MARLIN

GOLD MINING LTD.

**MANAGEMENT DISCUSSION & ANALYSIS**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

**MARLIN GOLD MINING LTD.**

**MANAGEMENT'S DISCUSSION & ANALYSIS**
**FOR THE YEAR ENDED DECEMBER 31, 2017**

The following Management Discussion and Analysis ("MD&A") of Marlin Gold Mining Ltd. (the "Company" or "Marlin") has been prepared as of April 26, 2018. All dollar amounts are expressed in Canadian dollars unless otherwise stated (US$ represents United States dollars). This MD&A should be read in conjunction with the Company's audited consolidated financial statements and the notes thereto for the year ended December 31, 2017. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Additional information relating to the Company is available under the Company's profile on the SEDAR website at www.sedar.com.

This MD&A contains forward looking information as further described in the "Cautionary Statement on Forward Looking Information" at the end of this MD&A. Reference to the risk factors described in the "Cautionary Statement on Forward Looking Information" at the end of the MD&A is advised.

## DESCRIPTION OF BUSINESS

Marlin is a Canadian public company listed on the TSX Venture Exchange ("TSX-V") under the symbol "MLN" and is a reporting issuer in British Columbia, Alberta, Manitoba and Ontario. The Company also trades on the OTCQX International under the symbol "MLNZF". Marlin is primarily engaged in the exploration for, development of and production of gold and silver in the Americas.

The Company has an unlimited number of authorized common shares of which 171,568,219 are issued and outstanding at the date of this MD&A (177,568,219 on a fully diluted basis). Wexford Spectrum Investors LLC ("WSI") and Wexford Catalyst Trading Limited ("WCT"), (together the "Wexford Funds") are the Company's largest shareholders and hold, directly or indirectly, 85.08% of the Company's issued and outstanding common shares.

The Company has two main assets:

1. The La Trinidad Mine in Sinaloa, Mexico.
2. The Commonwealth development project in Arizona, USA.

The Company's operating mine is the Taunus deposit at the La Trinidad Mine, located in Sinaloa, Mexico. The Taunus deposit hosts the historic La Trinidad gold mine that was operated by Eldorado Gold Corporation ("Eldorado") from 1996 until 1999. Marlin's management, which has extensive mine development experience in Mexico, brought the La Trinidad Mine back into commercial production on November 1, 2014.

On May 21, 2015, the Company acquired Commonwealth Silver and Gold Mining Inc. ("Commonwealth"), a privately held entity that owned interests in the Commonwealth Project, the Blue Jeep, San Ignacio and Six Mile Hill properties in Arizona, United States. Refer to the section Review of Properties for additional details regarding the acquisition of Commonwealth.

**2017 FINANCIAL HIGHLIGHTS AND MAJOR ACTIVITIES**

- Production of 36,979 (2016 – 24,238) ounces ("oz.") of gold at the La Trinidad Mine for the year ended December 31, 2017.
- Sale of 43,052 oz. (2016 – 17,829 oz.) of gold for the year ended December 31, 2017 from the La Trinidad Mine.
- Revenues of $69.3 million (2016 – $28.4 million) for the year ended December 31, 2017.
- Net loss of $39.2 million (2016 –$14.4 million) for the year ended December 31, 2017.
- Finished metal inventory of 914 oz. (2016 – 6,986 oz.), leach pad inventory of 6,636 oz. (2016 – 19,050 oz.), stockpile of 1,238 oz. (2016 – 14,122 oz.) of gold at the La Trinidad Mine as at December 31, 2017.
- Cash was $1.0 million (2016 – $1.7 million) at December 31, 2017.
- In January 2017, the Company purchased 5.4 million common shares in Golden Reign at $0.22 per share. This brings the Company's current shareholding in Golden Reign to 36.3 million shares and represents an 18.9% ownership in Golden Reign.
- The Company initiated another normal course issuer bid (the "NCIB"), whereby the Company has purchased 1.4 million common shares in the capital of the Company. All common shares acquired by the Company under the NCIB have been returned to treasury and cancelled.
- On June 28, 2017, the Company, together with its wholly owned subsidiary, Sailfish, entered into a definitive agreement with two individuals (the "Vendors") that hold a 3.5% royalty (the "TZ Royalty") on the advanced stage Tocantinzinho gold project in Brazil owned by a subsidiary of Eldorado Gold Corp ("Eldorado").
- During the first quarter, the Company repaid US$7.5 million of the term facility with the Wexford Funds reducing the outstanding loan principal to US$30 million ("Wexford Loan").
- During the year, the Company received US$19 million from the Wexford Funds, increasing the Wexford Loan to US$49 million.
- On August 25, 2017, the Wexford Funds extended the maturity on the Wexford Loan by one year to January 15, 2019.
- On August 17, 2017, the Company completed the acquisition of the Gavilanes Property located in Durango State, Mexico from Santacruz Silver Mining Ltd for total consideration of US$3.6 million.
- On October 30, 2017, the Company received $89,416 (US$69,655), the cash equivalent of second 55 troy ounces of gold, of the Deferred Consideration Receivable.
- On December 22, 2017, the Company completed the spin-out of Sailfish Royalty Corp. ("Sailfish"), the company's wholly owned royalty company, with cornerstone royalties on assets in Nicaragua and Brazil.

Subsequent to December 31, 2017:

- The Company received US$9.5 million from the Wexford Funds, increasing the Wexford Loan to US$58.5 million.
- On February 9, 2018, the Company recorded a gain of US$0.5 million on the settlement of the Sonoran liability outstanding.
- On February 28, 2018, the Company entered into an option agreement with SilverCrest Metals Inc. whereby the Company has the option to purchase all the Guadalupe concessions surrounding Gavilanes for US$500,000, payable as follows: US$100,000 on signing (paid); US$100,000 in 12 months; and US$300,000 in 24 months.

## REVIEW OF PROPERTIES

Marlin's properties are located in the state of Durango, Sinaloa, Mexico and in Arizona, U.S.A. The properties located in Sinaloa are categorized as two discreet areas: the southernmost concessions falling within the La Trinidad Mine concession grouping and the northern concessions falling within the El Rosario concession grouping.

### La Trinidad Mine

The La Trinidad Area consists of nine claims of mineral concessions that are either owned by, or optioned to, the Company. The La Trinidad Area is located in an area having excellent infrastructure. It is 90 kilometres southeast of Mazatlán and includes the former La Trinidad open-pit gold mine, previously operated by Eldorado from 1996 to 1999.

Three concessions within the La Trinidad Area are subject to an option to purchase agreement (as amended) that includes an additional two concessions that fall outside the area. Pursuant to such agreement (as amended), the Company has the option to purchase the three concessions over nine years for a total payment of US$600,000. During 2016, the Company completed the acquisition of the three concessions by making the final payment of US$57,000.

### Commonwealth

On May 21, 2015, the Company completed the acquisition of all the issued and outstanding common shares of Commonwealth, a privately held entity, by way of a statutory plan of arrangement under the Canada Business Corporations Act (the "Commonwealth Arrangement").

The acquired resource properties include interests in the Commonwealth Project and the Blue Jeep, San Ignacio and Six Mile Hill properties (collectively, "Other") in Arizona, United States.

(a) Commonwealth Project

On February 11, 2011, Commonwealth (US), signed a definitive lease with option to purchase agreement (the "Commonwealth Agreement"), with the underlying property owners to acquire an 88% interest in eight patented mining claims hosting the historic Commonwealth Mine and 100% of the mineral rights on ten adjoining unpatented mining claims in Cochise County, Arizona for total option payments of US$4.5 million. Upon acquiring Commonwealth (US) in 2015, the Company was required to make the remaining option payments pursuant to the Commonwealth Agreement totaling US$3.45 million (paid) to the underlying property owners. During the year ended December 31, 2016, the Company completed the acquisition of the mineral claims per the Commonwealth Agreement by making the final option payments (US$3.25 million). Upon completion of the property option payments, title in the mining claims was transferred to the Company.

