Transactions related to the Company's activities in Guyana are mainly denominated in Guyanese dollars and United States dollars. The consolidated entity seeks to minimise its exposure to currency risk by monitoring exchange rates and entering into foreign currency transactions that maximize the consolidated entity's position. The board considers this policy appropriate, taking into account the consolidated entity's size, current stage of operations, financial position and the board's approach to risk management. At March 31, 2017, assets and liabilities denominated in a foreign currency consisted of cash of $4,656,658 ($57,014 at March 31, 2016), other receivables of $172,552 ($282,776 at March 31, 2016), accounts payable and accrued liabilities of $70,502 ($548,056 at March 31, 2016), income taxes payable of $381,828 (nil at March 31, 2016), loans from related parties of $166,902 ($325,973 at March 31, 2016) and rental fees payable of nil ($296,104 at March 31, 2016). The impact on comprehensive income and equity of a 10% increase or decrease in foreign currencies to the Canadian dollar exchange rate on the Company's financial instruments balances at March 31, 2017 would be approximately $421,000 ($83,000 at March 31, 2016).

Credit risk

At March 31, 2017, the Company's financial assets exposed to credit risk are primarily composed of cash, receivable from related parties and other receivables. To mitigate exposure to credit risk, the Company has established a policy to ensure counterparties demonstrate minimum acceptable worthiness, and to ensure liquidity of available funds. The Company's management considers that all financial assets held are of good credit quality. The Company's cash is held with large Canadian-based financial institutions.

Political risk

The Company carries on its exploration activities in South America. These activities may be subject to political, economical or other risks that could influence the Company's exploration and development activities and future financial situation.

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value of cash, receivable from related parties, other receivables and accounts payable and accrued liabilities are considered to be a reasonable approximation of their fair value given the short-term maturity of these instruments.

The following table presents the Company's financial liabilities measured at amortized cost, and categorized by level according to the significance of the inputs used in making the measurements:

				March 31, 2017	March 31, 2016
	Level 1	**Level 2**	**Level 3**	**Total**	Total
	$	**$**	**$**	**$**	$
Loans from related parties	**-**	**1,150,289**	**-**	**1,150,289**	1,619,969
Rental fees payable	**-**	**-**	**-**	**-**	236,651
	-	**1,150,289**	**-**	**1,150,289**	1,856,620

Inputs used in determining fair value measurements are categorized into different levels based on how observable the inputs used in the valuation technique utilized are (being the fair value hierarchy):

Level 1: Quoted prices in active markets for identical items (unadjusted).
Level 2: Observable direct or indirect inputs other than Level 1 inputs.
Level 3: Unobservable inputs (not derived from market data).

Loans from related parties are measured at amortized cost using the effective interest method and deferred bonus payments (part of loans from related parties) denominated in US$ are adjusted for changes in foreign exchange rates. The fair value of loans from related parties is not significantly different from their carrying values as there was no material change during the period with the assumptions used for fair value determination at inception.

There were no transfers between Levels 1, 2 and 3 during the years ended March 31, 2017 and 2016.

14. RELATED PARTY TRANSACTIONS

The detail of transactions between the Company and its related parties (in addition to those transactions described in Note 4), other than subsidiaries which are fully consolidated, are described below. Related party transactions are measured at their exchange amount, which is the amount of consideration established and agreed to by the related parties. Unless otherwise stated, none of these transactions included special terms or conditions. No guarantees were given.

Companies under common management

During the year ended March 31, 2017, the Company was a party to separate agreements to provide administrative services to other TSXV-listed companies, related by virtue of common management, including Highland and Odyssey Resources Limited. The services are provided at cost for all direct expenses plus a fixed monthly charge to cover overhead expenses. Such amounts recovered for administrative services during the year ended March 31, 2017 totaled $188,681 and were presented against office and other expenses on the consolidated statements of comprehensive income (loss). During the year ended March 31, 2017, the Company paid or accrued an amount of $128,336 to Highland for administrative and legal services, under a management services agreement dated January 1, 2016.

