

## **INDEPENDENCE GOLD CORP.**

### **MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS, FORM 51-502F1 For the twelve-month period ended December 31, 2013**

This Management's Discussion and Analysis ("**MD&A**") compares the financial results of Independence Gold Corp. and its wholly-owned subsidiaries, Golden Pavilion Resources Ltd. and Silver Quest Resources (US) Ltd. (collectively, "**Independence**" or the "**Company**") for the twelve month period ended December 31, 2013 ("**fiscal 2013**") with the comparable period in 2012 ("**fiscal 2012**"). This MD&A should be read in conjunction with the audited consolidated financial statements and accompanying notes for the recently completed financial year and the MD&A's for all relevant periods, copies of which are filed under the Company's profile on the SEDAR website, [www.sedar.com](http://www.sedar.com).

Independence was incorporated under the *Business Corporations Act* (British Columbia) on November 1, 2011 and commenced trading on the TSX Venture Exchange (the "**Exchange**") on December 29, 2011 under the symbol "IGO". The Company's head office and principal address is 1410 - 650 West Georgia Street, Vancouver, British Columbia, Canada, V6B 4N8. The Company's registered and records office is 2300 - 550 Burrard Street, Vancouver, British Columbia, Canada, V6C 2B5.

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

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

The information contained in this document is provided as of April 10, 2014 (the "**Report Date**").

## **OVERVIEW**

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

Independence has no producing operations and as a consequence, the Company does not generate any operating income or a positive cash flow. Exploration of its properties is therefore entirely dependent on the Company's ability to access public equity markets to raise sufficient capital and/or its ability to attract joint venture partners to finance further work on its properties. However, with working capital of approximately \$8.8 million at December 31, 2013, Independence is adequately financed to support its anticipated exploration programs in the near term.

## **Mineral Projects**

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

## **INDEPENDENCE GOLD CORP.**

### **MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS, FORM 51-502F1 For the twelve-month period ended December 31, 2013**

#### *3Ts Project, British Columbia*

The 3Ts Project is located approximately 120 kilometres ("**km**") southwest of Vanderhoof and consists of six contiguous properties: the Tsacha, Tam, Taken, Tommy Lakes, Bot and Blackwater South properties. Collectively, the six properties are made up of nineteen mineral claims covering approximately 6,800 hectares in the Nechako Plateau region of central British Columbia. Independence owns a 100% interest in all six properties, four of which are subject to various net smelter return ("**NSR**") royalties that are payable to the vendors of the properties.

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

A diamond drilling program consisting of 3,853 m of core drilling in twelve holes was completed during 2013 at a cost of approximately \$0.70 million. This latest drilling campaign confirmed that the Mint Vein is the on-strike extension of the Ted Vein. Six holes were drilled to better-define the mineralized vein structure in the area between the Ted and Mint veins. The best intercept averaged 15.77 grams per tonne gold ("**g/t**") and 93.8 g/t silver across 2.10 m, within a wider intersection grading 3.19 g/t gold and 33.5 g/t silver across 11.3 m. Another intercept from the Ted-Mint Vein averaged 8.70 g/t gold and 151.8 g/t silver across 2.0 m. Drilling confirms that the Ted Vein remains open at depth. No significant results were obtained from two drill holes testing for the southern extension of the Ted vein. Assay results from the two holes drilled on the Larry Vein and one hole on the Tommy Vein confirm that both of these are open at depth and along strike.

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

During the second quarter of 2013, initial scoping level metallurgical studies were completed on a composite sample of mineralized material from the Ted-Mint Vein. The composite sample was prepared using material from diamond drill holes TT-12-65, TT-66 and TT12-71, completed during the 2012 drilling program. The head grade of the composite sample was 2.28 g/t gold and 66.6 g/t silver. The best recovery was obtained using a combination of gravity, flotation and leaching, to yield 97.3% gold recovery. Further test work is planned to evaluate methods that will improve the metallurgical process.

## INDEPENDENCE GOLD CORP.

### MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS, FORM 51-502F1 For the twelve-month period ended December 31, 2013

The Tommy, Ted and Mint veins contain Inferred Resources as summarized below at various gold cut-off grades. Details on the preparation of this estimate of Inferred Resources is set out in the 43-101 Technical Report dated February 28, 2012, a copy of which is filed under the Company's profile on the SEDAR website. These veins remain open at depth and along strike. These Inferred Resources do not incorporate the results of the 2012 and 2013 drilling programs.

Exploration on the 3Ts properties during the current year field seasons was performed under the supervision of David Pawliuk, P. Geo, P. Geo, Vice-President Exploration for the Company; a Qualified Person as defined by NI 43-101.

