

PRECIPITATE GOLD CORP.
Management Discussion and Analysis (“MD&A”)
for the nine months ended August 31, 2014

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, 2014, should be read in conjunction with the Company’s unaudited financial statements and related notes for the nine months ended August 31, 2014, and the audited financial statements for the year ended November 30, 2013. The effective date of this report is October 28, 2014. 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. 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.

The Company is a Vancouver, British Columbia, Canada based company primarily focused on gold and base metal exploration in the Dominican Republic. The main Juan de Herrera concession was granted in January 2014 and other concessions are currently under varying stages of the concession application process. Most company concessions are located within the highly prospective “Tireo Gold Trend” in the western portion of the Dominican Republic. The Gold Trend runs northwesterly extending though the Dominican-Haitian border and is underlain by Upper Cretaceous Tireo formation volcanic and sedimentary rocks. The Company’s Juan de Herrera and other contiguous concessions directly adjoin the Tireo belt holdings of GoldQuest Mining Corp on their southwest and south sides.

The Company also holds gold exploration prospects in southern Yukon Territory and northern British Columbia, Canada. This emerging gold enriched region contains similar geology to the rocks hosting notable gold discoveries at ATAC Resources’ Rau/Osiris, Northern Tiger’s 3Ace and Aben Resources’ Justin properties. With a portfolio of 3 properties in Yukon and one in BC, The Company’s Canada focused exploration is targeting gold mineralization in the prospective sedimentary units of the Selwyn Basin. The Selwyn Basin was deposited at the same time period as the rocks hosting northern Nevada’s gold mining districts. The recent Osiris discovery at Rau is highly analogous to Nevada’s famed “Carlin type” gold deposits.

MINERAL PROPERTY EXPLORATIONS

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 and Hato Nuevo mineral 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 based on the Juan de Herrera concession Grant Date of January 07, 2014:

- Cash payments totalling \$390,000 as follows:
 - \$90,000 on or before January 12, 2015
 - \$150,000 on or before January 7, 2016; and
 - \$150,000 on or before January 7, 2017;
- Incur exploration expenditures totalling \$1,000,000 as follows:
 - \$250,000 on or before January 7, 2015 (complete);
 - \$300,000 on or before January 7, 2016 (complete); and
 - \$450,000 on or before January 7, 2017;
- Issue a total of 3,000,000 common shares of the Company as follows:
 - 1,000,000 common shares on or before January 12, 2015;
 - 1,000,000 common shares on or before January 7, 2016; and
 - 1,000,000 common shares on or before January 7, 2017;

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.

On June 30, 2014, the Company, through CMSJ, entered into a property purchase and sale agreement with Gexplo S.R.L. and Santo Mining Corp. (the "Sellers") whereby the Sellers will sell, transfer and assign all their right, title and interest in and to the applications to the David and Richard properties in the Dominican Republic in exchange for a 2% net smelter royalty and the granting of 100,000 company share purchase warrants exercisable for up to three months at an exercise price of \$0.30 per share.

b) Cecilia, Sonora, Mexico

On October 24, 2013, the Company announced completion of its due diligence review and its decision to proceed with the option to acquire from Gunpoint Exploration Ltd. ("Gunpoint") a 100% interest in the Cecilia Project in northeastern Sonora state, Mexico,.

Under the terms of the agreement, 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 the Company at the completion of due diligence on October 24, 2013 (issued at a value of \$5,800);
- \$125,000 and 233,000 commons shares on or before October 24, 2014; and
- \$275,000 and 234,000 common shares on or before October 24, 2015.

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

Based on the lack of compelling results generated from the work carried by the Company during the term of the Cecilia Mexico property option, in combination with recent exploration success in the Dominican Republic, the Company has deemed it prudent to forgo delivery of the October 24, 2014 option payment of \$125,000 and 233,000 common shares of the Company (and an additional \$275,000 and 234,000 common shares in 2015, plus considerable property taxes payable to the Mexico government in 2015) in favour of returning the project to the Gunpoint to allow the Company to better deploy its current and future exploration budgets toward the Company's Dominican Republic property assets. The Company has given Gunpoint a written notice of termination of the option agreement. Therefore, acquisition costs relating to the Cecilia project of \$5,800 were written off as at August 31, 2014.