During the year ended March 31, 2016, the Company was a party to separate agreements to provide management and administrative services to other TSXV-listed companies, related by virtue of common management. Such amounts recovered for management and administrative services during the year ended March 31, 2016 totaled $579,117 and were presented against salaries and benefits and office and other expenses on the consolidated statements of comprehensive income (loss). During the year ended March 31, 2016, the Company sold to Highland office furniture and computer equipment for an amount of $33,500.

At March 31, 2017, the Company had an amount receivable from companies under common management of $74,310 ($861 at March 31, 2016). Amounts due are non-interest bearing and are due within 30 days of invoice date.

Settlement payment to the Company’s former president and CEO

In February 2017, the Company paid to its former president and CEO an amount of US$100,000 as full and final settlement of all unpaid amounts related to his employment with the Company due at the date of his resignation in February 2016, in accordance with a settlement agreement entered into at that time.

March 31, 2017 and 2016 (audited, in Canadian dollars)

14. RELATED PARTY TRANSACTIONS (continued)

Remuneration of directors and key management of the Company

The remuneration awarded to directors and to senior key management, including the president and Chief Executive Officer and the Chief Financial Officer, is as follows:

	Year ended March 31, 2017	Year ended March 31, 2016
	$	$
Salaries, bonuses and benefits	**910,368**	188,578
Consulting fees	**112,621**	26,625
Share-based remuneration	**134,800**	-
	1,157,789	215,203

REUNION
GOLD CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year ended March 31, 2017

REUNION GOLD CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2017

The following management's discussion and analysis ("MD&A") of the operations, results, and financial position of Reunion Gold Corporation ("Reunion Gold") and its subsidiaries (together the "Company"), dated June 28, 2017, covers the years ended March 31, 2017 and 2016 and should be read in conjunction with the Company's audited consolidated financial statements and related notes for the years ended March 31, 2017 and 2016 (the "March 31, 2017 and 2016 consolidated financial statements"). The March 31, 2017 and 2016 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All financial results presented in this MD&A are expressed in Canadian dollars unless otherwise indicated.

Description of Business

Reunion Gold is a Canadian-based company focused on the acquisition, exploration and development of mineral projects located in the Guiana Shield region of South America. Reunion Gold's financial year-end is March 31 and its common shares trade on the TSX Venture Exchange ("TSXV") under the symbol RGD. At March 31, 2017, the Company had a working capital of $4.6 million and 187.5 million issued and outstanding common shares.

Sale of the Matthews Ridge project, Guyana

On November 4, 2016, the Company entered into an agreement to sell all of its rights, title and interest in the Matthews Ridge manganese project to Bosai Minerals Group Co., Ltd. ("Bosai"), an arm's length Chinese corporation. The total consideration for the sale of the project is US$10 million, including US$5 million which was paid to the Company on February 1, 2017, the closing date of the transaction, and US$5 million to be paid at the rate of US$2.00 per tonne of manganese concentrate or ore shipped from Matthews Ridge once it enters into production. Pursuant to the agreement, Reunion agreed to transfer to Bosai the four prospecting licenses (which make up the Matthews Ridge project), the March 2011 Mineral Agreement between Reunion, the Co-Operative Republic of Guyana and the Guyana Geology Mines Commission ("GGMC"), and capital assets located at Matthews Ridge.

As part of the transaction, Bosai agreed to reimburse the Company at closing for the amount of the performance bond of US$116,000 that had been posted by the Company with the GGMC when the prospecting licenses were granted in 2010.

Option agreement to acquire an interest in the Haute Mana gold project, French Guiana

On December 1, 2016, the Company entered into an option agreement with Union Minière de Saül ("UMS"), an arm's length private company. Pursuant to the option agreement, the Company has the right to acquire an 80% interest in the Haute Mana gold project by completing a preliminary economic assessment ("PEA") on the project within a period of five years (the "Option Period"). The Option Period will commence upon receipt of all required approvals and the receipt from the French regulatory authority of a plan describing environmental reclamation work required to be done on the project as a result of past mining activities (the "Plan").

