

PRECIPITATE GOLD CORP.
Management Discussion and Analysis (“MD&A”)
for the nine months ended August 31, 2013

The following discussion and analysis of the operations, results, and financial position of Precipitate Gold Corp. (the “Company”) for the nine months ended August 31, 2013, should be read in conjunction with the Company’s unaudited financial statements and related notes for the nine months ended August 31, 2013, and the audited financial statements for the year ended November 30, 2012. The effective date of this report is October 30, 2013. All figures are presented in Canadian dollars, unless otherwise indicated.

COMPANY OVERVIEW

The Company was incorporated pursuant to the provisions of the *Business Corporations Act* (British Columbia) on January 31, 2011. On May 24, 2012, the Company completed an initial public offering (“IPO”) on the TSX Venture Exchange (“TSX-V”) and commenced trading under the symbol PRG. The Company is in the business of exploration, development and exploitation of mineral resources in Canada, the Dominican Republic and Mexico. The Company’s primary objective is to explore mineral properties to a stage where they can be developed profitably or sold to a third party.

On November 9, 2012, the Company acquired 100% of the shares of 0945044 BC Ltd., a private BC registered company (“BC Corp.”). In order for the Company to maintain its rights to the title and interest in BC Corp., the Company must make staged payments, complete a certain level of property expenditures; and distribute common shares of the Company to the shareholders of BC Corp., over a period commencing when the government of the Dominican Republic grants the rights to the concessions to BC Corp’s wholly owned subsidiary, Corporacion Minera San Juan, S.R.L. (“CMSJ”). On August 16, 2012, CMSJ applied to the government of the Dominican Republic for the rights to two mineral concessions, Juan de Herrera and Higos Blancos. The rights to a third concession, Hato Nuevo, were transferred to CMSJ by the shareholders of BC Corp. at no additional cost to CMSJ or to the Company. During the nine months ended August 31, 2013, the Company abandoned the Higos Blancos concession application. On October 09, 2013, the Company announced it reached an amending agreement with 0945044 B.C. to amend the November 2012 Purchase Agreement to deferred, by 12 months all remaining cash and share payment obligations.

On February 19, 2013, the Company announced it acquired the right to earn a 100% interest in the Cecilia gold-silver project located in northeast Sonora Mexico, from Gunpoint Exploration Ltd. (“Gunpoint”). Under the terms of the agreement, upon execution of the agreement, but prior to making the first payment, the Company was granted a four month due diligence period, during which time it was granted full access to the project and all available data. On June 27, 2013, the Company announced an amendment to the agreement with Gunpoint, whereby the due diligence period was extended an additional four months from the amendment date and the payment schedule was revised. Under the terms of the amended agreement, if at the end of the due diligence period, the Company elects to proceed, it can complete the acquisition by making staged payments to Gunpoint.

On April 23, 2013 the Company revised the April 14, 2011 Fireside agreement with Strategic Metals Ltd (“Strategic”). In the revised agreement Precipitate is deemed to have (i) fully exercised its option and completed the acquisition of a 100% interest in the Reef, Papua, and Borneo properties in southeast Yukon, subject to a 2% net smelter return (“NSR”) to Strategic, (ii) terminated the option on 14 remaining Fireside properties, with Strategic retaining its 100% interest in those claims, and (iii) no further payments or expenditures are required by Precipitate, with all considerations made to date constituting completion of the revised agreement. By terminating the original Fireside Agreement, Precipitate has eliminated a \$1.3 million expenditure commitment previously required for Precipitate to earn a 100% interest in any of the Fireside projects. Precipitate continues to hold other wholly owned projects in the region, acquired by staking.

On August 10, 2013, the Company announced it reached a purchase agreement with Bearing Resources Ltd. (“Bearing”) whereby Precipitate agreed to acquire from Bearing a 100% interest in the Jay East (Reef

Property) mining claims in the Yukon Territory. In exchange for the 100% interest in the property, Precipitate granted Bearing a 2.0% net smelter returns royalty ("NSR") on the claims, of which one-half of the NSR can be purchased at any time for \$1.0 million. The purchase agreement replaces the July 29, 2011 Jay East Option Agreement whereby Precipitate had the right to acquire up to 70% of the property by making staged payments to Bearing totalling \$780,000, incurring \$2.0 million in exploration expenditures, and delivering to Bearing a feasibility study on the property.

MINERAL PROPERTY EXPLORATION

The Company is investigating, evaluating and conducting exploration activities in the Dominican Republic, Sonora Mexico, British Columbia and Yukon Territory, Canada. The Company's mineral property interests are as follows:

a) Properties in the Dominican Republic

On November 9, 2012, the Company acquired 100% ownership of the shares of 0945044 BC Ltd., a private BC registered company ("BC Corp.") which owns a 100% interest in the application for the Juan de Herrera, Higos Blancos and Hato Nuevo gold exploration concessions ("Dominican Republic properties") in the Dominican Republic through Corporacion Minera San Juan, S.R.L. ("CMSJ"), its wholly-owned subsidiary. The agreement was amended on October 9, 2013 whereby all the cash payments and share payment obligations will be deferred by 12 months. Upon signing of the initial agreement, the Company paid \$60,000 to acquire the shares of BC Corp. from certain shareholders of BC Corp..