c) Reef Property

The Company's road accessible Reef Property is located in southeast Yukon Territory and is comprised of the following mineral quartz claims: Reef I-48 claims, Jay 73-80, Jay 141-193, & Jay 203-250 claims ("Jay East Property"); and 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.

d) Other Properties in Yukon Territory

The Company acquired the Bright and Lombok properties, located in Yukon Territory, through staking. During the year ended November 30, 2013, the claims making up the Lombok property had expired and therefore the staking costs of \$27,300 relating to the Lombok property were written off.

e) Other Properties in British Columbia

The Company acquired the Ba, Gemini, and Horneline properties, located in the British Columbia, through staking. During the year ended November 30, 2013, the claims making up the Ba property had expired and therefore the staking costs of \$738 relating to the Ba property were written off. During the nine months ended August 31, 2014, the claims making up the Horneline property of \$993 were written off.

OPERATIONS UPDATE

Juan de Herrera, Dominican Republic

Since announcing the Dominican Republic properties acquisition in August 2012, the Company has completed multiple phases of regional and local scale exploration work. Exploration programs in 2013 and early 2014 have dominantly focused on the Ginger Ridge and Melchor gold zones. Both zones are located within the Juan de Herrera concession which was fully granted in mid-January 2014 permitting the Company to conduct high level exploration.

Detailed exploration at the priority Ginger Ridge Zone includes geological mapping, rock-soil sampling, trenching, 5 one kilometre long lines of induced polarization ('IP') geophysical surveying, and a maiden phase of diamond drilling consisting of six-holes, totalling 1,193 metres ('m'). See the Company's September 23, 2014 news release for more drill program related details.

Recent work at the Ginger Ridge Zone has yielded the following highlight results:

- Drill Hole 5 - Multiple gold-rich intervals, including:
 - 13.4 g/t gold over 5.0 metres; within
 - 5.0 g/t gold over 16.0 metres; within
 - 4.5 g/t gold over 18.0 metres
 - near surface interval containing 0.62 g/t gold and 0.12% copper over 21.15 metres
 - 98.0 metre interval of strongly disseminated, semi-massive to massive sulphide (dominantly pyrite);
- Evidence of a gold-rich volcanogenic massive sulphide ('VMS') type deposit model, with gold mineralization that remains open in all directions;
- Correlation of gold mineralization with highest IP chargeability signature. Strongest IP chargeability anomaly remains open and untested to the north for ongoing exploration; and
- Combined IP chargeability and surface geochemical anomalies flanking Hole 5 on-strike to the north and south mark delineate a highly prospective massive sulphide type exploration target zone measuring about 600 metres in length.

As a result of recent geological mapping and drill core observations the Company has revised its initial interpretation of the local Tireo intermediate volcanic stratigraphy to having a likely moderate southwesterly dip orientation. None of the phase-one drill holes bisected sediment lithologies, particularly those of the younger limestone rocks upon which the Tireo volcanics are thrust. Surface mapping has observed intercalated narrow widths of limestone, mudstone and siltstone.

Soil and rock sampling has established a northwest-southeast trending gold anomaly (plus other elements) about 2.0 kilometres long. The enriched multi-element core anomaly, centred in the control grid, is characterized by a correlation of gold and silver with several pathfinder elements which variably include arsenic, antimony, barium, lead, copper and zinc. Surface sampling at Ginger Ridge now covers an estimated area measuring 2,200 metres by 750 metres, blanketing most of the eastern slope of Ginger Ridge.

August-September 2014 Ginger Ridge Drill Result Summary Table

Hole	From (m)	To (m)	Interval (m)	Gold (g/t)	Other
1	No significant values				
2-4	Weak gold values over wide intervals with anomalous Ag, As, Zn, Cu and Pb				
5	25.00	46.15	21.15	0.62	3.9 g/t Ag, 0.12% Cu, anomalous Pb
including	38.00	46.15	8.15	0.87	2.7 g/t Ag, 0.16% Cu, anomalous Pb
	84.00	102.00	18.00	4.54	0.6 g/t Ag, anomalous Cu & Zn
including	86.00	102.00	16.00	5.05	0.5 g/t Ag, anomalous Cu & Zn
including	88.00	93.00	5.00	13.37	0.7 g/t Ag, anomalous Zn & Cu
6	47.24	50.29	3.05	0.55	3.4 g/t Ag, 0.11% Zn, anomalous Cu
	80.00	87.00	7.00	0.41	anomalous Cu & Ag

Note: (i) Interval reflects measured core length, as true widths are currently unknown;

(ii) gold values in hole 5 are uncut.