In connection with the work required under the Plan, the Company agreed to advance, as a loan to UMS, up to 250,000 euros, which will bear interest at the legal rate in effect in French Guiana at the time of the disbursement. The loan and accrued interest will be repayable within 60 days of the completion of the PEA. At March 31, 2017, the Company had not yet advanced any funds to UMS under the loan agreement.

Upon exercise of the option by the Company, the Company will be deemed to have acquired an 80% interest in the concessions. UMS will then have the option to retain its 20% participating interest or convert its interest in a 5% net profit interest or sell its 20% interest to the Company at a price to be agreed to at that time.

The Haute Mana gold project consists of eight mining concessions covering an area of 122.5 km² in the central-south part of French Guiana, some 170 km SW from the capital city of Cayenne, being accessible by a forest trail and aircraft. This is one of the most prolific gold producing area of French Guiana, from at least six "camps" along the Sophie-Saul shear zone, mostly from artisanal work both in alluvial and primary sources. The region was extensively mapped and explored by the Bureau de Recherches Géologiques et Minières (BRGM) in the 1980's. Ressources Franc-Or did further exploration work in the 1990's.

The eight mining concessions expire on December 31, 2018 but are renewable under certain conditions for additional terms of up to 25 years. In December 2016, UMS filed renewal applications for seven of the eight mining concessions. UMS and the Company agreed to let the other concession expire in 2018.

Option agreement to acquire an interest in the Dorlin gold project, French Guiana

On February 4, 2017, the Company entered into an option agreement to acquire a 75% interest in the Dorlin project in French Guiana from Société Minière Yaou-Dorlin ("SMYD"), a subsidiary of Auplata S.A., a French company listed on Alternext. The Dorlin project consists of an 84 km^2 Exploitation Permit for gold, in the central west region of French Guiana, approximately 190 km south-west of the capital Cayenne, within an area open to mining activity. The Project is underlain by rocks typical of the greenstone belts of the Guiana Shield, in the Yaou-Dorlin area, which hosts numerous small artisanal gold workings. In the 1990's substantial exploration work was conducted in the area by Guyanor Ressources and Cambior Inc. (now Iamgold Corporation). SMYD is carrying out a small scale alluvial gold mining operation on the project area using contractors.

The option is subject to certain conditions precedent including the renewal of the Dorlin project permit and the completion by the Company of technical and legal due diligence on the project for a period of 120 days from the renewal date. The option will be valid for a period of five years from the date all conditions precedent are satisfied. To exercise the option to acquire a 75% interest in the Dorlin project, the Company will have to complete and deliver a feasibility study to SMYD within a period of four years and six months of the beginning of the option period. To maintain the option, the Company is required to spend at least US$3 million in the first three years. Once the option is exercised, SMYD can maintain a 25% participating interest ("PI") or can elect to receive a 5% net profit interest ("NPI"). If SMYD chooses a 25% PI, the Company will have the option to acquire an additional 5% PI from SMYD for a consideration based on the net present value as established in the feasibility study. The Dorlin project is subject to a 0.5% royalty payable to a subsidiary of Iamgold Corporation. SMYD filed an application to renew the Dorlin permit in July 2015 and it is still pending.

Board and Management Appointments

On February 10, 2017, the Company announced the appointment of Mr. Réjean Gourde, a Reunion board member since 2011, as President and CEO of the Company. Mr. Gourde has more than three decades of experience in the mining industry including 12 years as senior vice president of the Guiana Shield Division of Cambior Inc. (now Iamgold Corporation). Since 2007, Mr. Gourde has worked as a mining consultant on several mining projects in West Africa, Guyana and Peru. Mr. Gourde holds a Bachelor of Science Degree in Mining Engineering from Ecole Polytechnique at the Université de Montréal and is a registered Professional Engineer in Quebec.