These mineral claims are subject to a 2% net smelter royalty ("NSR") royalty on all mineral production from the unpatented mining claims and on 88% of mineral production from the patented mining claims, up to 1% of which can be bought back at any time at the Company's discretion for US$2 million in two separate payments of US$1 million, each for 0.5%. The total US$4.5 million in property option payments represents an advance against the future NSR and in the event that the property goes into production, the amount will be recovered as a credit for pre-payment of the first US$4.5 million of the NSR. The Company shall have the right to transfer its interest in the property at all times and the property can be abandoned by the Company at any time with no further amounts owing and no minimum work requirements.

Prior to the Commonwealth Arrangement, Commonwealth (US) had completed the outright purchase of an additional 10% interest in the eight patented mining claims, covered by the Commonwealth Agreement, bringing the Company's interest to 98%. There is no NSR on the additional 10% interest. Commonwealth (US) had also acquired a 100% ownership interest in the mineral rights on twelve unpatented mining claims and mineral and surface rights on a private parcel of land, all adjoining the mining claims covered by the Commonwealth Agreement.

During the year ended December 31, 2016, the Company acquired land and associated patented mining claims contiguous to the Commonwealth Project for a purchase price of US$750,000; and acquired the surface and mineral rights surrounding the patented mining claims of the Commonwealth Project for a purchase price of US$3.5 million.

(b) Other (Blue Jeep, San Ignacio, Six Mile Hill Projects)

On January 25, 2011, Commonwealth (US) signed a definitive lease with option to purchase agreement (the "Cartmell Agreement"), with the underlying property owners to acquire a 100% interest in the mineral rights on thirty-four unpatented mining claims in Cochise County, Arizona for total option payments of US$2 million. These mining claims surround the historic Commonwealth Mine in Pearce, Arizona and include the Blue Jeep, San Ignacio and Six Mile Hill properties. The Blue Jeep property consists of ten contiguous mining claims known as Blue Jeep 1 through 9 and the Brindle Steer. The San Ignacio property consists of eighteen mining claims known as San Ignacio 1 through 18. The original Six Mile Hill property consists of six mining claims known as San Ramon 1 through 6 as well as the surrounding claims known as CWSG #1 through #35 and CWSG #38 and #39. In July 2017, the Company expanded the Six Mile Hill property to include an additional 18 mining claims known as CWSG #102 through #119 and the open State Trust Lands directly to the south.

Upon acquiring Commonwealth (US) in 2015, the Company was required to make the remaining option payments pursuant to the Cartmell Agreement totaling US$1.35 million (paid) to the underlying property owners. During the year ended December 31, 2016, the Company completed the acquisition of the mineral claims per the Cartmell Agreement by making the final option payments (US$1.25 million). Upon completion of the property option payments, title in the mining claims was transferred to the Company. These mineral claims are subject to a 2% NSR royalty on all mineral production, 1% of which can be bought back at any time at the Company's option for US$1 million. The total US$2 million in property option payments represent an advance against the future NSR and in the event that the property goes into production, the amount will be recovered as a credit for pre-payment of the first US$2 million of the NSR.

During the period ended December 31, 2017, the Company acquired land for a purchase price of US$120,506.

**Gavilanes Property**

On August 17, 2017, the Company completed the acquisition of the Gavilanes Property located in Durango State, Mexico from Santacruz Silver Mining Ltd for total cash consideration of $4.5 million (US$3.6 million). The property is subject to a 3% NSR, up to a maximum of $2 million.

**El Compas**

El Compas hosts the historic El Compas mine and consists of 24 mineral concessions and 1 application located in the state of Zacatecas which are subdivided into two properties, El Compas and Altiplano.

*El Compas*

On December 31, 2014, management concluded no further exploration or evaluation was planned for this property and an impairment provision of $7.8 million was recorded against the carrying amount of El Compas. The estimated recoverable amount of El Compas was based on management's best estimate of the fair value less costs of disposal as at December 31, 2014 based upon interest expressed by third parties and in situ values.

On October 30, 2015, the Company completed the sale of El Compas to Canarc Resource Corp. ("Canarc") whereby Canarc acquired 100% of the shares in the Company's wholly owned subsidiary company, Oro Silver (the "Canarc Transaction"), which owns the fully permitted El Compas in Zacatecas, Mexico. Based on the purchase agreement, the Company received a total of 19,000,000 Canarc common shares in exchange for a 100% interest in Oro Silver. Additionally, on each of the first three anniversaries of the closing date, 55 troy oz of gold (or the US dollar equivalent) will be paid by Canarc to the Company. Upon the sale, a loss of $417,888 was realized in the year ended December 31, 2015.

In addition to the shares and gold payments the Company received a 1.5% NSR on all Non-Altiplano claims (the "Non-Altiplano NSR") that currently have no royalty associated with them.

On May 30, 2016, Canarc completed the sale of El Compas to Endeavour Silver Corporation ("Endeavour"). Endeavour will now assume Canarc's obligation to pay an aggregate of 165 troy oz. of gold to the Company (55 troy oz. already paid) and the 1.5% NSR.

**Golden Reign**

During the three months ended March 31, 2017, the Company acquired an additional 5.4 million common shares of GRR for aggregate gross proceeds of $1.2 million, increasing the Company's ownership to 36.3 million common shares. As at December 31, 2017, the Company's ownership interest in GRR had increased from 18.3% to 18.9%.

Concurrent with the initial purchase of the Golden Reign shares, the Company, Sailfish and Golden Reign completed a US$15 million (the "GRR Purchase Price") Gold Streaming Arrangement (the "GRR Arrangement") for the construction and development of Golden Reign's San Albino Gold Deposit, located in Nueva Segovia, Nicaragua. The GRR Purchase Price is due once Sailfish has approved the budget for the development of GRR's San Albino Gold Deposit.

On December 22, 2017, the Company completed the spin-out of Sailfish, a wholly-owned subsidiary of the Company, whereby the Company's ownership in Sailfish were distributed to the shareholders of the Company. Prior to the spin-out, the Company subscribed to Sailfish common shares for $9 million (US$7 million). The net asset value of Sailfish as at December 22, 2017 was as follows:

| | $ |
|---|---|
| Net asset | 10,207,771 |
| Reclassification of foreign currency translation on spin out | 45,280 |
| Total value distributed to the Company's shareholders | 10,253,051 |

*Advances to the GRR Arrangement*

On October 7, 2015, the Company entered into an agreement with Golden Reign (Refer to note 8(a)) whereby the Company will advance a minimum of US$516,600 to provide working capital to advance Golden Reign's San Albino gold deposit. All funds advanced under this agreement will be credited against the GRR Purchase Price pursuant to the GRR Arrangement and will earn interest at 8% per annum.

As at December 22, 2017, the Company had advanced $1.4 million (US$1.1 million) (December 31, 2016 - $1.3 million (US$1.0 million)) and accrued to pay $Nil (December 31, 2016 - $75,570 (US$56,282). The advance is included in the total value distributed to the Company's shareholders.

On December 18, 2017, the Company agreed to make available to Sailfish a term facility in a maximum amount of US$14 million to be applied to the GRR Purchase Price. The facility earns interest at a rate of 8% per annum ("Facility") and is repayable three years after the first draw down on the Facility. As at December 31, 2017, no amount was drawn on the Facility.