Ag=silver, Zn=zinc, Pb=lead, Cu=copper, As=arsenic

The March 2014 IP geophysical survey was conducted on five parallel, one kilometre long grid lines at 200 metre intervals centred over the middle of the soil zone's gold-silver geochemical anomalies. The survey covered about 800 metres strike length of the ~ 2,000 metre long surface gold anomaly. Elevated chargeability readings correlate well with the surface trace of the northwest trending gold-in-soil anomalies. The IP survey identified a strongly elevated chargeability anomaly on northernmost grid line 10 (up to 10mv/v) which correlates very well with massive sulphide mineralization discovered in drill hole 5. Importantly, this chargeability anomaly, which extends from grid line 12 through grid line 10 remains open on strike, both to the northwest and southeast. The area to the northwest of this open ended chargeability anomaly will be the focus of the Company's follow up exploration work.

Reef Project, Southeast Yukon

The Reef Property is located 200 km north of Watson Lake, Yukon. Reef claims are 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. Highway #10 cuts the eastern side of the property allowing property access and suitable staging areas. 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. The Company now has an enhanced understanding and appreciation of the structural and lithologic controls on the gold mineralization. Late 2012 exploration work focused on the priority Fer Zone (aka Camp Cirque area), where detailed geological mapping and rock sampling, and additional soil sampling and prospecting were carried out.

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 since December 2012.

Gemini, British Columbia

Precipitate's 100% owned Gemini gold property is located about 50 km southwest of the Alaska Highway in north central British Columbia (also 95 km southeast of Watson Lake, Yukon). Gemini is located about 25 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.

In 2011, Precipitate completed 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 and soil. A test biogeochemical survey was carried out in spring 2012 and a follow-up one week long reconnaissance program consisting of additional silt sampling, geological mapping and prospecting from the Kechika River (water access) side of the property was completed in August 2012. No exploration work has been conducted since August 2012.

Operations - Going Forward

The Company's current exploration work is focussed on its Dominican Republic gold properties. At the Ginger Ridge zone (Juan de Herrera), the combination of mapping, rock-soil sampling, IP geophysics and the first phase drilling program have delineated an estimated 600m long exploration target area. Future work at Ginger Ridge will include expanding the IP geophysical survey to the northwest of the current coverage area and a follow up phase two diamond drill program.

On June 11 and July 02, 2014, the Company announced the acquisitions of additional concessions, via direct staking and a purchase-sale agreement. The Company has increased its land position in the Dominican Republic to an estimated 14,800 hectares, dominantly within the Tireo Gold camp. The new Richard concession acquisition, covering about 220 hectares, is located about four kilometres southeast of the Pueblo Viejo gold-silver-copper mine and provides the Company with a strategic new land position

in a world-class modern gold mining camp. The Company is conducting a technical review of these new assets, which may lead to further onsite sampling and studies.

For the balance of 2014, 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 to maintain key Canadian properties in good standing.

Qualified Person

The technical information regarding the Company's mineral property contained in this MD&A has been reviewed by Michael Moore (P. Geo.) Mr. Moore is a Qualified Person ("QP") as defined in the "Canadian Institute of Mining, Metallurgy and Petroleum, CIM standards on Mineral Resources and Reserves" and NI 43-1-1.

SELECTED ANNUAL INFORMATION

	As at and year ended November 30, 2013	As at and year ended November 30, 2012	As at and period ended November 30, 2011
	\$	\$	\$
Revenue	Nil	Nil	Nil
Loss for the year	1,506,580	1,822,084	633,358
Loss per common share, basic and diluted	0.06	0.09	0.12
Weighted Average number of common shares outstanding	27,285,591	19,920,660	5,116,105
Statement of Financial Position Data			
Working capital	799,099	1,500,507	484,050
Total assets	3,476,198	4,279,197	955,322

