

INDEPENDENCE GOLD CORP.

MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS, FORM 51-502F1

For the twelve-month period ended December 31, 2012

This Management's Discussion and Analysis ("**MD&A**") compares the financial results of Independence Gold Corp. and its wholly-owned subsidiaries, Golden Pavilion Resources Ltd. and Silver Quest Resources (US) Ltd. (collectively, "**Independence**" or the "**Company**") for the twelve-month period ended December 31, 2012 ("fiscal 2012") with the comparable period in 2011 ("fiscal 2011"). This MD&A should be read in conjunction with the audited consolidated financial statements and accompanying notes for the recently completed financial year and the MD&As for all relevant periods, copies of which are filed under the Company's profile on the SEDAR website, www.sedar.com.

Independence was incorporated under the *Business Corporations Act* (British Columbia) on November 1, 2011, initially as a wholly owned subsidiary of Silver Quest Resources Ltd. ("**Silver Quest**"). On November 4, 2011, Silver Quest, Independence and New Gold Inc. ("**New Gold**") entered into an arrangement agreement whereby New Gold would acquire all the outstanding common shares of Silver Quest. The arrangement completed on December 23, 2011. As part of the arrangement and before New Gold acquired all the Silver Quest shares, the net assets of Silver Quest (except the Davidson and Capoose mineral properties) were transferred to Independence in exchange for Independence shares that were then distributed by Silver Quest to its shareholders.

The transfer and spin-out of the Silver Quest net assets to the Company was between entities under common control since it was a transfer of assets previously owned by Silver Quest to Independence, a wholly-owned subsidiary of Silver Quest at that time. Accordingly, the Company recorded the net assets transferred to it at the historical carrying costs of Silver Quest at the date of transfer.

The net assets acquired on the spin-out are as follows:

Cash	\$	10,857,066
Receivables		742,796
Exploration advances		50,000
Mineral properties		<u>17,848,784</u>
Net assets acquired	\$	<u>29,498,646</u>
Consideration		
Shares		<u>29,498,646</u>
Total consideration	\$	<u>29,498,646</u>

In accordance with the arrangement agreement, all outstanding warrants of Silver Quest were exchanged for warrants of New Gold and Independence. The holder of a Silver Quest warrant received one third of an Independence warrant at the following exercise prices:

<u>Silver Quest exercise price</u>	<u>Independence exercise price</u>
\$0.75	\$0.45
\$1.15	\$0.69
\$1.13	\$0.78

The residual value of these warrants is considered to be nominal.

The Independence shares commenced trading on the TSX Venture Exchange (the "**Exchange**") on December 29, 2011 under the symbol "IGO".

The Company's head office and principal address is 1410 - 650 West Georgia Street, Vancouver, British Columbia, Canada, V6B 4N8. The Company's registered and records office is 2300 - 550 Burrard Street, Vancouver, British Columbia, Canada, V6C 2B5.

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The Company is considered to be in the exploration stage with respect to its mineral properties. Based on the information available to date, except for the inferred mineral resource on the 3Ts property, no mineral resources have been identified on the Company's mineral properties.

The Company prepares its financial statements in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") and Interpretations issued by the International Financial Reporting Interpretations Committee.

The information contained in this document is provided as of March 20, 2013 (the "**Report Date**").

Overview

Independence explores for gold and silver, with property holdings that are located in central British Columbia and the Yukon Territory. The Company's projects range from early-stage grassroots exploration through advanced-stage resource delineation and expansion. The Company's business model is to build shareholder value through systematic project advancement while concurrently maintaining an opportunistic approach to the acquisition of additional precious metals properties. Independence actively manages its property portfolio, farming out or dropping properties when exploration results suggest that further expenditures by the Company are unwarranted.