The Company also announced the appointment of Ms. Elaine Bennett as director and member of the audit committee of the board. Since 2008, Ms. Bennett has been Vice President Finance and CFO for Sabina Gold & Silver Corp., an advanced exploration and development company listed on the Toronto Stock Exchange. Prior to joining Sabina, Ms. Bennett was VP Finance and CFO for Miramar Mining Corporation which was acquired by Newmont in 2007. Ms. Bennett has experience in financial reporting, mergers and acquisitions, corporate reorganizations, mine construction, accounting and information technology. Ms. Bennett, a

Chartered Professional Accountant, has also been director and chair of the audit committee of other junior exploration companies listed on the TSXV.

The Company also appointed Mr. David Charles as Manager, Investor Relations and Business Development. Mr. Charles brings close to 30 years of experience in the financial services industry in Canada primarily as a mining equity analyst. During his career Mr. Charles has worked for BMO Capital Markets, GMP Securities and Dundee Capital Markets as a senior analyst and visited mines and projects in North and South America, Europe and Africa. Mr. Charles holds a bachelor's degree in geology from Trinity College Dublin, an M Sc. (applied) in Mineral Exploration from McGill University and is a CFA charter holder.

Grant of stock options

In February 2017, the Company granted a total of 9,795,000 incentive stock options to its directors, officers, and consultants. The options are exercisable for a period of five years at an average exercise price of $0.07 and will be vesting over a period of two years.

Private placement

On March 9, 2017, the Company completed a non-brokered private placement of 7,133,660 common shares at a price of $0.10 per share for proceeds of $713,366. Subscribers to the private placement consisted exclusively of directors of the Company who invested the net amount of their compensation for the period from October 2014 to December 2016, which was paid to them following the sale of the Matthews Ridge project. The securities issued are subject to a hold period expiring July 10, 2017.

Outlook

Following the sale of the Matthews Ridge manganese project, the Company has decided to refocus its exploration efforts on early-stage gold projects located in the Guiana Shield region of South America, including the Haute Mana and Dorlin gold projects described above. The Company is also evaluating other gold projects in the Guiana Shield region. To this effect, the Company has made a deposit for certain early-stage mineral claims in Guyana and expects to acquire or enter into option agreements by the end of 2017.

CONSOLIDATED FINANCIAL INFORMATION (1) (2)

Financial Position	March 31, 2017	March 31, 2016
	$	$
Cash	**4,992,291**	75,388
Exploration and evaluation assets	**-**	496,128
Total assets	**5,448,265**	1,011,384
Non-current liabilities	**1,150,289**	236,051
Shareholders' equity (deficit)	**3,422,892**	(2,268,238)

Comprehensive Income (loss)	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015
	$	$	$
Net income (loss) for the year	**4,958,909**	(1,016,268)	(3,553,668)
Basic and diluted earnings (loss) per share	**0.03**	(0.01)	(0.02)
Cash Flows			
Operating activities	**(2,404,727)**	(232,952)	(1,686,451)
Investing activities	**7,374,527**	251,659	256,897
Financing activities	**113,831**	-	-

(1) The Selected Consolidated Financial Information was derived from the Company's March 31, 2017 and 2016 consolidated financial statements, prepared in accordance with IFRS.

(2) The Company's consolidated financial statements have been prepared on the basis of a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of operations. At March 31, 2017, management believes that it has sufficient working capital to pay for its ongoing general and administrative expenses and to meet its liabilities, obligations and existing commitments for at least the next 12 months. As described in this MD&A, the Company recently entered into option agreements to acquire an interest in two gold projects in French Guiana. The Company will need to raise funds in the future through the issuance of equity instruments or other arrangement to meet future work requirements. While management has been successful in securing financing in the past, there can be no assurance that it will be able to do so in the future or that sources of funding or initiatives will be available to the Company or that they will be available when such funds are required.

Since its incorporation, the Company has not paid any cash dividend on its outstanding common shares and it is highly unlikely that any dividend will be paid in the foreseeable future.

Financial Review

The Company is in the exploration and development phase and does not yet have revenue-generating activities. Accordingly, the Company's financial performance is largely a function of the level of exploration and evaluation activities undertaken on its projects and the management and administrative expenses required to operate and carry out its activities. Below is a discussion of the major items impacting net income (loss) for the years ended March 31, 2017 and 2016.