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

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

The 2011 prospecting program at the 3Ts property resulted in the discovery of mineralized vein float or boulders in the area north of the Mint Vein. The best boulder assayed 8.31 g/t gold with 56.3 g/t silver, and six other boulders contained greater than 1.00 g/t gold. Glacial transport direction within the area indicates that the bedrock source for this mineralized float is an as-yet undiscovered quartz-carbonate vein located to the west of the mineralized float.

Prospecting and geologic mapping were completed during the summer 2012 field season. The best boulder assayed 31.00 g/t gold and 301.0 g/t silver and is located in the eastern part of the project area. Twenty-one other boulders, mostly from the eastern half of the property, contained greater than 1.00 g/t gold.

These well-mineralized vein float boulders discovered to date indicate the potential to find new mineralized veins within the 3Ts Project area.

## **INDEPENDENCE GOLD CORP.**

### **MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS, FORM 51-502F1 For the twelve-month period ended December 31, 2013**

#### *Snowcap Project, Yukon Territory*

The Snowcap Project consists of five properties (Boulevard, YCS, Solitude, Solo and Tiger) totaling approximately 1,716 quartz mining claims covering approximately 38,340 hectares. The Project is located in Whitehorse Mining District, 135 km south of Dawson City, Yukon, 35 km south of Kinross Gold Corporations' Golden Saddle discovery and contiguous to the Coffee Project owned by Kaminak Gold Corporation.

In 2012 field crews collected a total of 5,920 soil samples and 281 rock samples for geochemical analysis in strategically located grids. Grid locations were identified and outlined based on sample results from previous years. Sampling results from this program extended and further-defined the Sunset Zone gold-in-soil anomaly located on the Boulevard property. Sampling also resulted in the discovery of the Denali Zone located on the YCS property. The Denali Zone is a 700 m long gold-in-soil anomaly, identified by gold assay values ranging from 75 parts per billion (ppb) to 4,530 ppb.

A follow-up excavator trenching program consisting of two trenches (240 m) was initiated on the Denali Zone in late September 2012. One trench intersected 10 m averaging 4.56 g/t gold. Limited prospecting in the area (twenty-five select rock samples) has yielded gold-in-rock assay values ranging from below detection to 9.74 g/t gold, including three samples that assayed 9.74 g/t, 8.86 g/t and 7.88 g/t gold.

#### *Henderson Property, Yukon Territory*

The Henderson property is owned 100% by the Company. The property consists of 742 quartz mining claims covering an area of approximately 15,500 hectares. This property is located in the Dawson Mining District, approximately 60 km south of Dawson City, Yukon. The property covers an area of active placer mining, and is strategically located west of Kinross' JP Ross property. The 2012 field program included geological mapping and prospecting.

#### *Moosehorn Property, Yukon Territory*

The Moosehorn property is owned 100% by the Company. The property consists of 90 quartz mining claims covering an area of approximately 1,800 hectares. Moosehorn is located in the Whitehorse Mining District, approximately 130 km southwest of Dawson City, Yukon. The property hosts a 1.2 km long gold-in-soil geochemical anomaly with coincident arsenic that was discovered during the summer of 2012.

## **RESULTS OF OPERATIONS**

### **For the twelve months ended December 31, 2013**

The net loss for the year ended December 31, 2013 was \$3,085,179 compared to \$5,444,529 for the prior year's comparative period.

Expenses in the current twelve month period amounted to \$2,391,138 (2012 - \$4,785,666), with the largest item being \$1,251,810 (2012 - \$3,005,207) of exploration expenditures. During 2013, the Company continued to constrain general and administrative expenses and as a result, most categories of expense were lower or comparable to prior year's amounts. During 2013, the Company issued 1,005,000 options resulting in share-based compensation of \$87,445 as compared to 3,200,000 options being issued in fiscal 2012 resulting in share-based compensation of \$583,651.

Write-down of mineral properties amounted to \$856,639 (2012- \$820,150) as a result of the decision to write-down the acquisition costs of certain properties located in the Yukon Territory

Unrealized gain/(loss) on marketable securities amounted to \$6,000 (2012 - (\$31,000)) as a result of the change in the fair value.

The operating losses are a reflection of the Company's status as non-revenue producing mineral exploration company.

## INDEPENDENCE GOLD CORP.

### MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS, FORM 51-502F1 For the twelve-month period ended December 31, 2013

As the Company has no main source of income, losses are expected to continue for the foreseeable future.

#### For the three months ended December 31, 2013

In the period, the Company recorded a loss of \$1,303,128 (2012 - \$1,374,840).