SUMMARY OF QUARTERLY RESULTS

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

	Aug 31, 2014	May 31, 2014	Feb 28, 2014	Nov 30, 2013	Aug 31, 2013	May 31, 2013	Feb 28, 2013	Nov 30, 2012
Expenses	\$587,802	\$281,118	\$201,161	\$230,177	\$241,327	\$422,478	\$524,736	\$720,995
Loss for the period	\$590,561	\$280,403	\$199,063	\$255,565	\$237,992	\$492,059	\$520,964	\$715,609
Weighted average shares outstanding	35,816,158	29,240,724	28,862,825	27,285,591	28,804,825	26,014,971	25,471,493	19,920,660
Loss per share	\$0.02	\$0.01	\$0.01	\$0.01	\$0.01	\$0.02	\$0.02	\$0.04
Mineral property acquisition costs	\$1,303	-	-	\$5,800	-	-	\$136	\$107,281
Mineral property interest write-off	\$5,800	\$993	-	\$99,998	-	-	-	-
Mineral property exploration costs	\$472,227	\$161,983	\$71,033	\$35,706	\$49,951	\$119,669	\$198,017	\$102,381

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

DISCLOSURE OF OUTSTANDING SHARE DATA

As of the date of this MD&A, the Company had 35,816,158 shares outstanding. The following table summarizes maximum number of common shares outstanding as at August 31, 2014 and as of the date of this MD&A if all outstanding options were converted to shares:

	August 31, 2014	As of the date of this MD&A
Common shares	35,816,158	35,816,158
Share purchase warrants	10,386,665	10,286,665
Options to purchase common shares	2,640,000	2,640,000
	48,842,823	48,742,823

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 on May 24, 2012, and 15% of the shares are released from escrow every 6 months thereafter. As of August 31, 2014 and the date of this MD&A, there were 799,500 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, 2014 and the date of this MD&A, there were 1,153,910 Strategic Shares remaining in escrow.

RESULTS OF OPERATIONS

Three months ended August 31, 2014 ("Q3 2014") compared to three months ended August 31, 2013 ("Q3 2013")

The loss for the quarter ended August 31, 2014 was \$590,561 compared to \$237,992 for the quarter ended August 31, 2013. The increase in Q3 2014 net loss is mainly due to an increase in exploration and exploration costs, offset by a decrease in investor relations, property investigation costs and salaries and wages. Major variances are explained as follows:

- Exploration and evaluation costs of \$475,854 were incurred on the Company's properties during Q3 2014 compared to \$49,951 in Q3 2013. Most of the costs incurred were drilling, salaries and consulting fees for geological and geophysical services and office expenses associated with property evaluations and assessments, including geological consulting fees paid to the Company's VP of Exploration, other related salaries and benefits, and office expenses incurred in the Company's Dominican Republic and Mexico offices. The increase in costs from Q3 2013 to Q3 2014 was due to the fact that there were more exploration activities in Q3 2014 in the Dominican Republic and Mexico compared with Q3 2013;
- Investor relations costs of \$2,965 were incurred during Q3 2014 for efforts on raising awareness among retail and institutional investors, compared to \$38,140 in Q3 2013. During the period

from September 2012 to August 2013, the Company made increased efforts on raising awareness among retail and institutional investors, resulting in higher investor relation costs in Q3 2013;

- Property investigation costs of \$103 were incurred in Q3 2014 compared with \$24,362 in Q3 2013. The decrease in property investigation costs reflects mainly the decrease in time spent by the VP of Exploration on assessing new properties and projects during Q3 2014 compared with the comparative period; and
- Salaries and wages of \$39,959 were incurred during in Q3 2014 compared with \$51,751 in Q3 2013. Salaries and wages paid in Q3 2013 were to the Company's CEO, CFO and a consultant compared with salaries and wages paid to only the CEO during Q3 2014.

Nine months ended August 31, 2014 ("2014 period") compared to nine months ended August 31, 2013 ("2013 period")

The loss for the nine months ended August 31, 2014 was \$1,070,027 compared to \$1,251,015 for the nine months ended August 31, 2013. The decrease in 2014 period net loss is mainly due to a decrease in investor relations, marketing conferences and shareholder relations, share-based compensation expenses and write-off of mineral property interests, offset by an increase in exploration and evaluation costs. Major variances are explained as follows:

- Exploration and evaluation costs of \$708,870 were incurred on the Company's properties during the 2014 period compared to \$367,637 in the 2013 period. Most of the costs incurred were drilling, salaries and consulting fees for geological and geophysical services associated with property evaluations and assessments, including geological consulting fees paid to the Company's VP of Exploration, other related salaries and benefits, and office expenses incurred in the Company's Dominican Republic and Mexico offices. The increase in costs from the 2013 to 2014 period was due to the fact that there were more exploration activities in 2014 period for the Dominican Republic and Mexico compared with the 2013 period;
- Investor relations costs of \$7,099 were incurred during the 2014 period for efforts on raising awareness among retail and institutional investors, compared to \$137,028 in the 2013 period. During the period from September 2012 to August 2013, the Company made increased efforts on raising awareness among retail and institutional investors, resulting in higher investor relation costs in 2013;
- Marketing, conferences and shareholder relations costs of \$18,526 were incurred during the 2014 period for management's attendance at mining conferences and for marketing consulting, compared to \$68,078 in the 2013 period. The decrease in costs was due to decreased number of mining conferences attended and marketing costs;
- Share-based compensation during the 2014 period was \$50,785 compared with \$207,098 for the 2013 period. The 2013 period's share based compensation consists of fair value of 1,930,000 options granted on May 29, 2012 to directors, key employees and consultants, 150,000 options granted on August 21, 2012, 150,000 options granted on September 5, 2012, 150,000 options granted on December 3, 2012, 150,000 options granted on January 17, 2013 and 100,000 options granted on February 11, 2013. The 2014 period's share based compensation consists of fair value of 150,000 options granted on August 21, 2012, 150,000 options granted on September 5, 2012, 150,000 options granted on December 3, 2012, 150,000 options granted on January 17, 2013 and 510,000 options granted on April 14, 2014; and
- Write-off of mineral property interests was \$6,793 in the 2014 period compared with \$71,960 in the 2013 period. The write-off during the 2014 period relates to the staking costs for the claims making up the Horneline property located in British Columbia and the option payment paid for the Cecilia property in Mexico. The write-off in the 2013 period 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 raise cash through the issuance of common shares pursuant to private placements, the exercise of warrants and stock options. Capital markets may not always be receptive to offerings of new equity from treasury or debt, whether by way of private placements or public offerings. This may be further complicated by the limited liquidity for the Company's shares, restricting access to some institutional investors. The Company's growth and success is dependent on additional external sources of financing which may not be available on acceptable terms, particularly in the current economic environment that is unfavourable to exploration companies.

Working Capital

As of August 31, 2014, the Company's working capital was \$816,958, compared to working capital of \$799,099 as of November 30, 2013. The \$17,859 increase in working capital is mainly due \$1,030,308 of net funds received from the private placement that closed on May 26, 2014, offset by cash spent on operating expenses of \$832,965.

Cash

On August 31, 2014, the Company had \$986,867 of cash and cash equivalents, compared with \$789,524 of cash and cash equivalents on November 30, 2013. The \$197,343 increase in the cash position is mainly due to receiving \$1,030,308 of net funds from a private placement, spending \$278,640 on operating expenses, \$708,870 on exploration and evaluation costs, and \$24,939 on property investigation expenses.

Cash Used in Operating Activities

Cash used in the operating activities during the nine months ended August 31, 2014 was \$832,965. Funds were used mostly on exploration and evaluation, property investigation, office and administrative, directors' fees, office and administration, and salaries and wages. 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 Investing Activities

During the nine months ended August 31, 2013, the Company spent \$136 on mineral acquisition costs. There were no cash spent in investing activities during the nine months ended August 31, 2014.

Cash Generated by Financing Activities

During the nine months ended August 31, 2014, the Company received proceeds of \$1,043,000 from a private placement whereby 6,953,333 units at \$0.15 per unit was issued and spent \$12,692 of costs associated with the private placement. 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 and spent \$1,722 of costs associated with the private placement.

Requirement of Additional Equity Financing

The Company relies primarily on equity financing for all funds raised to date for its operations. The Company needs further funds to finance its exploration and development programs and its ongoing operating costs. The Company has raised a \$1,043,000 of gross funds from a private placement that closed on May 26, 2014. Until the Company has profitable operations from the extraction of minerals and precious metals, the Company intends to continue relying upon the issuance of securities to finance its operations and acquisitions.

GOING CONCERN

The recoverability of amounts shown as mineral properties is dependent upon the discovery of economically recoverable reserves, the Company's ability to obtain financing to develop the properties and the ultimate realization of profits through future production or sale of the properties. Realized values may be substantially different than carrying values as recorded in these financial statements.

