

## **INDEPENDENCE GOLD CORP.**

### **MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS, FORM 51-502F1 For the nine months ended September 30, 2015**

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 three and nine month period ended September 30, 2015 ("**third quarter 2015**" and "**nine months fiscal 2015**", respectively) with the comparable period in 2014 ("**third quarter 2014**" and "**nine months fiscal 2014**", respectively). This MD&A should be read in conjunction with the unaudited condensed consolidated financial statements for the third quarter 2015 and the audited consolidated financial statements and accompanying notes for the year ended December 31, 2014 and the MD&A's for all relevant periods, copies of which are filed under the Company's profile on the SEDAR website, [www.sedar.com](http://www.sedar.com).

Independence was incorporated under the *Business Corporations Act* (British Columbia) on November 1, 2011 and 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.

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 ("**IFRIC**").

The information contained in this document is provided as of November 26, 2015 (the "**Report Date**").

## **OVERVIEW**

Independence is principally engaged in the evaluation, acquisition and exploration of precious metal properties that are located in North America. 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 relinquishing 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 \$5.9 million at September 30, 2015, Independence is adequately financed to support its anticipated exploration programs in the near term.

## **Mineral Projects**

Independence currently holds interests in one exploration project in central British Columbia, 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. Mr. David Pawliuk, P. Geo, Vice President – Exploration, the Company's Qualified Person, as defined by National Instrument ("**NI**") 43-101, for the Company's mineral projects, has reviewed the technical information in this MD&A.

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#### 3Ts Project, British Columbia

The 3Ts Project is located approximately 120 kilometres ("km") southwest of Vanderhoof and consists of six contiguous claim groups: the Tsacha, Tam, Taken, Tommy Lakes, Bot and Blackwater South properties. Collectively, the six properties are made up of fourteen mineral claims covering approximately 4,934 hectares in the Nechako Plateau region of central British Columbia. Independence owns a 100% interest in all six 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.

#### Mineral Resource Estimate

During the second quarter of 2014, the Company updated the mineral resource estimate for the 3Ts Project to incorporate results from the 2012 and 2013 diamond drilling programs on the Ted and Mint veins. The Inferred Resource estimate increased by 12% for the contained ounces of gold and 27% for the contained ounces of silver at a cut-off grade of 1.0 grams per tonne ("g/t") gold. This inferred resource is estimated to contain a total of 441,000 ounces of gold and 12,540,000 ounces of silver.

Gold		Gold		Silver	
Cut-off Grade (g/t)	Tonnes	Grade (g/t)	Ounces	Grade (g/t)	Ounces
<b>Tommy Vein</b>					
0.5	1,615,000	3.99	207,000	39.70	2,059,000
<b>1.0</b>	<b>1,490,000</b>	<b>4.25</b>	<b>204,000</b>	<b>41.90</b>	<b>2,009,000</b>
1.5	1,371,000	4.52	199,000	44.30	1,953,000
2.0	1,182,000	4.96	189,000	48.00	1,824,000
<b>Ted Vein</b>					
0.5	2,984,000	1.62	156,000	93.5	8,974,000
<b>1.0</b>	<b>2,942,000</b>	<b>1.64</b>	<b>155,000</b>	<b>94.7</b>	<b>8,955,000</b>
1.5	2,763,000	1.72	153,000	99.5	8,837,000
2.0	2,484,000	1.83	146,000	107.45	8,575,000
<b>Mint Vein</b>					
0.5	1,036,000	2.47	82,000	47.5	1,581,000
<b>1.0</b>	<b>1,020,000</b>	<b>2.51</b>	<b>82,000</b>	<b>48.0</b>	<b>1,576,000</b>
1.5	957,000	2.63	81,000	50.4	1,552,000
2.0	829,000	2.94	78,000	53.0	1,411,000
<b>Total Inferred Resources</b>					
0.5	5,635,000	2.46	445,000	69.6	12,614,000
<b>1.0</b>	<b>5,452,000</b>	<b>2.52</b>	<b>441,000</b>	<b>71.5</b>	<b>12,540,000</b>
1.5	5,091,000	2.61	433,000	75.4	12,342,000
2.0	4,495,000	2.86	413,000	81.7	11,810,000

The Inferred Resource Estimate for the 3Ts Project has been prepared by Allan Armitage, Ph. D., P. Geo of GeoVector Management Inc. in accordance with NI 43-101. NI 43-101 of the Canadian Securities Administrators – Standards for Disclosure for Mineral Projects – requires that each category of mineral reserves and mineral resources be reported separately. Readers should refer to the Company's continuous disclosure documents available at [www.sedar.com](http://www.sedar.com) for this detailed information, which is subject to the qualifications and notes therein.