In order for the Company to maintain its right, title and interest in BC Corp., the Company must complete the following cash payments, exploration expenditures and share issuances:

- Cash payments totalling \$390,000 as follows:
 - \$90,000 within 1 year and 5 days of the date that the Dominican Republic Ministry grants exploration concessions over the Juan de Herrera Property ("Grant Date");
 - \$150,000 on or before the second anniversary of the Grant Date; and
 - \$150,000 on or before the third anniversary of the Grant Date;
- Incur exploration expenditures totalling \$1,000,000 as follows:
 - \$250,000 on or before the first anniversary of the Grant Date;
 - \$300,000 on or before the second anniversary of the Grant Date; and
 - \$450,000 on or before the third anniversary of the Grant Date;
- Issue a total of 3,000,000 common shares of the Company as follows:
 - 1,000,000 common shares within 1 year and 5 days of the Grant Date
 - 1,000,000 common shares on or before the second anniversary of the Grant Date; and
 - 1,000,000 common shares on or before the third anniversary of the Grant Date;

The properties are subject to a 3% NSR from any base and precious metal commercial production. The Company may acquire 50% of the NSR by paying \$2,000,000 to certain stakeholders of BC Corp.

During the current period, the Company abandoned the Higos Blancos concession. During the nine months ended August 31, 2013, the Company has incurred \$267,967 (2012 - \$Nil) in exploration expenditures on the Dominican Republic properties.

b) Properties in Mexico

On February 19, 2013, the Company signed an option agreement with Gunpoint Exploration Ltd. ("Gunpoint") whereby the Company has the right to acquire a 100% interest in the Cecilia gold-silver project in northeastern Sonora State, Mexico.

Under the terms of the agreement, which was amended on June 24, 2013, the Company can elect to complete the acquisition by making the following cash payments and issuing common shares to Gunpoint, as follows:

- 58,000 common shares of Precipitate at the completion of due diligence on or before October 24, 2013 (issued);
- \$125,000 and 233,000 shares on or before the 1st anniversary of initial payment; and
- \$275,000 and 234,000 shares on or before the 2nd anniversary of initial payment.

The property is subject to a 1% NSR payable to the Mexican Government; for three small inlier concessions only.

During the nine months ended August 31, 2013, the Company incurred \$84,842 (2012 - \$Nil) in exploration expenditures on the Mexican properties.

c) Reef Property

The Company's principal property, also referred to as the "Reef Property" (the "Principal Property"), is a contiguous area totalling roughly 8,615 hectares located in the Yukon Territory. The Reef Property is comprised of the following mineral quartz claims: the Reef I-48 claims, the Jay 73-80, Jay 141-193, & Jay 203-250 claims ("Jay East Property"); and the Bloom I-262 claims. Via the April 2013 and August 2013 revised agreements with Strategic Metals and Bearing Resources, the Company now controls 100% of the Reef property, subject to certain royalty provisions.

During the nine months ended August 31, 2013, the Company incurred \$1,340 (2012 - \$260,390) in exploration expenditures on the Principal Property, comprised of \$1,260 (2012 - \$86,580) of exploration expenditures on the Reef I-48 claims, \$80 (2012 - \$67,285) of exploration expenditures on the Jay East Property, and \$Nil (2012 - \$106,525) of exploration expenditures on the Bloom I-262 claims.

d) Other Properties in Yukon Territory

The Company acquired the Bright and Lombok properties, located in Yukon Territory, consisting of 284 claims, through staking. During the nine months ended August 31, 2013, the Company has incurred \$2,217 (2012 - \$9,714) in exploration expenditures on these properties.

e) Other Properties in British Columbia

The Company acquired the Gemini, and Horneline properties, located in the British Columbia, consisting of 69 claims, through staking. During nine months ended August 31, 2013, the Company has incurred \$4,164 (2012 - \$107,976) in exploration expenditures on these properties.

OPERATIONS UPDATE

Private placement

On May 16, 2013, the Company completed a non-brokered private placement of 3,333,332 units at a price of \$0.15 per unit for gross proceeds of \$500,000. Each unit consists of one common share and one share Purchase warrant ("warrant"). Each warrant entitles the holder to purchase one additional common share at a price of \$0.25 per share for a period of 24 months from May 16, 2013. The Company has the

right to accelerate the expiry date of the warrants if the daily volume weighted average trading price of the common shares of the Company is equal to or exceeds \$0.50 for a period of 10 consecutive trading days, commencing four months after the date the warrants are issued. The Company paid \$1,722 of share issue costs related to the private placement.

Juan de Herrera ("JDH"), Dominican Republic

Since announcing the Dominican Republic properties acquisition in August 2012, the Company has completed multiple phases of early-stage exploration work. The initial two phases included comprehensive geological data compilation, geological mapping, prospecting and geochemical sampling, on both regional and local scales. Follow up exploration program focused on the newly identified gold zones at Ginger Ridge and Melchor; both located on the Juan de Herrera concession application. This work includes detailed geological mapping, rock chip sampling and ridge-spur-grid soil sampling.