The Company's consolidated condensed interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to continue its operation as a going concern for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. At August 31, 2014, the Company had not achieved profitable operations, had an accumulated deficit of \$5,032,049 since inception and expects to incur further losses in the development of its business. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern. The Company's consolidated condensed 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

Related party transactions and balances are as follows:

- (a) During the nine months ended August 31, 2014, the Company paid for \$116,250 (2013 - \$96,337) of salaries and wages to the President and CEO of the Company.
- (b) During the nine months ended August 31, 2014, the Company paid/accrued for \$84,375 (2013 - \$101,250) of geological consulting fees and \$16,875 (2013 - \$Nil) of property investigation costs to the Vice President of Exploration of the Company, of which \$14,458 was included in accounts payable and accrued liabilities as at August 31, 2014 (November 30, 2013 - \$13,779).
- (c) During the nine months ended August 31, 2014, the Company paid \$22,500 (2013 - \$22,500) in accounting fees and \$10,500 (2013 - \$22,500) in office and administration expense to a company partially controlled by a director of the Company.
- (d) During the nine months ended August 31, 2014, the Company paid \$Nil (2013 - \$18,000) of salaries and wages to the Company's former CFO.
- (e) During the nine months ended August 31, 2014, the Company paid/accrued a total of \$36,000 (2013- \$36,000) to the four directors of the Company, of which \$8,150 was included in accounts payable and accrued liabilities as at August 31, 2014 (November 30, 2013 - \$4,139).
- (f) Total fair value of the share-based payments to directors and officers, being key management personnel, is \$42,747 (2013 - \$107,374) for the nine months ended August 31, 2014.

PLAN OF OPERATIONS AND FUNDING

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

- at Ginger Ridge, Dominican Republic, expand IP geophysical coverage to the northwest of the current survey area and then initiate a second phase diamond drill program, with a view to testing gold-enriched massive sulphide mineralization which correlates with high chargeability IP geophysical targets. In addition, the Company will endeavour to identify additional areas of interest within the Juan de Herrera concession, while embarking on first phase exploration work,

including surface sampling, mapping and possible geophysical work at the Company's other Dominican concession applications;

- continue to assess the results obtained from the exploration programs completed on the Company's Yukon and British Columbia properties;
- continue the evaluation and assessment of other prospective mineral exploration projects in geologically and geopolitically attractive jurisdiction, as opportunities are presented to the Company; and
- monitor and evaluate capital markets for possible equity financing opportunities attainable under favourable terms to finance the Company's on-going operations and exploration activities.

FINANCIAL INSTRUMENTS

Financial Assets

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

Loans and Receivables

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

Financial Assets at Fair Value Through Profit or Loss

An instrument is classified at fair value through profit or loss if it is held for trading. Financial instruments are designated at fair value through profit or loss if the Company manages such investments and makes purchases and sale decisions based on their fair value in accordance with the Company's risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss. The Company has 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.

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

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

RISK AND UNCERTAINTIES

The exploration and development of mineral properties are highly speculative activities and are subject to significant risks, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in size to return a profit from production. The Company's ability to realize on its investments in exploration projects is dependent upon a number of factors: management's ability to continue to raise the financing necessary to complete the exploration and development of those projects and the existence of economically-recoverable reserves within the projects.

At the present time the Company does not hold any interest in a mining property in commercial production. The Company has incurred net losses since inception, and has limited financial resources and no positive mineral operating cash flow. No assurance can be given that additional funding will be available for further exploration and development of the Company's projects or to fulfill the Company's obligations under any applicable agreements. Other risks and uncertainties include:

Competitive industry

Mining industry is intensely competitive and the Company will compete with other companies that have far greater resources.

Exploration risks

Mineral exploration is highly speculative in nature. The Company's exploration projects involve many risks, and success in exploration is dependent upon a number of factors including, but not limited to, quality of management, quality and availability of geological expertise and availability of exploration capital. The Company cannot give any assurance that its future exploration efforts will result in the discovery of mineral resources or mineral reserves.

Foreign Countries and Political Risk

Two of the resources assets held by the Company are located in the Dominican Republic and Mexico where mineral exploration and mining activities may be affected in varying degrees by political instability, expropriation of property and changes in government regulations such as tax laws, business laws, environmental laws and mining laws, affecting the Company's business in that country. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may adversely affect its business, or if significant enough, may make it impossible to continue to operate in the country. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, foreign exchange restrictions, export controls, income taxes, expropriation of property, environmental legislation and mine safety.

Fluctuating metal and share prices

Factors beyond the control of the Company may affect the marketability of precious any other metals or minerals discovered. Commodity prices fluctuate widely and are affected by numerous factors beyond the Company's control whose effect cannot accurately be predicted.