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During the second quarter of 2014, the Company completed a drill campaign that was designed to identify new mineralized veins by testing previously identified targets within the 3Ts property. Drill targets included fault structures, ground magnetic anomalies and geochemical gold-in-soil or gold-in-till anomalies, which are all associated with known mineralized veins on the property. A total of eighteen holes (2,863 m) were completed. As no significant gold values were intersected drilling was suspended. As potential exists to expand the resources at the Ted, Tommy and Mint veins, the Company continues to evaluate the results to determine how best to continue to explore the property.

*Boulevard Project and Other White Gold Properties, Yukon Territory.*

#### *Boulevard Project, Yukon Territory*

The Boulevard Project consists of four properties (Boulevard, YCS, Solitude and Tiger) totaling approximately 888 quartz mining claims covering approximately 19,800 hectares. The Project is located in Whitehorse Mining District, 135 km south of Dawson City, Yukon, 35 km south of Kinross Gold Corporation's Golden Saddle deposit and contiguous to the Coffee Project owned by Kaminak Gold Corporation.

Previous exploration work by the company on the Boulevard Project has identified multiple gold-in-soil anomalies, with the two main anomalies designated the Sunset Zone and the Denali Zone. During the second quarter of 2015 the Company completed a reverse circulation ("RC") drill campaign of approximately 1,747 m in thirteen holes to evaluate untested geochemical soil anomalies. A follow-up drill program of a total of 1,093 m in 8 RC drill holes was completed in September at the new Sunrise Zone.

The summer 2015 RC drill program at the Sunset Zone was designed to test multi-element soil geochemical anomalies coincident with magnetic low features. These anomalies parallel mineralized trends at Kaminak's Coffee deposit located 9 km northeast of the Sunset Zone. Eight RC drill holes totaling 819 m were completed during the summer 2015 drill program. The best intercept assayed 7.23 g/t gold across 12.2 m in hole BV15-31, the discovery hole at the new Sunrise Zone. The true thickness of this mineralized zone is estimated to be 60% to 70% of the drill intercept, and assay values within the drill intercept range from 0.025 g/t to 47.70 g/t gold over 1.52 m sample intervals. The hole ended in mineralization at 70.10 m depth with mineralization open in all directions. Mineralization is hosted within silicified quartzite crosscut by quartz veins containing pyrite and pyrrhotite, along an inferred northeast trending fault structure.

In August 2015, the Company commenced a follow-up RC drill program designed to further delineate gold mineralization at the Sunrise Zone. The mineralized intercept in hole BV15-40 assayed 15.00 g/t gold across 3.05 m. This intercept includes 27.90 g/t gold across 1.53 m in weakly oxidized and sericite-altered quartzite, in combination with 2.10 g/t gold across 1.52 m in weakly oxidized, sericite-altered quartz-biotite schist. The sulphide mineral and quartz vein content, as well as the associated pathfinder element concentrations, within the mineralized intercept in hole BV15-40 are unlike those associated with the mineralized intercept in discovery hole BV15-31. These differences imply that two separate, chemically distinct episodes of high grade gold mineralization have occurred at the Sunrise Zone. Further drilling is required to determine the relationship between these mineralized intercepts.

Hole BV15-35 is an inclined "scissor" hole to hole BV-31, and was drilled in attempt to determine the geometry and attitude of the mineralized zone. The mineralized intercept in hole BV15-35 assayed 0.94 g/t gold across 22.86 m, hosted mainly within quartzite. Holes BV15-36 and BV15-37 were drilled 25 m on either side of, and parallel to, hole BV15-35; both of these holes intersected anomalous gold mineralization. Gold mineralization at the Sunrise Zone appears to occur within north-northeast striking, steeply dipping structures with variable amounts of both sulphide minerals and vein quartz.

Additional north-east trending multi-element soil geochemical anomalies coincident with magnetic low features remain to be drill tested in the Sunrise area. Further drilling will be required to better understand the character and orientation of the mineralized structures at the Sunrise Zone.