Work at the Ginger Ridge zone yielded the following highlight results:

- 13.0m of 1.48 g/t Au and 20.38 g/t Ag in continuous rock chip channel samples; mineralization remains open in all directions.
- Definition of a gold-enriched multi-element geochemical anomaly measuring about 1,000 metres long by up to 400 metres wide.
- Potential on-strike expansion of the Ginger Ridge soil anomaly to greater than 1,700 metres long.

Geological mapping indicates that the Ginger Ridge soil anomaly is underlain by variably altered intermediate volcanic Tiroo formation rocks (dacitic flows and tuffs) which are cut by north, northeast and eastward trending fault structures. Observed mineralization includes irregular quartz veins, veinlets and stockworks with varying pyrite (\pm hematite-limonite) contents up to 40% locally; alteration includes associated clay, barite, calcite and chlorite.

Follow up detailed rock and soil sampling at the Melchor zone, failed to identify a consistent area of gold or related pathfinder elements. Gold mineralization appears to be limited to narrow and sporadically spaced quartz veins.

On June 11, 2013, the Company reported that its main Juan de Herrera concession application attained official 'Extracto' status from the Dominican government, an important step preceding final concession grant. Extracto status permits applicants to initiate the drill permitting process, and the Company has submitted a diamond drilling application for the Ginger Ridge zone at JDH. This drill application includes provisions to drill from up to 15 areas, testing the zone's gold enriched multi-element soil geochemical anomaly that measures more than 1,000 metres long and up to 400 metres wide. Drill testing, if warranted, would follow an induced polarization geophysical survey planned for Ginger Ridge following formal concession grant.

Cecilia, Sonora, Mexico

On February 18, 2013, the Company announced it acquired the right to earn 100% interest in the Cecilia low sulphidation epithermal gold-silver project located in northeast Sonora, Mexico, from Gunpoint Exploration Ltd. On June 27, 2013 the Company announced it had reached an amending agreement with Gunpoint that granted the Company an additional four month due diligence period, from the date of the amended agreement. On October 03, 2013, the Company reported results from its Cecilia due diligence work which included: bottle roll test work, the acquisition and evaluation of previously unattainable historic drill core and reports from prior operators, review of the property's concession and surface title rights, environmental/archaeological evaluation, and surface and underground channel and grab sampling programs. Highlight results from the Company's due diligence efforts include:

- Cyanide bottle roll extraction test work reporting over 80% gold recovery
- Acquisition of previously unavailable historic 1995 Cambior exploration data and drill core
- Cambior drilling included DDH 95-08: 75.0 m assaying 0.74 g/t Au, including 30m of 1.14 g/t Au

- Individual channel samples assaying up to 10.0 g/t Au
- Identification of multiple anomalous underexplored target areas outside the main zone

On October 24, 2013 the Company announced that it would elect to proceed with the Cecilia property option agreement with Gunpoint and the exclusive right to earn a 100% interest in Cecilia for a total consideration of \$400,000 and 525,000 shares of Precipitate payable over 28 months.

Reef Project, Southeast Yukon

The Reef Property is located 200 km north of Watson Lake, Yukon. Highway #10 cuts the eastern side of the property allowing simple property access and suitable staging areas. Reef is positioned in the northern portion of the Upper Hyland Gold Trend, which is underlain by gold prospective sedimentary rocks of the NeoProterozoic to middle Cambrian aged Selwyn Basin. The Upper Hyland Gold Trend is a +50 kilometre long region of gold mineralization, which includes a number of other notable sediment-hosted gold occurrences, such as the Hy, 3 Ace, Sprogge and Justin. Located on the west side of the Reef property, the high priority Fer Zone hosts two large gold-arsenic soil anomalies, where gold is typically found within zones of quartz veining and extensive silica flooding, in association with variable but generally low amounts of pyrite, arsenopyrite and trace amounts of other base metals.

During the 2011-12 field seasons, Precipitate completed airborne magnetics and radiometric surveys, 3D inversion modeling of the magnetic data, and multiple phases of rock-silt-soil geochemical sampling and geological mapping and prospecting. This work has given technical staff a better understanding and appreciation of the structural and lithologic controls on the gold mineralization. In late 2012 exploration work focused on the priority Fer Zone, where detailed geological mapping and rock sampling, additional soil sampling and prospecting on extensions of the South and Northeast soil anomalies and also extended coverage over the Camp Cirque area was completed. The geochemical and geological results indicate that future work should focus on the Camp Cirque/Northeast Grid corridor as this a large area of pervasive alteration with numerous gold anomalous rock samples. Mineralization and alteration has a strong structural component, being controlled and localized primarily along late N-NE oriented structures and the hinges of large SE plunging folds. The most robust alteration and sulfide mineralization (pervasive silicification and disseminated to fracture controlled pyrite and arsenopyrite) is observed within the Camp Cirque and Northeast Grid areas and corresponds to the hinge of a tight, likely isoclinal, SE plunging anticline. Alteration and mineralization are preferentially localized within clastic units due to favorable permeability and is enhanced in areas of structural intersections (i.e. NE faults) and in areas capped with shale. In preparation for a possible future drill program, the Company has the necessary permits and studies in-place. These include a five-year Class 3 Mining Land Use Permit from the Yukon Environmental and Socio-economic Assessment Board (dated April 2012), a property-wide desktop Heritage Resources Overview Assessment (HROA) and a preliminary field archaeological reconnaissance report for preferred roadside camp locations. Contingent upon the Company in its normal course of operations satisfying certain terms and conditions, the Class 3 Permit will allow the Company to precede with the proposed exploration activities. No exploration work was conducted from December 2012 to October 2013.