In recent years, the securities markets in the United States and Canada have experience a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered exploratory and development stage companies, have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying assets values or prospects of such companies. There can be no assurance that continual and extreme fluctuations in price will not occur.

Ability to continue as a going concern

The unaudited financial statements of the Company for the nine months ended August 31, 2014 were prepared in accordance with IFRS on a going concern basis, which assumes the realization of assets and discharge of liabilities in the normal course of business. As noted in the "Liquidity and Capital Resources" section, there are number of conditions that raise substantive doubt about the Company's ability to continue as a going concern in the longer term.

The ability of the Company to continue as a going concern is dependent upon the existence of economically recoverable mineral reserves and the ability to raise adequate financing from lenders, shareholders and other investors to support such business activities. It is anticipated that the Company will rely on the equity markets in the upcoming fiscal year to meet its financing needs, including funding future exploration activity.

Given the current economic environment, there can be no assurance that such financing will be available to the Company on acceptable terms, or at all. Failure to continue as a going concern would require the Company's assets and liabilities to be presented on a liquidation basis, which would differ materially from the going concern basis.

The following are risks related to the Company's financial instruments:

(i) Credit Risk – Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and cash equivalents and amounts receivable. Cash and cash equivalents are held with a major Canadian financial institution and the receivables are from Government entities. Management is of the view that all amounts are fully collectible.

(ii) Liquidity Risk – Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. The Company's financial obligations are limited to accounts payable and accrued liabilities, all of which have contractual maturities of less than a year.

(iii) Interest Rate Risk – Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no interest-bearing debt. The Company's sensitivity to interest rates is minimal.

(iv) Political Risk – The Company has subsidiaries in the Dominican Republic, Mexico and the United States. These operations are potentially subject to a number of political, economic and other risks that may affect the Company's future operations and financial position.

(v) Foreign Currency Fluctuation Risk – The Company has vendors in Canada, the Dominican Republic and Mexico; therefore, the Company's operations are affected by the currency fluctuations in these jurisdictions.

CAPITAL MANAGEMENT

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

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

The Company is not subject to externally imposed capital requirements.

OFF BALANCE SHEET ARRANGEMENTS

The Company does not have any off balance sheet arrangements.

RECENT ACCOUNTING PRONOUNCEMENTS

The following standards have been adopted in the Company's financial statements for the period beginning December 1, 2013, however the adoption of these standards does not have any significant impacts on the Company's financial statements:

IFRS 10 *Consolidated Financial Statements* ("IFRS 10") provides a single model to be applied in the control analysis for all investees, including entities that currently are special purpose entities in the scope of SIC 12. In addition, the consolidation procedures are carried forward substantially unmodified from IAS 27 *Consolidated and Separate Financial Statements*.

IFRS 12 *Disclosure of Interests in Other Entities* ("IFRS 12") sets out the disclosure requirements for entities reporting under IFRS 10 and IFRS 11, and replaces the disclosure requirements currently found in IAS 28 *Investments in Associates* ("IAS 28"). The objective of IFRS 12 is to require the disclosure of

information that enables users of financial statements to evaluate: (a) the nature of, and risks associated with, its interests in other entities; and (b) the effects of those interests on its financial position, financial performance and cash flows.

IFRS 13 *Fair Value Measurement* ("IFRS 13") converges IFRS and US GAAP on how to measure fair value and the related fair value disclosures. The new standard creates a single source of guidance for fair value measurements, where fair value is required or permitted under IFRS, by not changing how fair value is used but how it is measured. The focus will be on an exit price.

IAS 1 *Presentation of Financial Statements* ("IAS 1") was amended by the IASB in June 2011 in order to align the presentation of items in other comprehensive income with US GAAP standards. Items in other comprehensive income will be required to be presented in two categories: items that will be reclassified into profit or loss and those that will not be reclassified. The flexibility to present a statement of comprehensive income as one statement or two separate statements of profit and loss and other comprehensive income remains unchanged. The amendments to IAS 1 are effective for annual periods beginning on or after July 1, 2012.

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, 2014 and the audited financial statements for the year ended November 30, 2013. Additional information about the Company can also be found on www.sedar.com.

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Vivien Chuang (Chief Financial Officer)
Adrian Fleming (Chairman of the Board, and Director)
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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