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The reverse circulation drilling at the Denali Zone, 13 km northwest of the Sunrise Zone, was designed to follow-up surface trench results of 4.56 g/t gold across 10 m within a 700 m long gold-in-soil anomaly. The Denali Zone was tested by five holes, for a total of 927 m, during the summer 2015 drill program. The best drill intercept assayed 4.25 g/t gold across 6.10 m, in hole YCS15-03. The true thickness of the mineralized zone is estimated to be 80% to 90% of the drill intercept. Drill holes YCS15-01 and YCS15-03 together define a 130 m long northwest trending, northeast dipping mineralized zone that confirms surface trench mineralization and is open both along strike and at depth. The gold mineralization is variably hosted within quartzite or quartz biotite schist and, similar to other mineralized zones in the White Gold District, is associated with elevated arsenic and antimony.

For additional information please visit the Company's website [www.ingold.ca](http://www.ingold.ca).

#### *Henderson Property, Yukon Territory*

The Henderson property is owned 100% by the Company. The property consists of 742 quartz mining claims covering an area of approximately 15,500 hectares. This property is located in the Dawson Mining District, approximately 60 km south of Dawson City, Yukon, and is strategically located west of Kinross Gold Corporation's JP Ross property. The Henderson property covers an area of active placer mining along North Henderson Creek. Cross-cutting fault structures are interpreted to underlie stretches of the creek where coarse placer gold nuggets have been recovered. The diamond drilling program planned for the 2015 field season, to test for the presence of significant gold mineralization within these inferred fault structures, has been postponed.

#### *Moosehorn Property, Yukon Territory*

The Moosehorn property is owned 100% by the Company. The property consists of 82 quartz mining claims covering an area of approximately 1,720 hectares. Moosehorn is located in the Whitehorse Mining District, approximately 130 km southwest of Dawson City, Yukon. The property hosts a 1.2 km long gold-in-soil geochemical anomaly with coincident arsenic that was discovered during the summer of 2012.

## **RESULTS OF OPERATIONS**

### **For the three months ended September 30, 2015**

The net loss for the three months ended September 30, 2015 was \$834,342 compared to \$290,148 for the prior year's comparative period.

Expenses in the current quarter amounted \$856,969 (2014 - \$393,843), with the largest item being \$476,688 (2014 - \$129,870) of exploration expenditures. Corporate development expenditures were also higher when compared to the prior year comparable period as result of increased level of activity reviewing and evaluating projects for possible acquisition.

### **For the nine months ended September 30, 2015**

The net loss for the nine months ended September 30, 2015 was \$1,878,341 compared to \$1,069,394 for the prior year's comparative period.

Expenses for the nine months fiscal 2015 amounted to \$1,962,456 (2014 - \$1,158,345), with the largest item being \$1,042,721 (2014 - \$249,872) of exploration expenditures. During the second quarter of 2014 the Company received a mineral exploration tax refund of \$291,055 offsetting the total exploration expenditures incurred during that period. During 2015, the Company issued 495,000 options resulting in share-based compensation of \$22,179. No options were issued in the comparable prior year period.

The operating losses are a reflection of the Company's status as non-revenue producing mineral exploration company. As the Company has no main source of income, losses are expected to continue for the foreseeable future.

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#### Summary of Quarterly Results

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

Year: Quarter Ended:	2015 Sep 30	2015 Jun 30	2015 Mar 31	2014 Dec 31	2014 Sep 30	2014 Jun 30	2014 Mar 31	2013 Dec 31
Net sales or total revenue	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil
Net income (loss):								
(i) in total (000s)	\$(834)	\$(793)	\$(251)	\$(369)	\$(290)	\$(455)	\$(324)	\$(1,303)
(ii) per share <sup>(1)</sup>	\$(0.02)	\$(0.01)	\$(0.01)	\$(0.01)	\$(0.01)	\$(0.01)	\$(0.01)	\$(0.03)

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

While the information set out in the foregoing table is mandated by *National Instrument 51-102*, it is management's view that the variations in financial results that occur from quarter to quarter are not particularly helpful in analyzing the Company's performance. It is in the nature of the business of junior exploration companies that unless they sell a mineral interest for a sum greater than the costs incurred in acquiring such interest, they have no significant net sales or total revenue.