Year 2017 compared to 2016

During the year ended March 31, 2017, the Company realized a net income of $4,958,909 ($0.03 per share) compared to a net loss $1,016,268 ($0.01 per share) in 2016.

In 2017, the Company realized a gain of $6,969,106 on the sale of exploration and evaluation assets ($470,620 in 2016), including an amount of $6,487,461 on the sale of the Matthews Ridge manganese project to Bosai and an amount of $481,645 on the sale of some of the equipment located at the Matthews Ridge project. The amount of $6,706,000 (US$5,000,000) paid at closing of the sale of the Matthews Ridge project to Bosai less capitalized mineral properties expenditures and transaction costs, net of rental fees and other payables, resulted in the amount of the gain of $6,487,461. In 2017, prior to the sale of the Matthews Ridge project, the Company had sold some mobile equipment, service vehicles and other equipment located at the Matthews Ridge project for proceeds of $512,948 resulting in a gain on sale of $481,645 (in 2016, the Company had sold various equipment at Matthews Ridge for proceeds of $500,935 resulting in a gain on sale of $470,620).

In 2017, the Company recovered an amount of $260,450 from the GGMC for expenses incurred by the Company on behalf of the GGMC for the removal of scrap metal located at the Matthews Ridge property.

Higher management and administration expenses were incurred in 2017 as a result of a higher level of activity than during the previous year. In 2016, expenses were kept to a minimum in order to conserve cash, with minimal expenses incurred in Guyana, which related mostly to securing the Company's assets.

In 2017, wages and fees of $1,690,900 ($614,166 in 2016) include a) an adjustment of $736,030 (US$562,500) to reinstate the annual compensation of the Company's chairman to US$300,000 from US$50,000, for the period from October 1, 2014 to December 31, 2016, which amount was subsequently invested in the Company as part of a private placement of common shares completed in March 2017; b) an amount of $131,700 (US$100,000) paid to the Company's former president and CEO as full and final settlement of all unpaid amounts related to his employment with the Company, in accordance with a settlement agreement entered into at the time of his resignation in February 2016; c) fees to geological consultants of $80,615 related mostly to due diligence activities of the properties under option in French Guiana; and d) share-based compensation of $191,357 related to the grant of options to directors, officers and consultants of the Company in February 2017.

Other expenses included audit, tax and legal fees of $45,246 ($44,03 in 2016), filing fees of $15,805 ($19,601 in 2016), investor relations and travel of $46,557 ($8,473) related to attending key mining conferences and travelling to the optioned properties in French Guiana, camp costs of $12,183 ($52,844 in 2016), finance-related expenses on loans from related parties of $115,540 ($128,216 in 2016), depreciation and amortization of $17,542 ($476,993 in 2016), and office and other expenses of $37,787 ($135,164).

The Company recorded an income tax expense of $376,861 during the year ended March 31, 2017 representing the capital gain tax in Guyana on the sale of the Matthews Ridge project (nil in 2016).

4th quarter ended March 31, 2017 compared to 4th quarter ended March 31, 2016

During the 4th quarter period ended March 31, 2017, the Company incurred a loss of $1,544,030 ($0.01 per share), compared to a loss of $54,333 (nil per share) during the 4th quarter period ended March 31, 2016. During the current period, total expenses of $1,147,142, a reduction in the gain on the sale of exploration and evaluation assets in the amount of $117,174 to account for expenses related to the sale of the Matthews Ridge project and income taxes on the sale of the Matthews Ridge project in the amount of $376,861, were partially offset by an unrealized gain on foreign exchange of $91,167 and a finance income of $5,980.

Wages and fees of $1,101,954 during the current period ($212,305 in 2016) included the adjustment of the compensation of the Company's chairman in the amount of $736,030 described above, which amount was subsequently invested in the Company as part of a private placement completed in March 2017, fees to geological consultants of $33,609 related mostly to due diligence activities of the properties under option in French Guiana, and share-based compensation of $191,357 related to the grant of options to directors, officers and consultants of the Company in February 2017.