Gemini Project & NE British Columbia

Precipitate's 100% owned Gemini gold property is located about 95 km southeast of Watson Lake (YT) and 50 km southwest of the Alaska Highway in north central British Columbia. Gemini is located about 20 to 30 km east of the Northern Rocky Mountain Trench Fault and lies within Kechika Trough, an elongated southerly extension of Selwyn Basin. The Kechika Trough and Selwyn Basin are rift-controlled sedimentary basins that formed along the North American continental margin during Upper Proterozoic to Paleozoic time.

During the 2011 field season, Precipitate completed limited prospecting, silt and soil sampling and airborne geophysical surveys over the central and southwest portions of the Gemini property. 3D magnetic inversion modelling of the 2011 airborne mag data has been particularly useful as much of the property is covered by glacial till or soil. A test biogeochemical survey was carried out in spring 2012 and

a follow-up one week long recon program consisting of additional silt sampling, geological mapping and prospecting from the Kechika River (water access) or western side of the property was completed in August 2012. Compilation and interpretation of the geological, geophysical and geochemical results of these surveys reveals a number of gold and pathfinder anomalies which warrant follow up work.

Operations - Going Forward

The Company's near term exploration work will focus on its Dominican Republic and Mexican gold properties. At Juan de Herrera (DR), management expects that exploration efforts, including mapping, rock, silt and soil sampling and possibly ground geophysical programs (specifically, induced polarization) will be conducted in the near future, with a view to delineating targets for a first phase drilling program. In compliance with the Dominican Republic's mining legislation, advanced and/or invasive exploration programs (i.e., road construction, trenching, drilling, etc.) cannot occur until formal approval of the Company's concession applications have been granted and relevant work/environmental permits are in place. The Company believes that final grant of the Dominican Republic concessions will occur before the end of 2013, at which point the Company will decide on a cost effective and prudent exploration program.

At Cecilia (Sonora, Mexico), the Company will continue to assess property data, collect property wide samples and inspect notable property showings with a focus on defining geophysical and drill testing targets.

For the balance of the 2013 the Company has no plans to conduct field work on its Yukon or British Columbia properties. Company technical staff continues to assess data obtained from the 2012 Yukon and BC programs and management intends the Canadian properties in good standing.

SUMMARY OF QUARTERLY RESULTS

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

	August 31, 2013	Feb 28, 2013	Nov 30, 2012	Aug 31, 2012	August 31, 2012	Feb 29, 2012	Nov 30, 2011	Aug 31, 2011
Expenses	\$241,327	\$524,736	\$720,995	\$489,883	\$451,783	\$195,622	\$377,836	\$180,057
Loss for the period	\$237,992	\$520,964	\$715,609	\$483,121	\$451,783	\$171,571	\$356,747	\$179,668
Weighted average shares outstanding	28,804,825	25,471,493	19,920,660	25,471,493	15,706,816	13,018,146	8,123,978	5,474,283
Loss per share	\$0.01	\$0.02	\$0.03	\$0.02	\$0.03	\$0.01	\$0.04	\$0.03
Mineral property acquisition costs (write-off)	-	\$136	\$107,281	\$25,000	\$2,227,531	\$4,272	\$240,021	\$115,071
Mineral property exploration costs	\$49,951	\$198,017	\$102,381	\$176,962	\$192,078	\$99,378	\$331,826	\$166,531

The Company's operating losses are due to mineral exploration, share-based compensation and general and administrative costs, such as audit and accounting fees, marketing, conferences and shareholder relation costs, salaries and wages, and office and administrative expenses incurred during the process of managing the Company's operations and to ensure regulatory compliance and can vary from quarter to quarter based on planned exploration activities, resource constraints, and share-based compensation.

SELECTED ANNUAL INFORMATION

The following is a summary of the financial data of the Company for the most recently completed fiscal year:

	As at and year ended November 30, 2012	As at and period ended November 30, 2011
	\$	\$
Revenue	Nil	Nil
Net loss for the year	1,822,084	633,358
Net loss per common share, basic and diluted	0.09	0.12
Weighted Average number of common shares outstanding	19,920,660	5,116,105
Statement of Financial Position Data		
Working capital	1,500,507	484,050
Total assets	4,279,197	955,322

PRINCIPAL USE OF AVAILABLE FUNDS

Principal Purpose	Anticipated	Actual
Recommended Phase I work program on Reef Property	\$1,500,000	\$256,000
Option payment pursuant to Strategic Option Agreement	\$200,000	\$200,000
Option payments pursuant to Jay East Option Agreement	\$30,000	\$30,000
Ancillary work programs on the Company's other properties	\$400,000	\$753,000
Acquisition costs – Dominican Republic properties	-	\$107,000
General and administrative expenses*	\$622,404	\$1,239,320
Unallocated	\$712,208	\$879,292
Total:	\$3,464,612	\$3,464,612

Available funds includes \$2,964,612 as disclosed in the Company's final prospectus upon the IPO and \$500,000 raised in the private placement announced on May 16, 2013.