Expenses in the fourth quarter of fiscal 2013 amounted to \$486,392 (2012 - \$1,125,382). Most of the decrease in the current quarter is attributable to the lower exploration expenditures than the previous year comparable quarter.

During the fourth quarter, the Company took a write-down on certain properties in the amount of \$856,639 as compared to \$820,150 in the fourth quarter of the prior year.

#### Summary of Quarterly Results

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

	<b>Year:</b>	<b>2013</b>	<b>2013</b>	<b>2013</b>	<b>2013</b>	<b>2012</b>	<b>2012</b>	<b>2012</b>	<b>2012</b>
	<b>Quarter Ended:</b>	<b>Dec 31</b>	<b>Sep 30</b>	<b>Jun 30</b>	<b>Mar 31</b>	<b>Dec 31</b>	<b>Sep 30</b>	<b>Jun 30</b>	<b>Mar 31</b>
Net sales or total revenue		\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil
Net income (loss):									
(i) in total (000s)		\$(1,303)	\$(353)	\$(419)	\$(1,010)	\$(1,375)	\$(1,508)	\$(1,435)	\$(1,126)
(ii) per share <sup>(1)</sup>		\$(0.03)	\$(0.01)	\$(0.01)	\$(0.02)	\$(0.03)	\$(0.04)	\$(0.03)	\$(0.03)

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

## INDEPENDENCE GOLD CORP.

### MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS, FORM 51-502F1 For the twelve-month period ended December 31, 2013

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

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

The increases in the losses reported in the fourth quarters of 2013 and 2012 were largely due to write-down of acquisitions costs on properties that were dropped at the end of the respective years.

#### Selected Annual Information

Year	2013	2012	2011 <sup>(1)</sup>
Net sales or total revenue	\$Nil	\$Nil	\$Nil
Net income (loss):			
(i) in total (000's)	(\$3,085)	(\$5,445)	(\$3,067)
(ii) per share <sup>(2)</sup>	(\$0.07)	(\$0.13)	(\$.53)
Total Assets (000's)	\$22,203	\$26,617	\$30,932

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

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

#### Financing Activities

The Company did not complete any equity financings in either 2013 or 2012. During the third quarter of 2013, the Company repaid, in full, the \$1,000,000 loan from New Gold Inc.

#### Investing Activities

During fiscal 2013, the Company's cash flow from investing activities amounted to \$3,253,446 primary as a result of drawing funds from its short-term investments. During fiscal 2012, the Company invested \$6,123,275 in short-term investments. In fiscal 2013, the Company invested \$40,000 (2012- \$80,000) in property acquisitions and expensed \$1,251,810 (2012 - \$3,005,207) of exploration expenditures incurred on its mineral properties.

#### Off Balance Sheet Arrangements

The Company does not have any off balance sheet arrangements.

#### Transactions with Related Parties

The Company has two wholly-owned subsidiaries: Golden Pavilion Resources Ltd. (incorporated in British Columbia); and Silver Quest Resources (US) Ltd. (incorporated in Nevada). There was no activity in either company during fiscal 2013 and 2012.

## INDEPENDENCE GOLD CORP.

### MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS, FORM 51-502F1 For the twelve-month period ended December 31, 2013

#### Key Management Personnel

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

The Company entered into the following transactions with related parties and key management personnel during the twelve month period ended December 31, 2013:

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

	<b>2013</b>		<b>2012</b>
Management fees	\$ 220,998	\$	220,998
Geological Consulting fees:	39,001		39,001
Share-based Compensation*:	10,876		182,390

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

	<b>2013</b>		<b>2012</b>
Management fees	\$ 8,062	\$	44,281
Share-based Compensation*:	-		22,799

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

	<b>2013</b>		<b>2012</b>
Management fees	\$ 2,600	\$	-
Share-based Compensation*:	6,526		-

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

	<b>2013</b>		<b>2012</b>
Geological consulting fees:	\$ 150,000	\$	150,000
Share-based Compensation*:	4,350		22,799

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

	<b>2013</b>		<b>2012</b>
Director fees	\$ 78,000	\$	78,000
Share-based Compensation*:	43,505		250,785

*\* Share-based compensation consists of the fair value of options that were granted to related parties during the period. The fair value has been calculated using the Black-Scholes Option Pricing Model as set out in the Consolidated Financial Statements for the year ended December 31, 2013 and does not represent actual amounts received by the related parties.*

Included in receivables at December 31, 2013 is \$28,996 (2012 - \$19,542) due from companies with directors and/or officers in common. Included in accounts payable and accrued liabilities at December 31, 2013 is \$1,365 (2012 - \$37,589) due to directors and companies with directors and/or officers in common.