Independence has no producing operations and as a consequence, the Company does not generate any operating income or a positive cash flow. Exploration of its properties is therefore entirely dependent on the Company's ability to access public equity markets to raise sufficient capital and/or its ability to attract joint venture partners to finance further work on its properties. However, with working capital of approximately \$11 million at December 31, 2012, Independence is adequately financed to support its anticipated exploration programs until early 2014.

Mineral Projects

Independence currently holds interests in one exploration project in central British Columbia and several projects in the Yukon Territory. With the exception of the British Columbia project, the projects are at an early stage of exploration and evaluation, and no resources have been identified.

3Ts Project, British Columbia

The 3Ts Project is located approximately 120 kilometres ("**km**") southwest of Vanderhoof and consists of five contiguous properties: the Tsacha, Tam, Taken, Tommy Lakes and Bot properties. Collectively, the properties are made up of thirteen mineral claims covering approximately 4,433 hectares in the Nechako Plateau region of central British Columbia. Independence owns a 100% interest in the properties, four of which are subject to various net smelter return ("**NSR**") royalties that are payable to the vendors of the properties.

The 3Ts Project covers an epithermal quartz-carbonate vein system within which more than a dozen individual mineralized veins, ranging up to 900 metres ("**m**") in strike length and up to 20 m in true width, have been identified.

The 2012 exploration program on the 3Ts Project consisted of 3,949 m of core drilling in seventeen holes, and was completed in early November at a cost of approximately \$1.22 million. Initial drilling was focused on the Mint Vein and the Ted Vein targets, with the objective of increasing the Inferred Resource for the 3Ts Project. A mineralized quartz-carbonate vein was discovered in the gap between the Ted Vein and the Mint Vein, indicating that these veins are all part of the same mineralized vein structure. This vein structure has a total strike length of more than 900 m and is open at depth and along strike. The best drill intercept from this newly-discovered vein structure averaged 6.08 grams per tonne ("**g/t**") gold and 62.0 g/t silver across 10.0 m in hole TT12-71.

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A follow-up diamond drilling program commenced in mid-February. The current program consists of a minimum of 3,500 m of core drilling at a budgeted cost of \$1.2 million, with drill holes designed to better-define the mineralized vein structure in the area between the Ted and Mint veins. Additional drill holes are designed to test for mineralized extensions of the Ted, Larry and Tommy veins.

Preliminary metallurgical testing of mineralized vein material is in progress.

The Tommy, Ted and Mint veins contain Inferred Resources as detailed below at various gold cut-off grades. These veins remain open at depth and along strike. These Inferred Resources do not incorporate the results of the 2012 drilling program. The Company plans to update these Inferred Resources following completion of the spring 2013 drilling program, which is currently in progress.

Gold Cut-off Grade	Tonnes	Gold Grade (g/t)	Ounces	Silver Grade (g/t)	Ounces
Tommy Vein					
0.5 g/t	1,614,810	3.99	207,089	39.65	2,058,936
1.0 g/t	1,490,415	4.25	203,816	41.92	2,008,768
1.5 g/t	1,370,715	4.52	199,028	44.32	1,953,354
2.0 g/t	1,181,727	4.96	188,542	47.99	1,823,604
Ted Vein					
0.5 g/t	2,654,676	1.86	159,001	105.98	9,046,031
1.0 g/t	1,813,573	2.37	138,287	124.43	7,256,227
1.5 g/t	1,358,246	2.75	120,041	127.96	5,586,009
2.0 g/t	888,914	3.36	94,303	105.45	3,014,157
Mint Vein					
0.5 g/t	310,084	5.24	52,279	63.17	629,840
1.0 g/t	310,084	5.24	52,279	63.17	629,840
1.5 g/t	310,084	5.24	52,279	63.17	629,840
2.0 g/t	309,367	5.25	52,245	63.26	629,304
Total Inferred Resources					
0.5 g/t	4,579,570	2.84	418,370	79.69	11,734,806
1.0 g/t	3,614,072	3.39	394,383	85.15	9,894,835
1.5 g/t	3,039,045	3.80	371,348	83.60	8,169,203
2.0 g/t	2,380,008	4.38	335,090	71.44	5,467,065

The summer 2012 exploration program on the 3Ts Project included upgrading camp infrastructure and improving road access to a number of locations on the property. These improvements were made in anticipation of the fall 2012 drilling campaign.