*12 months for anticipated general and administrative expenses, and 20 months for the actual expenditures.

The reasons for the variation in the use of the proceeds of the IPO are as follows:

1. The Company spent less than anticipated on the Reef Property due to a late snow melt and extreme spring-summer rain, making for a shortened field season, as well as to conserve its capital in the current period of economic downturn and market volatility;
2. Under the amended option agreement, The Company is no longer required to complete \$1,500,000 on the Reef Property;
3. The Company had not contemplated the acquisition of the properties in the Dominican Republic and Mexico at the time of the IPO; and
4. Expenditures of office and administration; salaries and wages; marketing, conferences and shareholder relations were higher than anticipated.

DISCLOSURE OF OUTSTANDING SHARE DATA

As of the date of this MD&A, the Company had 28,862,825 shares outstanding. The following table summarizes maximum number of common shares outstanding as at August 31, 2013 and as of the date of this MD&A if all outstanding options were converted to shares:

	August 31, 2013	As of the date of this MD&A
Common shares	28,804,825	28,862,825
Share purchase warrants	3,333,332	3,333,332
Options to purchase common shares	2,820,000	2,820,000
	34,958,157	35,016,157

Escrow Shares

Pursuant to an escrow agreement dated February 1, 2012, 2,665,000 common shares were placed in escrow. 10% of the escrowed shares (266,500 shares) were released from escrow upon completion of the IPO, and 15% of the shares are released from escrow every 6 months thereafter. As of August 31, 2013 and the date of this MD&A, there were 1,599,000 common shares remaining in escrow.

Pursuant to an escrow agreement dated May 24, 2012, 3,846,367 Strategic Shares were placed in escrow ("Strategic Escrowed Shares"). 10% of the Strategic Escrowed Shares (384,637 shares) were released from escrow upon completion of the IPO, and 15% of the shares are released from escrow every 6 months thereafter. As of August 31, 2013 and the date of this MD&A, there were 2,307,820 Strategic Shares remaining in escrow.

RESULTS OF OPERATIONS

Three months ended August 31, 2013 ("Q3 2013") compared to three months ended August 31, 2012 ("Q3 2012")

The loss for the quarter ended August 31, 2013 was \$237,992 compared to \$483,121 for the quarter ended August 31, 2012. The decrease in the Q3 2013 net loss is mainly due to a decrease in exploration and evaluation costs and share based compensation, which was offset by an increase in investor relations and salaries and wages. Explanations for significant variances are as follows:

- Exploration and evaluation costs of \$49,951 were incurred on the Company's properties during Q3 2013 compared to \$176,962 in Q3 2012. Most of the costs incurred were salaries and consulting fees for geological and geophysical services associated with property evaluations and assessments, consulting fees paid to the Company's VP of Exploration, other related salaries and benefits, and travel, meals and accommodation, primarily for the Company's properties in the Dominican Republic and Mexico. The decrease in costs from Q3 2012 to Q3 2013 was due to the fact that there was decreased exploration activities on the Company's Canadian properties;
- Investor relations costs of \$38,140 were incurred during Q3 2013 for efforts on raising awareness among retail and institutional investors, compared to \$2,440 in Q3 2012. The increase in investor relation costs was due to the fact the Company did not become publicly traded until May 24, 2012 and therefore had more business activities during Q3 2013 compared with Q3 2012;
- Salaries and wages of \$51,751 were incurred during Q3 2013 which was paid to the Company's CEO and CFO compared to \$35,297 in Q3 2012. The increase of \$16,454 was due to additional employees hired on June 1, 2012;

- Share based compensation during Q3 2013 was \$8,160 compared with \$157,490 for Q3 2012. The Q3 2012 share based compensation consists of fair value of 2,080,000 options granted on May 29, 2012 and August 21, 2012 to directors, key employees and consultants, whereas the Q3 2013 share based compensation consists of fair value of 2,630,000 options granted; and

Nine months ended August 31, 2013 (“2013 period”) compared to nine months ended August 31, 2012 (“2012 period”)

The loss for the nine months ended August 31, 2013 was \$1,251,015 compared to \$1,106,475 for the nine months ended August 31, 2012. The increase in net loss is mainly due to an increase in investor relation cost and write-off of mineral property interests, which were offset by decreases in exploration and evaluation costs and share-based compensation. Explanations for significant variances are as follows:

- Investor relations costs of \$137,028 were incurred during the 2013 period for efforts on raising awareness among retail and institutional investors, compared to \$7,318 in the 2012 period. The increase in investor relation costs was due to the fact the Company did not become publicly traded until May 24, 2012 and therefore had more business activities during 2013 compared with 2012;
- Salaries and wages of \$148,598 were incurred during the 2013 period which was paid to the Company’s CEO and CFO compared to \$103,792 in the 2012 period. The increase of \$44,806 was due to additional employees hired subsequent to the Company’s IPO;
- Share based compensation during the 2013 period was \$207,098 compared with \$312,724 for the 2012 period. The 2012 share based compensation consists of fair value of 2,080,000 options granted on May 29, 2012 and August 21, 2012 to directors, key employees and consultants, whereas the Q3 2013 share based compensation consists of fair value of 2,630,000 options granted; and
- Write-off of mineral property interests during the 2013 period was \$71,960 compared with \$Nil for the 2012 period. The write-off in nine months ended August 31, 2013 was for the 14 Fireside options whose option was terminated per the amended agreement dated April 23, 2013.