Significant variances in the Company's reported loss from quarter to quarter most commonly arise from several factors that are difficult to anticipate in advance or to predict from past results. These factors include: (i) level of exploration and project evaluations expenses incurred, (ii) decisions to write off acquisition costs when management concludes there has been an impairment in the carrying value of a mineral property, or the property is abandoned, and (iii) the vesting of incentive stock options, which results in the recording of amounts for share-based compensation expense that can be quite large in relation to other general and administrative expenses incurred in any given quarter.

The increases in the losses reported in the fourth quarter of 2013 were largely due to write-down of acquisitions costs on properties that were dropped at the end of the respective years.

#### Financing Activities

The Company did not complete any equity financings in either the first half of 2015 or 2014.

#### Investing Activities

During the nine months fiscal 2015, the Company withdrew \$1,061,017 from its short term investments as compared to investing \$2,442,297 in the previous year. In nine months fiscal 2014, the Company invested \$5,083 in property acquisitions. For the nine month period ended September 30, 2015, the Company expensed \$1,042,721 (2014 - \$249,872) of exploration expenditures on its mineral properties.

#### Off Balance Sheet Arrangements

The Company does not have any off balance sheet arrangements.

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#### Transactions with Related Parties

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 fiscal 2015 and 2014.

#### Key Management Personnel

Key management personnel include 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 nine month period ended September 30, 2015:

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

	<b>2015</b>		<b>2014</b>
Management fees	\$ 124,312	\$	161,145
Geological consulting fees	21,937		28,437
Share-based compensation*	2,240		-

Paid or accrued the following to Susan Neale, the Chief Financial Officer of the Company:

	<b>2015</b>		<b>2014</b>
Management fees	\$ 22,100	\$	2,925
Share based compensation*	2,240		-

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

	<b>2015</b>		<b>2014</b>
Geological consulting fees:	\$ 39,332	\$	32,192
Corporate development	58,997		79,059
Share based compensation*	1,792		-

Paid or accrued the following to non-executive directors of the Company:

	<b>2015</b>		<b>2014</b>
Director fees	\$ 24,750	\$	55,250
Share based compensation*	8,961		-

*\*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 the Condensed Consolidated Interim Financial Statement for the period ended September 30, 2015 and does not represent actual amounts received by the related parties.*

Included in receivables at September 30, 2015 is \$42,489 (December 31, 2014 - \$22,452) due from companies with directors and/or officers in common. Included in accounts payable and accrued liabilities at September 30, 2015 is \$72,838 (December 31, 2014 - \$2,730) due to directors and companies with directors and/or officers in common.

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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.

#### **Cash and Financial Condition**

The Company's working capital was approximately \$5.9 million at September 30, 2015, which is sufficient to cover anticipated operating costs and expenditures on the exploration programs on its properties for the near term. 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 other debt, does not have any unused lines of credit or other arrangement in place to borrow funds, and has no off-sheet balance arrangement. 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 land-use deposits, and accounts payable and accrued liabilities. 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 land-use deposits and accounts payable and accrued liabilities 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.

#### **RISK FACTORS**

There have been no material changes in the risks and uncertainties affecting the Company that were discussed in the Company's 2014 annual MD&A filed on March 23, 2015.

#### **OUTSTANDING SECURITIES DATA**

On the Report Date, the Company had the following securities outstanding:

Common Shares	43,813,012
Options	<u>4,292,500</u>
Fully Diluted	<u>48,105,512</u>

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#### **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.

The Company completed approximately 2,840 m of reverse circulation drilling on the Boulevard Project, mainly to evaluate untested geochemical soil anomalies. The best intercepts were 7.23 g/t gold across 12.2 m at the new Sunrise Zone, and 4.25 g/t gold across 6.10 m at the Denali Zone. The true thickness of these mineralized zones is estimated to be 60% to 90% of the drill intercept. The Company is reviewing the results from the current drill campaigns to determine how best to continue to explore its properties.

In addition, the Company continues to evaluate and discuss with other parties potential gold and silver projects for possible acquisition, potential transactions and corporate opportunities.

#### **FORWARD-LOOKING INFORMATION**

Certain of the statements made and information contained herein is "forward-looking information" within the meaning of the British Columbia 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; 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.