The 2011 prospecting program at the 3Ts property resulted in the discovery of mineralized vein float or boulders in the area north of the Mint Vein. The best boulder assayed 8.31 g/t gold with 56.3 g/t silver, and six other boulders contained greater than 1.0 g/t gold. Glacial transport direction within the area indicates that the bedrock source for this mineralized float is an as-yet undiscovered quartz-carbonate vein located to the west of the mineralized float.

Prospecting and geologic mapping were completed during the summer 2012 field season. The best boulder assayed 31.00 g/t gold and 301.0 g/t silver and is located in the eastern part of the project area. Twenty-one other boulders, mostly from the eastern half of the property, contained greater than 1.0 g/t gold.

These and other well-mineralized vein float boulders indicate the potential to discover new mineralized veins within the 3Ts Project area.

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Boulevard Project, Yukon Territory

The project is strategically located approximately 35 km due south of Kinross Gold Corporation's Golden Saddle discovery and is contiguous to Kaminak Gold Corporation's Coffee project, approximately 135 km south of Dawson City.

Gold mineralization at Boulevard is associated with quartz-carbonate veins in chlorite-biotite schist.

Work at Boulevard during the 2011 field season included geochemical soil sampling, diamond drilling and geological mapping. Much of this work was designed to better-define and evaluate the Boulevard Trend, which is comprised of gold-, arsenic-, antimony- and molybdenum-in-soil anomalies that occur over a distance of 2 kilometres and were identified as a result of the 2010 geochemical soil sampling.

The 2012 field season commenced in early June, with six geology students hired to collect soil samples, supported by another four to six individuals, including field supervision and a contracted helicopter service. Sampling efforts concentrated on the Boulevard, Solitude, Solo, YCS, Flow and Moosehorn properties. A total of approximately 4,840 soil and rock samples were collected at the Boulevard Project properties during the summer. On the Boulevard property, 2012 geochemical soil sampling extended and better-defined the Sunset Zone gold-in-soil anomaly.

YCS Property, Yukon Territory

The Company's YCS Property is contiguous to, and north of, the Boulevard Project properties. Approximately 800 soil and rock samples were collected at the YCS Property during the summer, resulting in the discovery of the Denali Zone, a new gold-in-soil anomaly. The Denali Zone anomaly extends for 700 metres and includes five soil samples that contain greater than 1.42 g/t gold, with one of these samples assaying 4.53 g/t gold. Two trenches were excavated to sample the bedrock underlying the gold-in-soil anomaly. The first trench cut 10 m averaging 4.56 g/t gold, and no significant values were obtained from the second trench. Five select rock samples collected during prospecting of the Denali Zone anomaly area returned assay values of greater than 1 g/t gold, with the best rock sample assaying 9.74 g/t gold.

Henderson Property, Yukon Territory

The Henderson property is owned 100% by the Company. The property consists of 742 mining claims covering an area of approximately 15,500 hectares and is located in the Dawson Mining District, approximately 60 km south of Dawson City, Yukon. The property covers an area of active placer mining, and is strategically located west of Kinross' JP Ross property and east of Redtail Metals Corp.'s Lucky Joe property.

Geological mapping completed during 2012 indicates that a section of the creek containing placer gold is likely underlain by steeply-dipping fault structures that could host gold mineralization.

Other Properties, Yukon Territory

During the first quarter 2012, Independence farmed-out the Grizzly and Aspen properties located in the White Gold District approximately 120 and 150 km, respectively, southeast of Dawson City. The Grizzly Property is comprised of 600 claims (approximately 12,540 hectares) and the Aspen Property is comprised of 510 claims (approximately 10,660 hectares). The optionee paid the Company an aggregate of \$50,000 and issued an aggregate of 200,000 of its common shares to the Company before electing not to proceed with the two options.