LIQUIDITY AND CAPITAL RESOURCES

The Company’s ability to meet its obligations and its ability to finance exploration and development activities depends on its ability to generate cash flow through the issuance of common shares pursuant to private placements, the exercise of warrants and stock options. Capital markets may not always be receptive to offerings of new equity from treasury or debt, whether by way of private placements or public offerings. This may be further complicated by the limited liquidity for the Company’s shares, restricting access to some institutional investors. The Company’s growth and success is dependent on additional external sources of financing which may not be available on acceptable terms.

Working Capital

As of August 31, 2013, the Company’s working capital was \$1,026,692, compared with a \$1,500,507 working capital as of November 30, 2012. The \$473,815 decrease in working capital is mainly due to a decrease in cash relating to the Company’s operating expenses.

Cash and Cash Equivalents

On August 31, 2013, the Company had \$981,322 of cash and cash equivalents, compared with \$1,349,460 of cash and cash equivalents on November 30, 2012. The \$368,138 decrease in the cash position is mainly due to spending \$866,280 on operating activities and \$136 on mineral properties acquisition, offset by an increase of \$498,278 on net proceeds raised from a non-brokered private placement.

Cash Used in Operating Activities

Cash used in the operating activities during the nine months ended August 31, 2013 was \$866,280. This cash was mostly spent on exploration and evaluation, investor relations, office and administration fees, marketing, conferences and shareholder relations, rent and salaries and wages, as well as on paying off accounts payable. Cash used in the operating activities during the nine months ended August 31, 2012 was \$897,869. This cash was mostly spent on audit, accounting, exploration and evaluation, office and administration fees, marketing, conferences and shareholder relations, rent and salaries and wages,.

Cash Used in Investing Activities

During the nine months ended August 31, 2013, the Company spent \$136 on mineral acquisition costs. During the nine months ended August 31, 2012, the Company spent \$229,272 on mineral property acquisition costs.

Cash Generated by Financing Activities

During the nine months ended August 31, 2013, the Company received proceeds of \$500,000 from a private placement whereby 3,333,332 units at \$0.15 per unit was issued. The Company paid \$1,722 in share issue costs related to the private placement. During the nine months ended August 31, 2012, the Company received \$2,200,000 from shares issued in the IPO, \$855,200 from shares issued in private placements, and \$7,500 from the exercise of warrants, offset by spending \$385,941 on IPO related costs.

Requirement of Additional Equity Financing

The Company relies primarily on equity financings for all funds raised to date for its operations. The Company needs additional funds to finance its exploration and development programs and on-going operating costs. Until the Company starts generating profitable operations from extraction of minerals and precious metals, the Company intends to continue relying upon the issuance of securities to finance its operations and acquisitions.

SUBSEQUENT EVENTS

- a) On October 24, 2013, the Company issued 58,000 common shares to Gunpoint and announced that it would elect to proceed with the Cecilia property option agreement with Gunpoint and the exclusive right to earn a 100% interest in Cecilia project.
- b) Effective September 30, 2013, the CFO's employment was terminated and \$13,500 of severance was paid.

GOING CONCERN

The recoverability of amounts shown as mineral property interests is dependent upon the conversion of mineral resources to economically recoverable reserves, the Company's ability to obtain financing to develop the properties, and the ultimate realization of profits through future production or sale of the properties.

The Company's condensed consolidated interim financial statements filed with this MD&A have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and settle its obligations in the normal course of business. Several conditions discussed below cast substantial doubt regarding this assumption. As at August 31, 2013 the Company had not achieved profitable operations, had an accumulated deficit of \$3,706,457 since inception and expects to incur further losses in the development of its business, all of which casts substantial doubt about the Company's ability to continue as a going concern. The Company's condensed consolidated interim financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

Although the Company has been successful in the past in obtaining financing, there can be no assurances that the Company will continue to obtain the additional financial resources necessary and/or achieve profitability or positive cash flows from its future operations. If the Company is unable to obtain adequate additional financing, the Company would be required to curtail its planned operations, exploration and development activities.