## **INDEPENDENCE GOLD CORP.**

### **MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS, FORM 51-502F1 For the twelve-month period ended December 31, 2013**

#### **LIQUIDITY AND CAPITAL RESOURCES**

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

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

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

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

The Company's working capital was approximately \$8.82 million at December 31, 2013, which is sufficient to cover anticipated operating costs and expenditures on the exploration programs on its properties for the near term. Nevertheless, the Company will evaluate offers of financing to enable the Company to maintain a strong balance sheet while continuing to fund exploration projects that are generating positive results.

In addition, the Company is entitled to recover mineral exploration tax credits and grants of approximately \$500,000 and will be recognized when there is reasonable assurance of recovery.

During the third quarter of 2013, the Company repaid, in full, the \$1,000,000 loan from New Gold Inc. Independence has no other debt, does not have any unused lines of credit or other arrangement in place to borrow funds, and has no off-sheet balance arrangement. The Company has no current plans to use additional debt financing and does not use hedges or other financial derivatives.

#### **Financial Instruments**

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



## **INDEPENDENCE GOLD CORP.**

### **MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS, FORM 51-502F1 For the twelve-month period ended December 31, 2013**

#### **NEW IFRS STANDARDS ADOPTED**

During fiscal year 2013, the Company adopted the following IFRS standards:

- IFRS 10, Consolidated Financial Statements, IFRS 11, Joint Arrangements, IFRS 12, Disclosure of Interest in Associates and Joint Ventures provides guidance on the accounting treatment and associated disclosure requirements for joint arrangements and associates, and a revised definition of "control" for identifying entities which are to be consolidated.
- IFRS 13, Fair Value Measurement provides new guidance on fair value measurement and disclosure requirements
- IAS 1, Presentation of Financial Statements requires that elements of other comprehensive income that may subsequently be recycled through profit and loss be differentiated from those items that will not be recycled.
- IAS 24, Separate Financial Statements and IAS 28, Investments in Associates and Joint Ventures were revised and reissued to align with the new consolidation guidance.

These new accounting standards had no material impact on the results or financial position of the Company.

#### **RISK FACTORS**

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

##### *Exploration Stage Operations*

The Company's operations are subject to all of the risks normally incident to the exploration for and the development and operation of mineral properties. The Company has implemented comprehensive safety and environmental measures designed to comply with government regulations and ensure safe, reliable and efficient operations in all phases of its operations. The Company maintains liability and property insurance, where reasonably available, in such amounts it considers prudent. The Company may become subject to liability for hazards against which it cannot insure or which it may elect not to insure against because of high premium costs or other reasons.

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

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

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

## **INDEPENDENCE GOLD CORP.**

### **MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS, FORM 51-502F1 For the twelve-month period ended December 31, 2013**

#### *Competition*

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

#### *Financial Markets*

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

#### *Environmental and Government Regulation*

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

#### *Title to Properties*

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

#### *First Nations*

Negotiations with First Nations and or aboriginal groups can add an additional layer of risk and uncertainty to efforts to explore and develop mineral deposits in many areas of Canada. The nature and extent of First Nations and or aboriginal rights and title remains the subject of active debate, claims and litigation in Canada, including with respect to intergovernmental relations between First Nation and or aboriginal authorities and federal, provincial and territorial authorities. There can be no guarantee that such claims will not cause permitting delays, or additional costs for the Company's interest in Canada.

#### *Government actions*

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

## **INDEPENDENCE GOLD CORP.**

### **MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS, FORM 51-502F1 For the twelve-month period ended December 31, 2013**

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

#### **OUTSTANDING SECURITIES DATA**

During 2013, Independence issued 200,000 shares as consideration towards the Boulevard property. In addition, the Company granted 1,005,000 options to directors, officers and employees at an exercise price of \$0.20 for a term of five years. On the Report Date, the Company had 43,813,012 common shares issued and outstanding or 47,918,012 common shares on a fully diluted basis. On the report date, there were 4,105,000 options outstanding with an exercise price of \$0.20.

#### **OUTLOOK**

Independence has identified an inferred resource on the 3Ts project on the Nechako Plateau in British Columbia and has assembled a significant land position in several districts in the Yukon. In light of current financial market conditions, particularly as they affect companies operating in the junior mineral exploration sector, management has adopted a conservative exploration program and a modest level of expenditures until economic conditions improve. It is anticipated that the focus of the Company's exploration efforts in 2014 will be on the 3Ts property. In addition, the Company will continue to evaluate gold and silver projects for possible acquisition.

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

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