## SELECTED ANNUAL INFORMATION

The following table sets forth selected annual financial information that has been extracted from the Company's audited financial statements, which have been prepared in accordance with IFRS, for the periods noted:

| | Year ended December 31, 2017 $ | Year ended December 31, 2016 $ | Year ended December 31, 2015 $ |
|---|---|---|---|
| Total revenue | 69,259,765 | 28,393,978 | 22,780,587 |
| Loss for the year | (39,247,816) | (14,359,100) | (60,947,505) |
| Total assets | 82,333,697 | 102,173,419 | 71,913,965 |
| Total non-current liabilities | 77,641,654 | 62,104,307 | 51,892,752 |

The loss for the year ended December 31, 2015 includes the inventory impairment write-down of $6.0 million and $22.6 million for the impairment of mineral property. Production costs in the cost of sales was significantly higher for the year ended December 31, 2015 when compared to the year ended December 31, 2016. There was an increase in the deferred income tax recovery of $4 million for the year ended December 31, 2016 arises primarily from the depletion of the La Trinidad mine asset when compared to the tax value. The loss for the year ended December 31, 2017 includes $14.5 million for the impairment of mineral property; $9.6 million for inventory write down to NRV; and exploration expenses increased by $2.7 million with increased activity at the Commonwealth property.

## SUMMARY OF QUARTERLY RESULTS

The following table summarizes selected unaudited financial data for the last eight quarters which have been derived from the interim financial statements of the Company, with revision to the first three quarters of 2016 as described below, which are prepared in accordance with IFRS applicable to interim financial reporting.

| For the quarters ended: | 2017 | | | | 2016 | | | |
|---|---|---|---|---|---|---|---|---|
| | Dec 31 | Sept 30 | June 30 | Mar 31 | Dec 31 | Sept 30 *(revised)* | Jun 30 *(revised)* | Mar 31 *(revised)* |
| Total revenue | $ 11,084,721 | $ 8,824,578 | $ 16,731,175 | $ 32,619,291 | $18,946,758 | $ 3,539,054 | $ 2,187,767 | $ 3,720,399 |
| Interest and other income | $ 63,315 | $ 37,155 | $ 43,710 | $ 69,764 | $ 44,469 | $ 23,764 | $ 28,152 | $ 6,496 |
| Net profit (loss) | $ (25,396,335) | $ (6,679,724) | $ (6,993,660) | $ (178,097) | $ 3,837,153 | $ (6,087,164) | $ (7,311,586) | $ (4,797,503) |
| Net profit (loss) per common share, basic and diluted | ($0.15) | ($0.04) | ($0.04) | $0.00 | $0.03 | ($0.04) | ($0.05) | ($0.04) |
| Gold ounces sold | 6,940 | 5,886 | 9,825 | 20,401 | 12,178 | 1,985 | 1,358 | 2,308 |
| Average realized gold price per ounce in CAD | $ 1,597 | $ 1,499 | $ 1,703 | $ 1,599 | $ 1,556 | $ 1,783 | $ 1,611 | $ 1,612 |

The results during the three months ended December 31, 2017 include: production costs of $8.1 million which increased from $3.3 million, although the number of ounces sold decreased from 12,178 oz. to 6,940 oz. the cost of production increased from $372 to $1,157 per oz. resulting from increased production costs; a write down of inventory to net realizable value (“NRV”) of $4.8 million (2016 – $0.7 million); depreciation, depletion and amortization of $3.6 million, a decrease from $9.9 million as a result of a decrease in gold sales of 6,940 oz. (2016 – 12,178 oz.) and a decrease in the weighted average unit-of-production amortization charge of $504 (2016 - $797) per oz. of gold sold; an impairment charge of $14.5 million (2016 - $nil) to the mineral property; and a decrease in accretion and interest expense on the Wexford Loan of $1.9 million (2016 - $2.4 million).

The results during the three months ended September 30, 2017 include: production costs of $5.7 million which increased from $2.9 million resulting from increased production levels of 5,683 oz. (2016 – 1,831 oz.); a write down of inventory to NRV of $1.3 million (2016 - $1.8 million); depreciation, depletion and amortization of $3.8 million, an increase from $0.5 million as a result of an increase in gold sales of 5,886 oz. (2016 – 1,985 oz.) and an increase in the weighted average unit-of-production amortization charge of $630 (2016 - $326) per ounce of gold sold); an increase in exploration activities mainly at Commonwealth of $0.5 million (2016 - $0.1 million); and a decrease in accretion and interest expense loss on the Wexford Loan of $1.5 million (2016 - $1.9 million).

The results during the three months ended June 30, 2017 include: a write down of inventory to NRV of $2.3 million (2016 - $4.0 million); an increase in exploration activities mainly at Commonwealth of $1.5 million (2016 - $0.1 million); and an increase in accretion and interest expense loss on the settlement of the Wexford Loan of $1.7 million (2016 - $0.9 million), increase arising from the interest accruing on the Wexford Loan.

The results during the three months ended March 31, 2017 include: a write down of inventory to net realizable value (“NRV”) of $1.1 million (2016 - $3.3 million); an increase in exploration activities at Commonwealth of $1.1 million (2016 - $84,895); and a loss on the settlement of the Wexford Loan of $562,990 (2016 - $Nil), this loss represents the difference in the book value of the loan at the date of repayment and the face value of the loan.

In connection with the preparation of the Company’s consolidated annual financial statements for the year ended December 31, 2016, an error was identified in the accounting for the loan amendments as a modification during the first three quarters of 2016. For the three months ended March 31, 2016, net loss decreased by $404,981 to $4.8 million and loss per share decreased by $0.01 to $0.04. For the three months ended June 30, 2016, net loss increased by $937,030 to $7.3 million and loss per share increased by $0.01 to $0.05. For the three months ended September 30, 2016, net loss increased by $687,553 to $6.1 million and loss per share increased by $0.01 to $0.04. While the above amounts were correctly reflected in the annual financial statements for the year ended December 31, 2016, they were not reflected in the Company’s previously issued interim financial statements. As these errors relate solely to the timing of the recognition of these transactions during 2016, there are no corrections required with respect to the year ended December 31, 2016.

The results during the three months ended December 31, 2016 include: a reversal of a write down of inventory to NRV of $0.7 million arising from the gain in the settlement of the mining contractor; depreciation, depletion and amortization expenses of $9.9 million; increase in exploration activities of $1.5 million;; increase in consulting fees at the mine site $1.1 million which is offset by the decrease in the salaries; a non-cash share-based payment of $334,018 on the stock options issued; a foreign exchange loss of $0.4 million arising from the strengthening of the US dollar exchange rate against the Canadian dollar, an interest expense of $2.4 million arising from the Wexford Loan in 2016 and from the Sprott and Wexford Loans in 2015 and a deferred tax recovery of $3.7 million.

The results during the three months ended September 30, 2016 include: a write down of inventory to NRV of $1.8 million; a non-cash share-based payment of $54,647 on the stock options issued; a foreign exchange loss of $1.1 million arising from the strengthening of the Canadian dollar exchange rate against the US dollar and an interest expense of $1.9 million arising from the Wexford Loan in 2016 and from the Sprott and Wexford Loans in 2015.

The results during the three months ended June 30, 2016 include: a write down of inventory to NRV of $4.0 million; exploration expenses of $110,346; a non-cash share-based payment of $149,867 on the stock options issued; a foreign exchange loss of $93,648 arising from the strengthening of the Canadian dollar exchange rate against the US dollar and an interest expense of $1.8 million arising from the Wexford Loan in 2016 and from the Sprott and Wexford Loans in 2015.