Independence undertook a modest sampling program on the properties in the summer of 2012. A total of 469 soil samples from the Grizzly property and 279 soils from the Aspen property were collected. Assay results are pending in early 2013.

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Results of Operations for the three- and twelve-month periods ending December 31, 2012

Independence is in the business of exploring for precious metal deposits. Independence has no producing properties and consequently no sales or revenues from operations.

During the current fiscal year, Independence changed its accounting policy for mineral property exploration costs. Previously, the Company capitalized acquisition costs of mineral properties and deferred exploration and evaluation expenditures directly related to specific mineral properties, net of recoveries received. Under the new policy, property exploration and evaluation costs incurred prior to the determination of the feasibility of mining operations and a decision to proceed with development are charged to operations as incurred. All direct costs related to the acquisition of mineral property interests will continue to be capitalized. Development expenditures incurred subsequent to a development decision are capitalized and will be amortized on the unit of production method based upon estimated proven and probable reserves. Management believes that this treatment provides a more accurate depiction of the asset base of the Company prior to establishing the economic feasibility of its resource base.

As provided by *IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors*, the Company has accounted for this change in accounting policy on a retrospective basis. The impact of this change was \$Nil as no exploration expenditures were incurred in the period from incorporation on November 1, 2011 to December 31, 2011. The basic and diluted loss per common share for the period ending December 31, 2011 has not changed.

Three month period

The Company recorded a loss and comprehensive loss for the three months ended December 31, 2012 of \$3,732,913. Expenses recorded during the quarter amounted to \$3,793,770, with the largest item being \$3,005,207 for exploration expenditures expensed in the period in accordance with the change in the Company's accounting policy as described above. The exploration expenditures expensed during the period include \$2,176,376 of exploration expenditures that had been capitalized during the first three quarters of 2012 in accordance with the Company's prior policy for accounting for exploration expenditures, less \$310,317 of costs recovered in the first three quarters. Other significant expenses in the period include an adjustment of \$492,012 to share-based compensation expense recorded in the first quarter 2012, and expenditures of \$83,843 in management fees and corporate services, \$50,952 of wages and benefits, \$50,920 for rent and \$34,800 for legal, audit and accounting expense.

Other items included interest income in the period of \$68,304 and an unrealized loss of \$31,000 on marketable securities. An adjustment of \$23,553 was made to mineral property amounts written off in the first three quarters of 2012 related to the change in accounting policy.

Twelve month period

The Company recorded a loss and comprehensive loss for the twelve months ended December 31, 2012 of \$5,444,529. Expenses recorded during the period amounted to \$4,785,666, with the largest items being \$3,005,207 for exploration expenditures, \$583,651 for share-based compensation expense associated with the granting of 3,200,000 stock options to directors, officers and employees in the first quarter 2012, \$343,279 for management fees and corporate services incurred in running the Company followed by \$297,601 paid in wages and benefits to employees, which is net of amounts included in exploration expenditures on the Company's mineral properties and rent of \$176,538. Legal, audit and accounting expense amounted to \$101,377, followed by office and miscellaneous at \$76,104, \$68,369 for travel, primarily incurred in the course of making site visits to evaluate properties that were available for optioning and to attend conferences, while business development expenditures amounted to \$56,631.

Other items included interest income in the period of \$192,287, while the write-off of deferred exploration costs incurred on the Poker, WIT, Timber, Mickey and Ogo properties in the Yukon Territory totaled \$820,150

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in the period as the result of management's decision to terminate its options on the WIT and Poker properties and to drop the Timber, Mickey and Oko properties following an assessment of the results from the 2011 exploration carried out on those five properties.