TRANSACTIONS WITH RELATED PARTIES

- i. During the nine months ended August 31, 2013, the Company paid \$96,337 (2012 - \$Nil) of salaries and wages to the President and CEO of the Company.
- ii. During the nine months ended August 31, 2013, the Company paid/accrued for \$101,250 (2012 - \$90,000) of geological consulting fees and GST/HST of \$8,213 (2012 - \$10,800) to the Vice President of Exploration of the Company, of which \$13,649 was included in accounts payable and accrued liabilities as at August 31, 2013 (November 30, 2012 - \$Nil).
- iii. During the nine months ended August 31, 2013, the Company paid/accrued \$22,500 (2012 - \$21,000) in accounting fees, \$22,500 (2012 - \$20,553) in office and administration expense and \$3,650 (2012 - \$4,986) of GST/HST to a company partially controlled by a director of the Company.
- iv. During the nine months ended August 31, 2013, the Company paid \$18,000 (2012 - \$14,000) of salaries and wages to the Company's CFO.
- v. During the nine months ended August 31, 2013, the Company paid salaries and wages of \$Nil (2012 - \$116,249) to the Company's former President and CEO.
- vi. During the nine months ended August 31, 2013, the Company paid/accrued a total of \$36,000 (2012- \$Nil) plus GST/HST of \$1,460 (2012 - \$Nil) to the four directors of the Company, of which \$6,189 (November 30, 2012- \$6,720) was included in accounts payable and accrued liabilities.
- vii. Total fair value of the share-based payments to directors and officers, being key management personnel, is \$107,374 (2012 - \$152,927) for the nine months ended August 31, 2013.

PLAN OF OPERATIONS AND FUNDING

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

- continue to assess the results obtained from the exploration programs completed on the Company's Yukon and British Columbia properties;
- the Company intends on proceeding with passive exploration efforts on the concessions in the Dominican Republic while it waits for the concessions to be granted. Upon granting of the concessions, the Company will proceed with a more aggressive exploration program which may include surface sampling, hand trenching, ground geophysical surveys and if results support, diamond drilling;
- the Company has completed its due diligence review of the Cecilia gold-silver project in Sonora, Mexico. The Company will proceed with a limited first phase exploration program including the collection of surface rock, silt and soil samples and also detailed geological mapping of the main historical zones;
- continue the evaluation and assessment of other prospective mineral exploration projects in geological and geopolitical attractive jurisdiction, as opportunities are presented to the Company; and

- monitor and evaluate capital markets for possible equity financing opportunities attainable under favourable terms to finance the Company's on-going operations and exploration activities.

FINANCIAL INSTRUMENTS

The Company accounts for its financial instruments as follows:

Cash and cash equivalents, amounts receivable and tax credit receivable	Loans and receivables
Accounts payable and accrued liabilities	Financial liabilities measured at amortized cost

Financial Assets

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired. Management determines the classification of its financial assets at initial recognition. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities of greater than 12 months after the end of the reporting period, which are classified as non-current assets. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated by taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process. The Company's loans and receivables consist of cash and cash equivalents, amounts receivable and tax credit receivable on the statement of financial position.

Financial Assets at Fair Value Through Profit or Loss

An instrument is classified at fair value through profit or loss if it is held for trading. Financial instruments are designated at fair value through profit or loss if the Company manages such investments and makes purchases and sale decisions based on their fair value in accordance with the Company's risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss. The Company has not designated any accounts as fair value through profit or loss.

Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period. Subsequent to initial recognition, available-for-sale financial assets are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale equity instruments, are recognized in other comprehensive income and presented within equity in the fair value reserve. When an instrument is derecognized, the cumulative gain or loss in other comprehensive income is transferred to profit or loss. The Company has not designated any financial assets as available-for-sale.

Financial Liabilities

Financial liabilities other than derivative liabilities are recognized initially at fair value and are subsequently stated at amortized cost. Transaction costs on financial assets and liabilities other than those classified as fair value through profit and loss are treated as part of the carrying value of the asset or liability. Transaction costs for assets and liabilities at fair value through profit and loss are expensed as incurred. The Company's financial liabilities consists of accounts payable and accrued liabilities on the statement of financial position.

Impairment of Financial Assets

The Company assesses at the end of each reporting date whether there are indicators of impairment present for financial assets other than financial assets valued through profit and loss. A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

An impairment loss in respect of a financial asset carried at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted using the instrument's original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value. In the case of equity instruments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset that was previously recognized in profit or loss, is removed from equity and recognized in profit or loss.

All impairment losses are recognized in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

The classification of the financial instruments as well as their carrying values as at November 30, 2012 is shown in the table below:

<hr/>	
Financial assets:	
Loans and receivables, measured at amortized cost:	
Cash and cash equivalents, amounts receivable and tax credit receivable	\$ 1,041,300
<hr/>	
Financial liabilities, measured at amortized cost:	
Accounts payable and accrued liabilities	\$ 38,758
<hr/>	

The fair value of cash and cash equivalents, amounts receivable, tax credit receivable and accounts payables and accrued liabilities approximates their carrying value due to their short-term maturity.

The Company is exposed to potential loss from various risks including credit risk, liquidity risk, interest rate risk, political risk and foreign currency fluctuation risk. These risks are described in more detail in the Risk and Uncertainties section of this MD&A.

RISK AND UNCERTAINTIES

The Company is exposed to various types of market risks including credit risk, liquidity risk, interest rate risk and commodity price risk. This is not an exhaustive list of all risks, nor will the mitigation strategies eliminate all risks listed.