The results during the three months ended March 31, 2016 include: a write down of inventory to NRV of $3.3 million; exploration expenses of $84,895; a non-cash share-based payment of $205,931 on the stock options issued; a foreign exchange gain of $2.0 million arising from the strengthening of the Canadian dollar exchange rate against the US dollar and an interest expense of $1.4 million arising from the Wexford Loan in 2016 and from the Sprott and Wexford Loans in 2015.

## DISCUSSION OF OPERATIONS

| | For the three months ended December 31, | | For the year ended December 31, | |
|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** |
| **Revenue** | $ 11,084,721 | $ 18,946,758 | $ 69,259,765 | $ 28,393,978 |
| **Cost of sales** | | | | |
| Production costs | (8,123,496) | (3,274,330) | (29,811,087) | (10,991,034) |
| Write down to NRV | (4,849,093) | 723,736 | (9,607,979) | (8,364,768) |
| Depreciation, depletion and amortization | (3,587,625) | (9,909,452) | (34,806,939) | (11,728,284) |
| | (16,560,214) | (12,460,046) | (74,226,005) | (31,084,086) |
| **Gross profit (loss)** | (5,475,493) | 6,486,712 | (4,966,240) | (2,690,108) |
| **Operating and administrative expenses** | | | | |
| Accounting and legal | (675,710) | (166,438) | (1,142,748) | (626,654) |
| Exploration expenses | (1,351,203) | (1,520,625) | (4,540,999) | (1,832,799) |
| General office and rent | (368,951) | (191,811) | (1,781,520) | (1,303,168) |
| Impairment of mineral property | (14,460,266) | - | (14,460,266) | - |
| Management and consulting fees | (1,049,217) | (1,053,985) | (4,087,913) | (3,412,333) |
| Salaries and benefits | (82,598) | 89,721 | (346,284) | (458,039) |
| Transfer agent fees and regulatory fees | (47,072) | (677) | (101,851) | (5,584) |
| | (18,035,017) | (2,843,815) | (26,461,581) | (7,638,577) |
| **Other (expenses) and income** | | - | | |
| Accretion and interest expense | (1,908,812) | (2,386,214) | (6,690,843) | (7,589,876) |
| Consideration Receivable | 2,727 | (21,823) | 7,675 | 21,833 |
| Foreign exchange loss | (391,197) | (1,278,973) | (754,849) | (423,842) |
| Gain in change in fair value of securities | (2,329) | (10,788) | (3,364) | 8,805 |
| Gain on disposal of securities, net of transaction costs | - | - | - | 2,199 |
| Loss on the settlement of Loan | - | - | (562,990) | - |
| Interest and other income | 63,315 | 44,469 | 213,944 | 102,881 |
| | (2,236,296) | (3,653,329) | (7,790,427) | (7,878,000) |
| **Loss before taxes** | (25,746,806) | (10,432) | (39,218,248) | (18,206,685) |
| Income tax expense | 235,500 | (115,332) | (144,539) | (115,332) |
| Deferred tax recovery | 114,971 | 3,962,917 | 114,971 | 3,962,917 |
| **Net profit (loss) for the period** | $ (25,396,335) | $ 3,837,153 | $ (39,247,816) | $ (14,359,100) |

The key performance driver for the Company is the development and operation of its mineral properties.

***For the three months ended December 31, 2017, compared to the three months ended December 31, 2016.***

The Company recorded a net loss of $25.4 million for the three months ended December 31, 2017 (the "Current Quarter") ($0.15 per common share) compared to a net gain of $3.8 million ($0.03 gain per common share) for the three months ended December 31, 2016 (the "Comparative Quarter"), a change of $29.2 million, as explained in the following paragraphs.

Revenue for the Current Quarter was $11.1 million, a decrease of $7.9 million from the Comparative Quarter as a result of selling 6,940 oz. of gold (2016 – 12,178 oz.).

Production costs were $8.1 million, an increase from $3.3 million in the Comparative Quarter due to the lower grades and increase in waste removal of producing an ounce of gold sold in the Current Quarter.

Inventory write down was $4.8 million, an increase from $0.7 million in the Comparative Quarter. The inventory write-down relates to determining the carrying value of inventory i.e., lower of cost verses NRV. The carrying value of ounces in inventory are affected by the amortization of the La Trinidad Mine asset that are allocated to ounces in inventory as they are processed. The amortization rate of the La Trinidad Mine fluctuates based on increased capitalized construction expenditures and deferred stripping costs. As such, NRV charges are a result of the on-going nature of the Company's operations and are also affected by the current market price of gold.

Depreciation, depletion and amortization was $3.6 million, a decrease from $9.9 million in the Comparative Quarter. The decrease is a result of the Company producing less ounces in the Current Quarter.

Exploration expenses for the Current Quarter was $1.4 million, a decrease from $1.5 million for the Comparative Quarter primarily resulting from timing differences when the expense incurred as there was an increase in exploration activities at Commonwealth during the current year.

In the Current Quarter, the Company incurred a non-cash impairment charge on mineral property of $14.5 million compared to $Nil in the Comparative Quarter. At December 31, 2017, management determined that there was an impairment indicator due to the reduction of recoverable ounces and therefore completed an impairment assessment for the La Trinidad cash generating unit. The recoverable amount of the La Trinidad Mine was determined as value in use using a discounted cash flow model.

The Current Quarter results include a foreign exchange loss of $0.4 million (2016 – 1.3 million), resulting from the strengthening of the Canadian dollar against the US dollar as it relates to the Wexford Loan.

***For the year ended December 31, 2017, compared to the year ended December 31, 2016.***

The Company recorded a net loss of $39.2 million for the year ended December 31, 2017 (the "Current Period") ($0.23 loss per common share) compared to a net loss of $14.4 million ($0.10 loss per common share) for the year ended December 31, 2016 (the "Comparative Period"), a change of $24.9 million, as explained in the following paragraphs.

Revenue for the Current Period was $69.3 million, an increase from $28.3 million for the Comparative Period as a result of selling 43,052 oz. (2016 – 17,829 oz.).

Cost of Sales for the Current Period was $74.2 million, an increase from $31.1 million for the Comparative Period primarily resulting from an increase of $23.1 million in depreciation, depletion and amortization and an increase of $18.8 million in production costs as a result of increased ounces sold.

Production costs were $29.8 million, an increase from $11 million in the Comparative Period as a result of higher costs to produce an ounce of gold sold.

Inventory write down was $9.6 million, an increase from $8.4 million in the Comparative Period arising from lower gold market selling prices resulting in lower net recoverable values.

Depreciation, depletion and amortization was $34.8 million, an increase from $11.7 million in the Comparative Period. The increase is a result of the Company selling additional ounces in the Current Period and an increase in the unit-of-production amortization charge in the Current Period as a result of the Company capitalizing $27.9 million to the La Trinidad Mine during 2017. For the Current Period, the unit-of-production amortization charge per ounce of gold sold was $365 (Comparative Period - $628) due to the increase in expected ounces at the end of the Current Period.

Exploration expenses for the Current Period was $4.5 million, an increase from $1.8 million for the Comparative Period primarily resulting from an increase in exploration activities at Commonwealth.

In the Current Period, the Company incurred a non-cash impairment charge on mineral property of $14.5 million compared to $Nil in the Comparative Period. At December 31, 2017, management determined that there was an impairment indicator due to the reduction of recoverable ounces and therefore completed an impairment assessment for the La Trinidad cash generating unit. The recoverable amount of the La Trinidad Mine was determined as value in use using a discounted cash flow model.

In the Current Period, the Company incurred management and consulting fees of $4.1 million compared to $3.4 million in the Comparative Period, an increase of $0.7 million. The increase relates to an increase in the number of consultants engaged by the Company, which was offset by the decrease of $0.1 million in the salaries and benefits.