Summary of Quarterly Results

The following table summarizes information derived from the Company's financial statements for each of the five most recently completed quarters.

Year: Quarter Ended:	2012 Dec. 31	2012 Sep. 30	2012 June 30	2012 Mar. 31	2011⁽¹⁾ Dec. 31
Net sales or total revenue	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil
Net income (loss):					
(i) in total (000s)	\$(3,733)	\$(394)	\$(904)	\$(414)	\$(3,067)
(ii) per share ⁽²⁾	\$(0.09)	\$(0.01)	\$(0.02)	\$(0.02)	\$(0.53)

(1) For the period from incorporation on November 1, 2011.

(2) Fully diluted loss per share amounts are not shown as they would be anti-dilutive.

The loss for the two-month period from the incorporation of the Company on November 1, 2011 to December 31, 2011 was wholly attributable to the write-off of the Prospector Mountain property capitalized costs, when the option agreement on that property was terminated and the property was returned to the optionor.

The loss in the fourth quarter 2012 reflects the change in the Company's accounting policy to expense exploration expenditures as incurred, rather than capitalizing them. Exploration expenditures expensed in the fourth quarter as a result of this change in accounting policy include the exploration expenses incurred during the entire year.

Selected Annual Information

Year:	2012	2011⁽¹⁾
Net sales or total revenue	\$ Nil	\$ (3,067)
Loss from continuing operations:		
(i) Total (000s)	\$ (5,445)	\$ (3,067)
(ii) per share ⁽²⁾	\$ (0.13)	\$ (0.53)
Net loss:		
(i) Total (000s)	\$ (5,445)	\$ (3,067)
(ii) per share ⁽²⁾	\$ (0.13)	\$ (0.53)
Total assets (000s)	\$ 26,617	\$ 30,932

(1) For the period from incorporation on November 1, 2011.

(2) Per share amounts are calculated using the weighted average number of shares outstanding. Fully diluted loss per share amounts have not been calculated, as they would be anti-dilutive.

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Liquidity and Capital Resources

Independence has no operations that generate cash flows and the Company's future financial success will depend on the discovery of one or more economic mineral deposits. This process can take many years, can consume significant resources and is largely based on factors that are beyond the control of the Company's management.

For the foreseeable future, Independence will rely upon its ability to raise financing through the sale of equity. This is dependent on positive investor sentiment, which in turn is influenced by a positive climate for precious metal exploration generally, a company's track record and the experience and calibre of a company's management.

There is no assurance that Independence will be able to access equity funding at the times and in the amounts required to fund the Company's activities. The outlook for the world economy remains uncertain and vulnerable to various events that could adversely affect the Company's ability to raise additional funds going forward.

One of the components of the Plan of Arrangement entered into between New Gold, Silver Quest and Independence on November 4, 2011 was that New Gold agreed to subscribe on a private placement basis to that number of Independence shares that would result in New Gold holding 9.9% of the issued and outstanding Independence common shares for a total consideration of \$3,500,000 in cash. At closing a total of 4,278,115 Independence shares were issued to New Gold pursuant to the private placement.

Another component of the Plan of Arrangement was that at completion New Gold advanced Independence \$1,000,000 by way of an unsecured, non-interest bearing loan, repayable at any time prior to maturity pursuant to the terms of a loan agreement entered into between New Gold and Independence. The loan is evidenced by a promissory note issued by Independence to New Gold which will be due and be repaid: (i) upon and from the proceeds of the exercise of Independence warrants; (ii) upon the completion of and from the proceeds of any equity financing of Independence; and (iii) in any event will be fully due and repaid on July 31, 2013.

Cash and Financial Condition

The Company's working capital was approximately \$11,004,000 at December 31, 2012, which is expected to be sufficient to cover anticipated operating costs and expenditures on the exploration programs on its properties during the 2013 summer field season. Nevertheless, the Company will evaluate offers of financing to enable the Company to maintain a strong balance sheet while continuing to fund exploration projects that are generating positive results.