Other expenses totaled $45,188 during the 4th quarter ended March 31, 2017 ($261,908 during the 4th quarter ended March 31, 2016). Higher expenses during the comparative period included depreciation and amortization of $96,450 compared to nil during the current period.

Selected Quarterly Financial Information

The table below presents revenues, net income (loss) and net income (loss) per share for the last eight quarters:

Period ended	Revenues	Net income (loss)	Income (loss) per share
	$ 000	$ 000	$
March 31, 2017 (1)	0.0	(1,544.0)	(0.01)
December 31, 2016 (2)	0.0	6,443.8	0.04
September 30, 2016	0.0	(327.8)	(0.00)
June 30, 2016 (3)	0.0	386.9	(0.00)
March 31, 2016	0.0	(54.3)	(0.00)
December 31, 2015	0.0	(240.7)	(0.00)
September 30, 2015	0.0	(437.1)	(0.00)
June 30, 2015	0.0	(284.2)	(0.00)

1) includes an adjustment of $736,030 to the compensation of the Company's chairman.
2) includes a gain of $6,687,801 on the sale of the Matthews Ridge project.
3) includes a gain of $548,888 on the sale of mobile equipment, service vehicles and other equipment.

Liquidities and Capital Resources

At March 31, 2017, the Company had a working capital of $4,473,181 (at March 31, 2016, the Company had a working capital deficiency of $2,678,964). On February 1, 2017, the Company received $6,706,000 (US$5,000,000) from the sale of the Matthews Ridge project and $155,579 (US$116,000) as reimbursement of the performance bond that had been posted with the GGMC, and during the year ended March 31, 2017, the Company received proceeds of $512,948 from the sale of certain mobile equipment, service vehicles and other equipment.

On February 13, 2017, the Company repaid all outstanding amounts due to the Company's former president and CEO, including loans made to the Company in 2013 and accrued interest for a total amount of $533,926, and a final settlement amount of US$100,000 related to his resignation in February 2016. On March 31, 2017, the Company reimbursed a portion of the principal amount of the $742,000 Convertible Note due to the Company's chairman in the amount of $59,124.

On March 9, 2017, the Company completed a non-brokered private placement of 7,133,660 common shares at a price of $0.10 per share, for proceeds of $713,366.

At March 31, 2017, management of the Company believes that it has sufficient working capital to pay for its ongoing general and administrative expenses and to meet its liabilities, obligations and existing commitments for at least the next 12 months. The Company has recently entered into option agreements to acquire an interest in two gold projects located in French Guiana, which will require that certain expenditures be incurred, including a minimum amount of US$3 million to be spent on the Dorlin project in the first three years of the option agreement (see *Option agreement to acquire an interest in the Dorlin gold project, French Guiana* section). The Company will need to raise funds within the next 12 months to meet future exploration activities on the Dorlin and Haute Mana gold projects and to acquire an interest in other mineral projects. These funds will most likely be raised through the issuance of equity securities. While management has been successful in securing financing in the past, there can be no assurance that it will be able to do so in the future or that sources of funding or initiatives will be available to the Company or that they will be available when such funds are required.

Capital Management

The Company defines capital that it manages as shareholders' equity. When managing capital, the Company's objectives are a) to ensure the entity continues as a going concern; b) to increase the value of the entity's assets; and c) to achieve optimal returns to shareholders. These objectives will be achieved by identifying the right exploration projects, adding value to these projects and ultimately taking them to production or obtaining sufficient proceeds from their disposal. At March 31, 2017, managed capital totaled $3,422,892 (a deficit of $2,268,238 at March 31, 2016).

The Company's properties are currently in the exploration stage. As such, the Company is dependent on external financing to fund its activities. The amount and timing of additional funding will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. There were no changes in the Company's approach to capital management during the year ended March 31, 2017. The Company is not subject to any externally imposed capital requirements at March 31, 2017.

Other Commitment and Contingency

The Company has entered into a long-term lease agreement expiring in July 2017 which calls for minimum lease payments of $24,820 in 2018 for the rental of office space.