In the Current Period, the Company incurred a non-cash share-based payment of $134,640 compared to $334,018 in the Comparative Period, a decrease of $199,378 based on the vesting stock options issued in the prior years.

***La Trinidad Mine***

The La Trinidad Mine is an open pit heap leach operation; the support infrastructure and processing facility includes a staff camp, offices, warehousing, an analytical laboratory, three-stage crushing, screening, agglomeration and conveying and stacking on a leach pad. Gold is recovered by way of a conventional carbon adsorption plant. The entire mine and processing has been designed using tried and proven methods.

On November 2, 2014, the Company put the La Trinidad Mine into commercial production based on the mine plan in the Company's preliminary economic assessment ("PEA Mine Plan"). The La Trinidad Mine does not have proven and probable reserves.

During 2015, Hurricane Linda, a category 2 hurricane, hit the area of the La Trinidad Mine. As a result of the damage caused by Hurricane Linda, the Company submitted an insurance claim to recover certain costs incurred at the La Trinidad Mine. The Company received insurance proceeds of US$1.5 million during the year ended 2016.

During 2015, the Company determined that approximately 40,000 recoverable ounces that were included in the PEA Mine Plan were not economically viable due to the then market price of gold and as a result recognized an impairment on the La Trinidad Mine asset. As a result of removing the 40,000 ounces from the PEA Mine Plan and increased mining activity in 2016, the Company significantly depleted the La Trinidad Mine asset during the year ended December 31, 2016.

In the first quarter of 2017, the Company reassessed the economic viability of the 40,000 ounces previously written down in 2015. Based on the results, the Company has worked the 40,000 ounces back into the Company's current mine plan.

As at December 31, 2017, the Company expects to mine the La Trinidad Mine through to the end of 2018 and recover approximately 52,000 ounces of gold through the end of 2019.

The Company is currently selectively mining and conducting an exploration drill program at the Colinas satellite target, which sits within the permitted mining boundary of the La Trinidad Mine. The Company is actively exploring for additional economic ounces around the La Trinidad Mine in an effort to increase the La Trinidad Mine life but there is no assurance the Company will identify additional economic ounces at this time.

During the year ended December 31, 2017, the Company incurred $5.5 million in construction and mine costs, which mainly related to the build on new and the expansion of the leach pads. In addition, the Company capitalized $28.5 million in deferred stripping costs and reduced its provision for reclamation and rehabilitation based on the displacement of land resulting in a reduction of volume due to compaction as at December 31, 2017.

## LIQUIDITY AND CAPITAL RESOURCES

Management believes the collection of its value-added taxes (IVA), additional advances from the Wexford Funds and extension of the due date of the Wexford Loan, and the cash flows being generated from the La Trinidad Mine will enable the Company to meet its liabilities and repay the Wexford Loan as they become due for the next 12 months and fund the Sailfish Facility commitment noted above when it is drawn down. In the event that the cash flows generated from operations are not sufficient to fund operations for the next twelve months, repay the loan and accrued interest on the maturity date and fund the Sailfish Facility, the Company will need to seek other forms of financing or renegotiate the maturity date of the Wexford Loans. The Company has a controlling shareholder which has provided $150.7 million of equity financings and loans to date.

Operations for the Current Period were funded primarily from the cash on hand at the beginning of the period, the funds advanced from Wexford during 2017 and the revenue generated on the sale of gold ounces produced at the La Trinidad Mine. During the Current Period, the Company increased the Wexford Loan from US$37.5 million to US$49.0 million. As at December 31, 2017, the Company had cash of $1.0 million (and working capital of $8.8 million).

The Company had $10.6 million in receivable and refundable taxes of which $10.4 million was for IVA refunds. The Company has applied for the outstanding IVA receivable and is making every effort to expedite the receipt of these funds. During the Current Period the Company received IVA of $7.2 million.

A summary and discussion of the Company's cash inflows and outflows for the year ended December 31, 2017 and 2016 is as follows:

### Operating Activities

Cash provided by operating activities during the Current Period was $27.6 million (Comparative Period – $7.5 million). Depreciation, depletion and amortization of $34.8 million (Comparative Period - $11.7 million) was added back to operating activities in the Current Period as a result of selling 43,052 ounces of gold (Comparative Period – 17,920) and as a result of an increased depreciation rate per ounce sold of $813 (Comparative Period – $654). As well, $4.0 million (Comparative Period – used $3.9 million) was provided by an increase in accounts payable as a result of the Company's mining contractor providing favorable payment terms. Off setting the significant changes in cash inflows was an outflow of $4.3 million (Comparative Period – $5.0 million) relating to the ounces added to inventory during the Current Period.

The positive change in operating cash flows during fiscal 2017 is the result of the Company mining the high-grade HS Zone at the La Trinidad Mine in late 2016 and developing a stockpile. This resulted in lower production costs per ounce of gold being added to inventory as the Company was mining significantly more ounces per tonne than any other time since production began in November 2014. As well, the Company depreciated a sizeable portion of the La Trinidad Mine asset in late 2016 because of the high-grade HS Zone mining activities. This significant depreciation of the La Trinidad Mine was allocated to the ounces in inventory during the fourth quarter of 2016, which resulted in the $35.0 million in depreciation being added back to operating cash flows during fiscal 2017. Lower per ounce production costs, the significant depreciation of the La Trinidad Mine asset, along with the favorable payment terms being provided for by the Company's mining contractor, are the main reasons why operating cash flows have positively changed during fiscal 2017.

**Investing Activities**

The total cash flow used by investing activities during the Current Period was $37.9 million (Comparative Period – $29.3 million) of which $23.3 million (Comparative Period – $17.2 million) was related to expenditures on the mine asset; $8.9 million (2016 - $nil) on the spin-out of Sailfish to the shareholders of the Company; $1.2 million (Comparative Period – $0.8 million) was related to the purchase of additional Golden Reign shares, $63,134 (Comparative Period – $0.9 million) outflow of other assets; and $4.7 million (Comparative Period – $11.9 million) for expenditures on the resource properties.

**Financing Activities**

During the Current Period, the Company repaid $9.9 million (US$7.5 million) of the Wexford Loan and received $24.3 million (Comparative Period – $10.1 million) from the Wexford Funds; and paid $1.0 million (Comparative Period - $0.9 million) to purchase 1.4 million (2016 – 2 million) shares of the Company under the NCIB.

## TRANSACTIONS WITH RELATED PARTIES

(a) Key management compensation

The following compensation was paid and accrued to key management. This compensation is included in exploration costs, administrative costs, management and consulting fees, general office and rent, salaries, benefits and bonuses and in mine construction and development costs, where applicable.

Key management comprises directors and executive officers. The compensation to key management was as follows:

| | For the year ended December 31, | |
|---|---|---|
| | **2017** | **2016** |
| | **$** | **$** |
| Short-term employment benefits | | |
| *Director fees* | 60,000 | 60,000 |
| *Senior management* | 793,949 | 796,200 |
| Share-based payment | 134,640 | 334,018 |
| Total | 988,589 | 1,190,218 |

Amounts due to key management as at December 31, 2017 were $56,665 (December 31, 2016 - $92,637).

(b) Related party transactions

The Company entered into the following related party transactions:

Sonoran Resources LLC ("Sonoran") is a private Company controlled by the interim Chief Operating Officer and a director of the Company, Jesse Munoz. Sonoran provides on-site administrative, engineering and project management personnel for both the La Trinidad Mine and the Commonwealth Project. Sonoran invoices the Company monthly for services and out of pocket expenses. Out of pocket expenses are charged to the Company with a 15% mark-up for administration fees. Sonoran's monthly invoice includes Jesse Munoz's fees for holding the position of Interim Chief Operating Officer.