Independence has no debt other than for the \$1,000,000 owed to New Gold pursuant to the unsecured non-interest bearing loan, does not have any unused lines of credit or other arrangements in place to borrow funds, and has no off-balance sheet arrangements. The Company has no current plans to use additional debt financing and does not use hedges or other financial derivatives.

Financial Instruments

The Company's financial instruments currently consist of cash and cash equivalents, short-term investments, marketable securities, receivables, exploration advances and deposits, accounts payable and accrued liabilities and loan payable. The fair value of cash and cash equivalents, marketable securities and short-term investments are measured based on Level 1 of the fair value hierarchy. The fair value of receivables, exploration advances and deposits and accounts payable and accrued liabilities and loan payable approximate their book values because of the short-term nature of these instruments. Moreover, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

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New IFRS standards not yet adopted

The Company has not yet adopted the following revised or new IFRS that have been issued but are not yet effective at December 31, 2012:

- IFRS 9 - *Financial Instruments* (effective January 1, 2015) introduces new requirements for the classification and measurement of financial assets and liabilities.
- IFRS 10 - *Consolidated Financial Statements*, IFRS 11 - *Joint Arrangements*, IFRS 12 - *Disclosure of Interests in Other Entities* (all effective January 1, 2013) provide guidance on the accounting treatment and associated disclosure requirements for joint arrangements and associates, and a revised definition of "control" for identifying entities which are to be consolidated.
- IFRS 13 - *Fair Value Measurement* (effective January 1, 2013) provides new guidance on fair value measurement and disclosure requirements.
- IAS 1 - *Presentation of Financial Statements* (effective for annual periods beginning on or after July 1, 2012) requires that elements of other comprehensive income that may subsequently be recycled through profit and loss be differentiated from those items that will not be recycled.
- IAS 27 - *Separate Financial Statements* and IAS 28 - *Investments in Associates and Joint Ventures* (both effective for annual periods beginning on or after January 1, 2013) were revised and reissued to align with the new consolidation guidance.

The Company is currently assessing the impact that these new accounting standards may have on the consolidated financial statements.

Related Party Transactions

The Company has two wholly-owned subsidiaries: Golden Pavilion Resources Ltd. (incorporated in British Columbia); and Silver Quest Resources (US) Ltd. (incorporated in Nevada). There was no activity in either company during the period ended December 31, 2012.

Key Management Personnel

Key management personnel includes those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of executive and non-executive members of the Company's Board of Directors and corporate officers, including the Company's Chief Executive Officer and Chief Financial Officer.

The Company entered into the following transactions with related parties and key management personnel during the period ended December 31, 2012:

Paid or accrued the following to Rand Explorations Ltd. ("Rand") a company controlled by Randy Turner, the Chief Executive Officer of the Company:

	2012		2011
Management fees	\$ 220,998	\$	Nil
Geological Consulting fees:	39,001		Nil
Share-based Compensation*:	182,390		Nil

Paid or accrued the following to Adera Company Management Inc., a company controlled by J. Christopher Mitchell, the Chief Financial Officer of the Company:

	2012		2011
Management fees	\$ 44,281	\$	Nil
Share-based Compensation*:	22,799		Nil

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Paid or accrued the following to David Pawliuk, the Vice President – Exploration and an officer of the Company:

	2012	2011
Geological consulting fees:	\$ 150,000	\$ Nil
Share-based Compensation*:	22,799	Nil

Paid or accrued the following to John McDonald, a non-executive director of the Company:

	2012	2011
Director fees	\$ 18,000	\$ Nil
Share-based Compensation*:	50,157	Nil

Paid or accrued the following to Linus Geological Ltd., a company controlled by Robert McLeod, a non-executive director of the Company:

	2012	2011
Director fees	\$ 18,000	\$ Nil
Share-based Compensation*:	50,157	Nil

Paid or accrued the following to Falkirk Global Management Consultants Ltd., a company controlled by Michael McPhie, a non-executive director of the Company:

	2012	2011
Director fees	\$ 18,000	\$ Nil
Share-based Compensation*:	50,157	Nil

Paid or accrued the following to Patrocinium Services Corp., a company controlled by Louis Montpellier, a non-executive director of the Company:

	2012	2011
Director fees	\$ 12,000	\$ Nil
Share-based Compensation*:	50,157	Nil

Paid or accrued the following to Canaust Resource Consultants, a company controlled by Yale Simpson, a non-executive director of the Company:

	2012	2011
Director fees	\$ 12,000	\$ Nil
Share-based Compensation*:	50,157	Nil

** Share-based compensation consists of the fair value of options that were granted to related parties during the period. The fair value has been calculated using the Black-Scholes Option Pricing Model as set out in Note 14(c) to the audited consolidated Financial Statements for the year ended December 31, 2012 and does not represent actual amounts received by the related parties.*

Included in receivables at December 31, 2012 is \$19,542 (2011 - \$Nil) due from companies with directors and/or officers in common.

Accounts payable and accrued liabilities at December 31, 2012 is \$37,589 (2011 - \$Nil) due to directors and companies with directors and/or officers in common.

Risk Factors

As a company active in the mineral resource exploration and development industry, Independence is exposed to a number of risks.

Exploration Stage Operations

The Company's operations are subject to all of the risks normally incident to the exploration for and the development and operation of mineral properties. The Company has implemented comprehensive safety and

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environmental measures designed to comply with government regulations and ensure safe, reliable and efficient operations in all phases of its operations. The Company maintains liability and property insurance, where reasonably available, in such amounts it considers prudent. The Company may become subject to liability for hazards against which it cannot insure or which it may elect not to insure against because of high premium costs or other reasons.

All of the Company's properties are still in the exploration stage. Mineral exploration and exploitation involves a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to avoid. Few properties that are explored are ultimately developed into producing mines.

Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, tailings impoundment failures, cave-ins, landslides and the inability to obtain adequate machinery, equipment or labour are some of the risks involved in mineral exploration and exploitation activities. Substantial expenditures are required to establish mineral reserves and resources through drilling, to develop metallurgical processes to extract the metal from the material processed and to develop the mining and processing facilities and infrastructure at any site chosen for mining.

There is no assurance that commercial quantities of ore will be discovered. Even if commercial quantities of ore are discovered, there is no assurance that the properties will be brought into commercial production or that the funds required to exploit mineral reserves and resources discovered by Independence will be obtained on a timely basis or at all. The commercial viability of a mineral deposit once discovered is also dependent on a number of factors, some of which are the particular attributes of the deposit, such as size, grade and proximity to infrastructure, as well as metal prices. Most of the above factors are beyond the control of the Company. In the event that commercial viability is never attained, the Company may seek to transfer its property interests or otherwise realize value or may even be required to abandon its business and fail as a "going concern".

Competition

The mining industry is intensely competitive in all of its phases and the Company competes with other companies with greater technical and financing resources than itself with respect to acquiring properties of merit, the recruitment and retention of qualified employees and other persons to carry out its mineral exploration activities. Competition in the mining industry could adversely affect the Company's prospects for mineral exploration in the future.

Financial Markets

Independence is dependent on the equity markets as its principal source of operating working capital and the Company's ability to attract investment is largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets and its ability to compete for investor support of its projects.

Environmental and Government Regulation

Mining and exploration activities are subject to various laws and regulations relating to the protection of the environment, historical and archaeological sites and endangered and protected species of plants and animals. Although the exploration activities of the Company are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing the operations and activities of the Company or more stringent implementation thereof could have a substantial adverse impact on the Company.