The agreements between the Company and its officers contain termination without cause and change in control provisions. Assuming that the Company's officers had all been terminated without cause or that a change in control had occurred on March 31, 2017, the total amount payable to the Company's officers would have totaled $475,980 (for termination without cause) and $858,455 (for change in control).

Off-Balance Sheet Arrangements

As of March 31, 2017, the Company has no off-balance sheet arrangements.

Other Related Party Transactions

During the year ended March 31, 2017, the Company was a party to separate agreements to provide administrative services to other TSXV-listed companies, related by virtue of common management, including Highland Copper Company Inc. and Odyssey Resources Limited. The services, which consist mainly of the provision of office space and telecommunication, are provided at cost for all direct expenses plus a fixed monthly charge to cover overhead expenses. Such amounts recovered for administrative services during the year ended March 31, 2017 totaled $188,681. During the year ended March 31, 2017, the Company paid or accrued an amount of $128,336 to Highland Copper Company Inc. for administrative and legal services, under a management services agreement dated January 1, 2016.

During the year ended March 31, 2016, the Company was a party to separate agreements to provide management and administrative services to other TSXV-listed companies, related by virtue of common management. Such amounts recovered for management and administrative services during the year ended March 31, 2016 totaled $579,117. During the year ended March 31, 2016, the Company sold to Highland Copper Company Inc. office furniture and computer equipment for an amount of $33,500.

The remuneration awarded to directors and to senior key management, including the president and CEO and the CFO totalled $1,157,789 during the year ended March 31, 2017 ($215,203 in 2016).

Basis of Presentation of Financial Statements

The Company's consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board. The accounting policies, methods of computation and presentation applied in the Company's consolidated financial statements are consistent with those of the previous year. The significant accounting policies of Reunion Gold are presented in Note 2 to the March 31, 2017 and 2016 consolidated financial statements filed on SEDAR.

Accounting standards issued but not yet applied

Standards, amendments and interpretations issued but not yet effective up to the date of the issuance of the Company's consolidated financial statements that are expected to be relevant to the Company are presented in Note 2 to the March 31, 2017 and 2016 consolidated financial statements filed on SEDAR.

Outstanding Share Data

The Company can issue an unlimited number of common shares, without par value. As at June 28, 2017, a total of 187,451,596 common shares are issued and outstanding and 10,420,000 stock options are outstanding with exercise prices ranging between $0.07 and $0.13 and expiring between September 2018 and February 2022.

FINANCIAL RISK FACTORS

The Company thoroughly examines the various financial risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include liquidity risk, interest rate risk, currency risk and credit risk. Where material, these risks are reviewed and monitored by the Board of Directors. There were no changes to the Company's financial objectives, policies and processes during the year ended March 31, 2017. The financial risks are described and presented in Note 12 to the March 31, 2017 and 2016 consolidated financial statements filed on SEDAR.

OTHER RISKS AND UNCERTAINTIES

The operations of the Company are highly speculative due to the high-risk nature and current stage of its business, which is the exploration and development of mineral properties. The risks and uncertainties described below are not necessarily the only ones that the Company could be facing. If any of the following risks, or any other risks and uncertainties that the Company has not yet identified, actually occur, the Company's business, financial condition, results of operations and cash flows could be materially and adversely affected.

Requirement for additional financing

The Company has no history of earnings and has limited financial resources. The Company does not expect to receive revenues from its core business in the foreseeable future, if at all. Historically, the Company has been dependent on the equity markets as its source of operating working capital and the Company's capital resources are largely determined by the strength of the junior resource markets, the status of the Company's projects in relation to these markets, and its ability to compete for investor support. The further development of the Company's projects depends upon the Company's ability to obtain financing through equity financing, debt financing, strategic partnership or other means. The junior exploration market is volatile and is sensitive to economic and political events as well as underlying commodity prices. There is no assurance that the Company will be able to obtain additional financing in the appropriate amount, and, if obtained, on terms favorable to the Company, to undertake the exploration and development of its projects.