During the year ended December 31, 2017, fees relating to travel, investor relations and consulting services of $3.7 million (US$2.9 million) (2016 – $2.3 million (US$1.7 million)) were charged by Sonoran. Charges of $3.3 million (US$2.6 million) (2016 – $2.1 million (US$1.6 million) are included in consulting fees; travel expenses of $311,210 (US$239,059) (2016 – $249,322 (US$187,859) and finance charges of $5,247 (US$4,147) (2016 – $Nil) are included in general expenses.

During the year ended December 31, 2017, fees of $72,282 (US$54,640) (2016 – $991,652 (2016 – US$749,874) were charged by Sonoran as part of the working capital paid to advance the Golden Reign's San Albino gold deposit, respectively.

Amounts payable to Sonoran as at December 31, 2017 were $1.3 million (US$1,1 million) (2016 – $639,875 (US$476,556)). Refer to events after the period end.

(c) Transactions with controlling shareholder

(i) As at December 31, 2017, the Wexford Funds held 145,965,387 common shares of the Company.

On a non-diluted basis and after giving effect to the above changes in equity, Wexford Funds' ownership percentage has increased from 84.41% to 85.08% of the Company's issued and outstanding common shares as at December 31, 2017.

(ii) During the year ended December 31, 2017, the Company repaid $9.9 million (US$7.5 million) of the Wexford Loan. . During the year ended December 31, 2017, the Company received additional loans from the Wexford Funds in the amount of $24.1 million (US$19.0 million). As at December 31, 2017, US$49.0 million (2016 – US$37.5 million is payable by the Company to the Wexford Funds.

(iii) Under a service agreement, effective January 1, 2015, between the Company and an affiliate of the Wexford Funds, the Company was charged $77,731 (US$60,348) (2016 - $92,463 (US$69,809)) for shared office space and administration services for the year ended December 31, 2017.

Amounts payable to the affiliate of the Wexford Funds as at December 31, 2017 were $Nil (2016 - $Nil).

## PROPOSED TRANSACTIONS

The Company has no proposed transactions other than what has been disclosed in this MD&A.

## FINANCIAL INSTRUMENTS

*Overview*

The Company's activities expose it to risks, including financial and operational risks of varying degrees of significance, which could affect its ability to achieve its strategic objectives for growth and shareholder returns. The principal financial risks to which the Company is exposed are credit risk, foreign exchange risk, liquidity risk and interest rate risk. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and reviews the Company's policies on an ongoing basis. Readers are encouraged to read and consider the "Risks & Uncertainties" described below. The risk factors could materially impact future operating results of the Company and cause events to differ materially from those described in forward-looking information of the Company.

*Financial instruments*

Financial instruments must be classified at one of three levels within a fair value hierarchy according to the relative reliability of the inputs used to estimate their values. The three levels of the hierarchy are as follows:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3: Inputs that are not based on observable market data.

As at December 31, 2017, the carrying values, fair market values, and fair value hierarchical classification of the Company's financial instruments are as follows:

Investment in securities is measured using level 1. The Loans are classified as other financial liabilities and are carried at amortized cost. The fair value of all other financial instruments, other than marketable securities which are carried at fair value, approximates their carrying value due to their short-term maturity or capacity of prompt liquidation.

## CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company's significant accounting policies are described in Note 2 of the annual consolidated financial statements for the year ended December 31, 2017.

## CHANGE IN ACCOUNTING STANDARDS INCLUDING INITIAL ADOPTION

***Adoption of new accounting policies***

There were no new accounting policies adopted by the Company in the Current Period.

***Changes in accounting standards not yet adopted***

The IASB issued the following new or revised pronouncements that may affect the Company's future financial statements. The Company has evaluated that there will be an impact on the financial statements on the adoption of IFRS 9.

IFRS 9: *Financial Instruments* ("IFRS 9"): This standard replaces the current IAS 39: Financial Instruments Recognition and Measurement. The standard introduces new requirements for classifying and measuring financial assets and liabilities. The effective implementation date of IFRS 9 is January 1, 2018.

IFRS 15: *Revenue from Contracts with Customers* ("IFRS 15"): This standard replaces IAS 11: *Construction Contracts*, IAS 18: *Revenue* and IFRIC 13: *Customer Loyalty Programmes*. This standard outlines a single comprehensive model for entities to account for revenue arising from contracts with customers. The latest date of mandatory implementation of IFRS 15 is January 1, 2018.

IFRS 16: *Leases* ("IFRS 16"): This standard replaces IAS 17 – *Leases* and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019, with early application permitted for entities that apply IFRS 15.

## INTERNAL CONTROL OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS AND PROCEDURES

Currently, the certification required by the Company's certifying officers under National Instrument 52-109 Certificate of Disclosure in Issuers' Annual and Interim Filings (NI 52-109), the Venture Issuer Basic Certificate, does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers are not making any representations relating to the establishment and maintenance of:

i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarised and reported within the time periods specified in securities legislation; and

ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's generally accepted accounting principles.

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they make in the certificate.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

**OUTSTANDING SHARE DATA**

As at the date of this MD&A, the following common shares, options and share purchase warrants were outstanding:

| | Share Data as of December 31, 2017 | Change after Period End | Share Data at the date of this MD&A | Exercise Price $ | Expiry Date |
|---|---|---|---|---|---|
| Issued & Outstanding Common Shares | 171,568,219 | | 171,568,219 | | |
| Options | | | - | | |
| Share purchase options | 6,000,000 | | 6,000,000 | 0.15 | 5-Feb-21 |
| **Fully Diluted** | **177,568,219** | **-** | **177,568,219** | | |

**RISKS AND UNCERTAINTIES**

The Company, and thus the securities of the Company, should be considered a speculative investment due to the high-risk nature of its business which is the acquisition, financing, exploration, development and operation of mining properties, and investors should carefully consider all information relating to the Company. The following risk factors should be given special consideration when evaluating an investment in the Company's securities.

***Mineral exploration and development***

The exploration for and development of minerals is highly speculative in nature and involves a high degree of financial and other risks over a significant period of time which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties which are explored are ultimately developed into producing mines. Substantial expenses are required to establish ore reserves by drilling, sampling and other techniques and to design and construct mining and processing facilities. Whether a mineral deposit will be commercially viable depends on a number of factors, including the particular attributes of the deposit (i.e. size, grade, access and proximity to infrastructure), financing costs, the cyclical nature of commodity prices and government regulations (including those relating to prices, taxes, currency controls, royalties, land tenure, land use, importing and exporting of minerals, and environmental protection). The effect of these factors or a combination thereof cannot be accurately predicted but could have an adverse impact on the Company.

***Negative operating cash flow***

The Company had negative operating cash flow for the year ended December 31, 2016 and for the year ended December 31, 2015. To the extent that the Company has negative cash flow in future periods, the Company may need to enter into additional loan agreements and/or issue additional equity to fund such negative cash flow.

***Additional capital***

As there is no certainty that the operating cash flow described in the La Trinidad Mine PEA will be realized, the principal sources of future funds available to the Company will be through the sale of additional equity capital, loans or the sale of interests in its properties or anticipated metal production. There is no assurance that such funding will be available to the Company, or that it will be obtained on terms favourable to the Company or will provide it with sufficient funds to meet its objectives, which may adversely affect the Company's business and financial position. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration, development or production on any or all of the Company's properties or even a loss of property interest. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company. Additional funds will be required for future exploration and development.