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Title to Properties

While the Company has investigated title to all of the properties for which it holds concessions or other mineral leases or licenses or in respect of which it has a right to earn an interest, the Company cannot guarantee that title to such properties will not be challenged or impugned. The Company can never be certain that it will have valid title to its mineral properties. The Company does not carry title insurance on its properties. A successful claim that the Company does not have title to a property could cause the Company to lose its rights to that property, perhaps without compensation for its prior expenditures relating to the property.

First Nations

Negotiations with First Nations' groups can add an additional layer of risk and uncertainty to efforts to explore and develop mineral deposits in many areas of Canada.

Inflation

Over the past thirty months, a number of mining projects under development have experienced significant capital cost overruns, the result of a rapid expansion of the number of mines being constructed, stimulated by the strong prices of many commodities.

Government actions

The Company's exploration activities require permits from various governmental agencies charged with administering laws and regulations governing exploration, labour standards, occupational health and safety, control of toxic substances, waste disposal, land use, environmental protection and other matters. Failure to comply with laws, regulations and permit conditions could result in fines and/or stop work orders, costs for conducting remedial actions and other expenses. In addition, legislated changes to existing laws and regulations could result in significant additional costs to comply with the revised terms and could also result in delays in executing planned programs pending compliance with those terms.

There is no assurance that the government of any jurisdiction in which the Company holds properties will not change environmental regulations or taxation policies in a manner that would adversely affect the economic viability of those properties.

Outstanding Securities Data

During 2012, Independence issued 400,000 common shares pursuant to mineral property option agreements. It also granted 3,200,000 options to directors, officers and employees at an exercise price of \$0.35 and for a term of five years. On the Report Date, the Company had 43,613,012 common shares issued and outstanding or 46,738,012 common shares on a fully diluted basis. On the Report Date, there were 3,125,000 options outstanding at an exercise price of \$0.35, expiring on March 1, 2017.

Outlook

Independence has identified an inferred resource on the 3Ts project on the Nechako Plateau in British Columbia and has assembled a significant land position in several districts in the Yukon. In light of current financial market conditions, particularly as they affect companies operating in the junior mineral exploration sector, management has adopted a conservative exploration program and will maintain tight control over the level of expenditures until economic conditions improve.

INDEPENDENCE GOLD CORP.

MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS, FORM 51-502F1

For the twelve-month period ended December 31, 2012

FORWARD-LOOKING INFORMATION

Certain of the statements made and information contained herein is "forward-looking information" within the meaning of the Ontario Securities Act. This includes statements concerning the Company's plans at its mineral properties, which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. Forward-looking information is subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking information, including, without limitation, the ability of the Company to continue to be able to access the capital markets for the funding necessary to acquire and maintain exploration properties and to carry out its desired exploration programs; inability to fund the Company's share of costs incurred under joint venture agreements to which it is a party, and reduction or elimination of its joint venture interest as a result; competition within the minerals industry to acquire properties of merit, and competition from other companies possessing greater technical and financial resources; difficulties in executing exploration programs on the Company's proposed schedules and within its cost estimates, whether due to weather conditions in the areas where it operates, increasingly stringent environmental regulations and other permitting restrictions, or other factors related to exploring of its properties, such as the availability of essential supplies and services; factors beyond the capacity of the Company to anticipate and control, such as the marketability of mineral products produced from the Company's properties, government regulations relating to health, safety and the environment, and the scale and scope of royalties and taxes on production; the availability of experienced contractors and professional staff to perform work in a competitive environment and the resulting adverse impact on costs and performance and other risks and uncertainties, including those described in each management's discussion and analysis of financial condition and results of operations. In addition, forward-looking information is based on various assumptions including, without limitation, assumptions associated with exploration results and costs and the availability of materials and skilled labour. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. Accordingly, readers are advised not to place undue reliance on forward-looking information. Except as required under applicable securities legislation, the Company undertakes no obligation to publicly update or revise forward-looking information, whether as a result of new information, future events or otherwise.