- i. **Credit Risk** – Credit risk is the risk that one party to a financial instrument will fail to fulfill an obligation and cause the other party to incur a financial loss. The Company's credit risk consists primarily of cash and accounts receivable. The credit risk is minimized by placing cash with major Canadian financial institutions. The Company does not invest in asset-backed commercial papers.
- ii. **Liquidity Risk** – Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. To mitigate this risk, the Company has a planning and budgeting process in place to determine the funds required to support its on-going operations and capital expenditures. The Company ensures that sufficient funds are raised from private placements to meet its operating requirements, after taking into account existing cash and expected exercise of share purchase warrants. The Company's cash is held in business accounts which are available on demand for the Company's programs and are not invested in any asset backed deposits or investments.
- iii. **Interest Rate Risk** - Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. If interest rates decrease, the Company will generate smaller interest revenue. Presently the Company is not at risk of realizing a loss as a result of a decline in the fair value of its financial instruments because of the short-term nature of the investments.
- iv. **Commodity Price Risk** - The Company's future success is linked to the price of minerals, because the value of mineral resources is tied to prices of minerals. Worldwide production levels also affect the prices. The prices of minerals are occasionally subject to rapid short-term changes due to speculative activities.
- v. **Political Risk** - The Company recently acquired a company that is applying for the rights to properties in the Dominican Republic, and entered into an option agreement to acquire interest in properties in Mexico. These operations are potentially subject to a number of political, economic and other risks that may affect the Company's future operations and financial position.
- vi. **Foreign Exchange Risk** - The Company has vendors in Canada, Dominican Republic, and Mexico, so the Company's operations are affected by the currency fluctuations in these jurisdictions.

CAPITAL MANAGEMENT

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital and deficit.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements as at August 31, 2013.

RECENT ACCOUNTING PRONOUNCEMENTS

The Company has reviewed new and revised accounting pronouncements that have been issued. The Company has not yet early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements.

Accounting Standards Issued and Effective December 1, 2013

IFRS 10, *Consolidated Financial Statements*, establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

IFRS 11, *Joint Arrangements*, establishes the core principle that a party to a joint arrangement determines the type of joint arrangement in which it is involved by assessing its rights and obligations and accounts for those rights and obligations in accordance with that type of joint arrangement.

IFRS 12, *Disclosure of Involvement with Other Entities*, requires the disclosure of information that enables users of consolidated financial statements to evaluate the nature of, and risks associated with, its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

IFRS 13, *Fair Value Measurement*, defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except for the following:

- Share-based payment transactions within the scope of IFRS 2, *Share-based Payment*;
- Leasing transactions within the scope of IAS 17, *Leases*;
- Measurements that have some similarities to fair value but that are not fair value, such as net realizable value in IAS 2, *Inventories*, or value in use in IAS 36, *Impairment Assets*.

IFRIC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine*, summarizes the method of accounting for waste removal costs incurred as a result of surface mining activity during the production phase of a mine.

Accounting Standards Issued and Effective December 1, 2015

IFRS 9, *Financial Instruments*, replaces the current standard IAS 39, *Financial Instruments: Recognition and Measurement*, replacing the current classification and measurement criteria for financial assets and liabilities with only two classification categories: amortized cost and fair value.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A may constitute forward-looking statements. These statements relate to future events or the Company's future performance. All statements, other than statements of historical fact, may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "propose", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly

relied upon by investors as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement.

In particular, this MD&A contains forward-looking statements, pertaining to the following: capital expenditure programs, development of resources, treatment under governmental regulatory and taxation regimes, expectations regarding the Company's ability to raise capital, expenditures to be made by the Company to meet certain work commitments, and work plans to be conducted by the Company.

With respect to forward-looking statements listed above and contained in this MD&A, the Company has made assumptions regarding, among other things: the legislative and regulatory environment, the impact of increasing competition, unpredictable changes to the market prices for minerals, that costs related to development of mineral properties will remain consistent with historical experiences, anticipated results of exploration activities, and the Company's ability to obtain additional financing on satisfactory terms.

The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth in this MD&A: volatility in the market prices of minerals, uncertainties associated with estimating resources, geological problems, technical problems, exploration problems, processing problems, liabilities and risks including environmental liabilities and risks inherent in the exploration and mining, fluctuations in currency and interest rates, incorrect assessments of the value of acquisitions, unanticipated results of exploration activities, competition for capital, competition for acquisitions of reserves, competition for undeveloped lands, competition for skilled personnel, political risks and unpredictable weather conditions.

ADDITIONAL INFORMATION

For further detail, see the Company's interim financial statements for the nine months ended August 31, 2013 and the audited financial statements for the year ended November 30, 2012. Additional information about the Company can also be found on www.sedar.com.

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Michael Moore (Vice President, Exploration)
Vivien Chuang (Chief Financial Officer)
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Darryl Cardey (Director)
Quinton Hennigh (Director)
Gary Freeman (Director)

Members of the Audit Committee

Gary Freeman (Chair)
Adrian Fleming
Darryl Cardey

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