***Production at the La Trinidad Mine based on PEA***

The Company has not completed a pre-feasibility study or feasibility study on the La Trinidad Mine and, accordingly, there is no estimate of mineral reserves. Rather, the Company's decision to commence commercial production at the La Trinidad Mine is based upon the results of the PEA. The PEA is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves and there is no certainty that the PEA will be realized. As a result, there are additional risks in commencing commercial production based upon the PEA including additional risks as to capital and operating costs, mineral recovery and financial viability. There is no guarantee that financial results will be consistent with the PEA. Should the actual results of the La Trinidad Mine deviate from the results of the PEA it could have a material adverse impact on the Company's ability to generate revenue and cash flows that would be sufficient enough to fund future mining operations at the La Trinidad Mine.

***Stakeholder opposition; surface rights***

The Company may face opposition to its activities and interests from owners of surface rights, environmental groups, indigenous peoples, entire communities and other stakeholders in the areas in which the Company has interests and operations. Such opposition could adversely affect the Company's ability to advance its mining projects. There is no guarantee that the Company will be able to maintain or acquire the surface rights that would be required for the development of its mineral properties on acceptable terms or at all.

***Mining operations and insurance***

Mining operations generally involve a high degree of risk. The Company's operations are subject to all of the hazards and risks normally encountered in mineral exploration and development. Such risks include unusual and unexpected geological formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, environmental hazards, industrial accidents, periodic interruptions due to adverse weather conditions, labour disputes and political unrest. The occurrence of any of the foregoing could result in damage to, or destruction of, mineral properties or interests, production facilities, personal injury, damage to life or property, environmental damage, delays or interruption of operations, increases in costs, monetary losses, legal liability and adverse government action. The Company does not currently carry insurance against these risks and there is no assurance that such insurance will be available, at reasonably commercial terms, in the future. Even if such insurance is available in the future at economically feasible premiums, the Company may decide not to purchase it. The potential costs associated with liabilities not covered by insurance or excess insurance coverage may require significant capital outlays which would adversely affect the Company's ability to execute its plans, or even to continue its operations.

***Financial resources***

The Company has limited financial resources and there is no assurance that sufficient additional funding will be available to fulfill its obligations or for further exploration and development, on acceptable terms or at all. Failure to obtain additional funding on a timely basis could result in delay or indefinite postponement of further exploration and development and could cause the Company to forfeit its interests in some or all of its properties or to reduce or terminate its operations.

***Government regulation***

The current or future operations of Marlin, including exploration and development activities and the commencement and continuation of commercial production, require licenses, permits or other approvals from various foreign federal, state and local governmental authorities and such operations are or will be governed by laws and regulations relating to prospecting, development, mining, production, exports, taxes, labour standards, occupational health and safety, waste disposal, toxic substances, land use, water use, environmental protection, land claims of indigenous people and other matters.

There can be no assurance that the Company will obtain on reasonable terms, or at all, the permits and approvals, and the renewals thereof, which it may require for the conduct of its current or future operations or applicable laws, regulations, permits and approvals will not have an adverse effect on any mining project which the Company may undertake. Possible future environmental and mineral tax legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays to the Company's planned exploration and operations, the extent of which cannot be predicted.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital or increased operating expenditures, installation of additional equipment, or remedial actions. The Company may be required to compensate those suffering loss or damage by reason of its activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

***Government regulation in foreign jurisdictions***

The Company's mineral exploration and mining activities, and the activities undertaken by companies from which the Company may acquire a royalty or streaming interest, may be affected in varying degrees by political stability and government regulations relating to the mining industry and foreign investors therein. There is no assurance that the political and investment climate of countries such as the USA and Mexico, where the Company's mineral property interests are located, will continue to be favourable. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may adversely affect its business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, environmental legislation and mine safety.

***Mexican tax reform and labour laws***

In December 2013, the 2014 Mexican Tax Reform (the "Tax Reform") was published in Mexico's official gazette with changes taking effect January 1, 2014. The Tax Reform eliminates the gradual tax rate reduction to 28% that was enacted in 2012. As a result, the tax rate for 2014 and thereafter will remain at 30%. The tax reform also introduced a new Extraordinary Mining Duty equal to 0.5% of gross revenues from the sale of gold, silver, and platinum.

In addition, the law requires taxpayers with mining concessions to pay a new 7.5% Special Mining Royalty, which will be tax deductible for income tax purposes. The Special Mining Royalty is generally applicable to earnings before income tax, depreciation, depletion, and amortization. Interest deductions related to development type costs are not allowed except those involved in mining prospecting and exploration.

In December 2012, the Mexican government amended federal labour laws with respect to the use of service companies, subcontracting arrangements and the obligation to compensate employees with appropriate profit-sharing in Mexico. While the Company believes it is probable that these amended labour laws will not result in any material obligation or additional profit-sharing entitlements for its Mexican employees, there can be no assurance that this will continue to be the case.

The Company relies on the advice of local experts and professionals in connection with current and new regulations that develop in respect of tax, labour and other matters in Mexico. Any developments or changes in such legal, regulatory or governmental requirements as described above or otherwise are beyond the control of the Company and may adversely affect its business.

***Title to property***
There can be no assurance that the Company will be able to secure the grant or the renewal of exploration permits or other tenures on terms satisfactory to it, or that governments in the jurisdictions in which the Company's properties are situated will not revoke or significantly alter such permits or other tenures or that such permits and tenures will not be challenged or impugned. Third parties may have valid claims underlying portions of the Company's interests and the permits or tenures may be subject to prior unregistered agreements or transfers or other land claims and title may be affected by undetected defects. If a title defect exists, it is possible that the Company may lose all or part of its interest in the properties to which such defects relate.

***Environmental risks and hazards***
All phases of Marlin operations are subject to environmental regulation in the jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation, provide for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry activities and operations. They also set forth limitations on the generation, transportation, storage and disposal of hazardous waste. A breach of such regulation may result in the imposition of fines and penalties or other enforcement actions. In addition, certain types of mining operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the viability or profitability of the Company's operations. Environmental hazards may exist on the properties in which the Company holds interests or on properties acquired by the Company in the future which are unknown to the Company. The Company may be liable for these hazards even if they have been caused by previous or existing owners or operators of the properties.

***Properties in Mexico***
The Company's mineral exploration and mining activities may be affected in varying degrees by political stability and government regulations relating to the mining industry and foreign investors therein. There is no assurance that the political and investment climate of foreign countries such as Mexico, where the Company's mineral property interests are located, will continue to be favourable. Any changes in regulations or shifts in political conditions are beyond the control of Marlin and may adversely affect its business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, environmental legislation and mine safety.

***Risks related to conducting business in emerging markets***
The Company's mineral exploration and mining activities, and the activities undertaken by companies from which the Company may acquire a royalty or streaming interest, may be in international locations that display characteristics of emerging markets. Conducting business in these countries may be subject to a variety of risks including, but not limited to: currency fluctuations, devaluations and exchange controls; inflation; uncertain political and economic conditions resulting in unfavourable government actions such as unfavourable legislation or regulation, trade restrictions, unfavourable tax enforcement or adverse tax policies; the denial of contract rights; and social unrest, acts of terrorism or armed conflict. Management is unable to predict the extent or duration of these risks or quantify their potential impact.

***Potential profitability depends upon factors beyond the control of Marlin***
The potential profitability of mineral properties is dependent upon many factors beyond the Company's control. For instance, world prices of and markets for gold and silver are unpredictable, volatile, potentially subject to governmental fixing, pegging and/or controls and respond to changes in domestic, international,

political, social and economic environments. Another factor is that rates of recovery of mined material may vary from the rate experienced in tests and a reduction in the recovery rate will adversely affect profitability and, possibly, the economic viability of a property. Profitability also depends on the costs of operations, including costs of labour, equipment, electricity, environmental compliance or other production inputs. Such costs will fluctuate in ways Marlin cannot predict and are beyond the Company's control, and such fluctuations will impact on profitability and may eliminate profitability altogether. Additionally, due to worldwide economic uncertainty, the availability and cost of funds for development and other costs have become increasingly difficult, if not impossible, to project. These changes and events may materially affect the financial performance of Marlin.