Gold price volatility

Gold prices fluctuate widely and are affected by numerous factors beyond the Company's control such as worldwide economic and political events. The exploration and development of the Company's projects and future financial results of the Company is dependent to a large extent on the market price of gold.

Exploration and mining risks

The Company's projects are in the exploration stage. Few properties that are explored are ultimately developed into producing mines. Substantial expenditures are required to identify mineral resources and mineral reserves, to develop metallurgical processes to extract the metal from mineral resources, and to develop the mining and processing facilities and infrastructure at any site chosen for mining.

Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices which are highly cyclical; the proximity and capacity of milling facilities; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot accurately be predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

Regulatory Requirements

Exploration, development and mining operations are subject to extensive laws and regulations governing prospecting, development, production, exports, taxes, labour standards, occupational health, waste disposal, environmental protection and remediation, protection of endangered and protected species, mine safety, toxic substances and other matters. Changes in these regulations or in their application are beyond the control of the Company and could adversely affect its operations, business and results of operations. Failure to comply with the conditions set out in any permit or failure to comply with the applicable statutes and regulations may result in orders to cease or curtail operations or to install additional equipment.

Environmental risk

The Company may be subject to potential risks and liabilities associated with various environmental incidents including pollution of the environment and the disposal of waste products that could occur as a result of its mineral exploration, development and production. To the extent the Company is subject to environmental liabilities, the payment of such liabilities or the costs that it may incur to remedy environmental pollution would reduce funds otherwise available to it and could have a material adverse effect on the Company.

Foreign Operations and Political Risk

The Company's mineral assets are located in French Guiana, an overseas department of France and, as such, are exposed to various levels of political, economic, and other risks and uncertainties. These risks and uncertainties may include, but are not limited to: fluctuations in currency exchange rates; high rates of inflation; labour unrest; renewal of or securing all of concessions, licenses, permits and authorization required to conduct exploration and development of mineral projects; illegal mining; corruption; changes in taxation policies; restrictions on foreign exchange and repatriation; and social unrest. Changes, if any, in mining or investment policies or shifts in political attitude in French Guiana may adversely affect the operations or future profitability of the Company.

Dilution

In order to finance future operations and development efforts, the Company may raise funds through the issue of common shares or securities convertible into common shares and this would result in dilution, possibly substantial, to present and prospective shareholders of the Company.

Competition

The Company's business is intensely competitive and the Company will compete with other mining companies, many of which have greater resources and experience. Competition in the mining industry is primarily for mineral rich properties which can be developed and can produce economically; the technical expertise to find, develop, and operate such properties; the labour to operate the properties; and the capital for the purpose of funding such properties. The Company's inability to compete with other mining companies for these resources would have a material adverse effect on the Company's results of operation and business.

Conflicts of Interest

A majority of the Company's directors and officers serve as directors or officers of other natural resource companies. Situations may arise where the directors and/or officers of the Company may be in competition with the Company. Any conflicts of interest will be subject to and governed by the law applicable to directors' and officers' conflicts of interest. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors and officers of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not the Company will participate in a particular program or transaction and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This MD&A may contain "forward-looking information", within the meaning of Canadian securities laws. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, and is inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by the forward-looking information.

Specifically, this MD&A includes, but is not limited to, forward-looking information regarding: the Company's plans and objectives including plans to acquire other mineral projects, and the potential of the projects being acquired.

There can be no assurance that such forward looking information will occur for various reasons including all necessary approvals for the option agreements may not be obtained, the Dorlin permit may not be renewed, the Company may not be able to satisfy the conditions to exercise the options to acquire an interest in the Haute Mana and Dorlin projects, and the Company may not have all the required funds to finance the expenditures required to complete a PEA on Haute Mana and a feasibility study on Dorlin. Accordingly, readers should not place undue reliance on forward-looking information. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law.

Additional Information and Continuous Disclosure

This MD&A has been prepared as at June 28, 2017. Additional information on the Company is available through regular filings of press releases and financial statements on SEDAR (www.sedar.com) and on the Company's website (www.reuniongold.com).