***Repatriation of earnings***
There is no assurance that any countries in which Marlin operates or may operate in the future will not impose restrictions or taxes on the repatriation of earnings to foreign entities.

***Currency fluctuations; foreign exchange***
The operations of Marlin in the countries where it operates are subject to currency fluctuations and such fluctuations may materially affect the financial position and results of Marlin. Marlin is subject to the risks associated with the fluctuation of the rate of exchange of the Canadian dollar and foreign currencies, in particular the U.S. dollar and the Mexican peso. Marlin does not currently take any steps to hedge against currency fluctuations although it may elect to hedge against the risk of currency fluctuations in the future. There can be no assurance that steps taken by Marlin to address foreign currency fluctuations will eliminate all adverse effects and, accordingly, Marlin may suffer losses due to adverse foreign currency fluctuations.

Marlin may be subject from time to time to foreign exchange controls in countries outside of Canada although no such claims are currently known to Marlin.

***Commodity prices***
The price of the Company's securities, its financial results and exploration, development and mining activities may in the future be significantly and adversely affected by declines in the price of precious or base minerals. Precious or base minerals prices fluctuate widely and are affected by numerous factors beyond the Company's control such as the sale or purchase of precious or base metals by various dealers, central banks and financial institutions, interest rates, exchange rates, inflation or deflation, currency exchange fluctuation, global and regional supply and demand; production and consumption patterns, speculative activities, increased production due to improved mining and production methods, government regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals, environmental protection and international political and economic trends, conditions and events. The price of precious or base metals has fluctuated widely in recent years, and future serious price declines could cause continued development of the Company's properties to be impracticable.

Further, resource calculations and life-of-mine plans using significantly lower precious or base minerals prices could result in material write-downs of the Company's investment in mining properties and increased amortization, reclamation and closure charges.

In addition to adversely affecting reserve estimates and its financial condition, declining commodity prices can impact operations by requiring a reassessment, either initiated by management or required under financing arrangements, of the feasibility of a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

***Price volatility and lack of active market***
In recent years, the securities markets in Canada and elsewhere have experienced a high level of price and volume volatility, and the market prices of securities of many public companies have experienced significant fluctuations in price which have not necessarily been related to their operating performance, underlying asset values or prospects of such companies. Any quoted market for the Company's securities will likely be subject to such market trends and the value of the Company's securities may be affected accordingly.

***Key executives***
Marlin is dependent on the services of key executives and a small number of highly skilled and experienced consultants and personnel, whose contributions to the immediate future operations of the Company are likely to be of importance. Locating mineral deposits depends on a number of factors, not the least of which is the technical skill of the exploration personnel involved. Due to the relatively small size of the Company, the loss of these persons or the Company's inability to attract and retain additional highly skilled employees or consultants may adversely affect its business and future operations. The Company does not currently carry any key man life insurance on any of its executives. The directors and some officers of the Company will only devote part of their time to the affairs of the Company.

***Competition***
The mineral exploration and mining business is competitive in all of its phases. Marlin competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources, in the search for and the acquisition of mineral properties. The Company's ability to acquire properties in the future will depend not only on its ability to develop its present properties, but also on its ability to select and acquire suitable prospects for mineral exploration or development. There is no assurance that the Company will be able to compete successfully with others in acquiring such prospects.

***Potential conflicts of interest***
Certain directors and officers of the Company are, and may continue to be, involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnerships or joint ventures which are potential competitors of the Company. Situations may arise in connection with potential acquisitions in investments where the other interests of these directors and officers may conflict with the interests of the Company and the Company's interests may be adversely affected.

***Dilution***
Issuances of additional securities under future financings will result in dilution of the equity interests of persons who are currently Shareholders or who become Shareholders of Marlin.

***Dividends***
Marlin has no earnings or dividend record and is unlikely to pay any dividends in the foreseeable future as it intends to employ available funds for mineral exploration and development. Any future determination to pay dividends will be at the discretion of the Board of Directors of Marlin and will depend on Company's financial condition, results of operations, capital requirements and such other factors as the Board of Directors of Marlin deem relevant.

***Nature of the securities***
The purchase of the Company's securities involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks. The Company's securities should not be purchased by persons who cannot afford to lose their entire investment.

***Safety and security risks***

The Company and its personnel are subject to safety and security risks in Mexico which may have an adverse impact on the Company or its personnel. The Company's projects are located in Mexico and in the USA. Criminal activities in Mexico or the perception that such activities are likely, may disrupt the Company's operations, hamper the Company's ability to hire and keep qualified personnel and impair the Company's access to sources of capital. Risks associated with conducting business in the region include risks relating to safety of personnel and property. Such risks may include, but are not limited to, kidnappings of employees and contractors, exposure of employees and contractors to local crime-related activity and disturbances, exposure of employees and contractors to drug trade activity, and damage or theft of Company or personal assets including future gold shipments. These risks may result in serious adverse consequences including personal injuries, kidnappings or death, property damage or theft, limiting or disrupting operations, restricting the movement of funds, impairing contractual rights, or causing the Company to shut down operations, all of which may expose the Company to costs as well as potential liability.

The Company has implemented procedures to protect its personnel and property from these risks. However, due to the unpredictable nature of criminal activities, there is no assurance that the Company's efforts are able to effectively mitigate risks and safeguard personnel and the Company's property effectively.

***Indebtedness***

As of the date of this MD&A, the Company has outstanding Wexford Loans that bear interest at a rate of 8% per annum, which is unsecured.

As a result of this indebtedness, the Company is required to use a portion of its cash flow to service the principal and interest on these debts, which will limit the cash flow available for other business opportunities.

The Company's ability to pay interest, repay the principle or to refinance its indebtedness depends on the Company's future performance, which is subject to economic, financial, competitive and other factors beyond its control. The Company currently does not generate cash flows from operations and relies on financing. If the Company is unable to generate such cash flow, it may be required to adopt one or more alternatives, such as selling assets, restructuring debt or obtaining additional equity capital on terms that may be onerous or highly dilutive. The Company's ability to refinance its indebtedness will depend on the capital markets and its financial condition at such time. The Company may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on its debt obligations.

## CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION

This MD&A contains forward-looking statements or forward-looking information within the meaning of applicable securities laws concerning the Company's beliefs and plans, including but not limited to statements with respect to future exploration and development activities including the intention to advance the Company's projects and build on the results of exploration and development programs; the expected timing of exploration and development programs and studies; the intention to complete certain property payments; the expected sufficiency and availability of financial resources; capital, operating and cash flow estimates; the ability to obtain adequate title or surface rights to carry out planned development activities; and other matters. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management. Statements concerning mineral resource estimates may also be deemed to constitute forward-looking statements to the extent that they involve estimates of the mineralization that will be encountered if the applicable property is developed. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, intentions or future events or performance are not statements of historical fact and may be "forward-looking statements".

Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors which could cause actual events or results to differ from those expressed or implied by the forward-looking statements, including but not limited to those referred to in this MD&A under the heading "Risks and Uncertainties" and elsewhere in this MD&A. Such factors include, but are not limited to, risks related to actual results and timing of exploration and development activities; actual results of operating activities; changes in project parameters as plans continue to be refined; future prices of metals and minerals; possible variations in mineable resources, grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; political and regulatory risks associated with mining and exploration in Mexico; continued capitalization and commercial viability; global economic conditions; competition; and delays in obtaining governmental approvals or financing.

Forward-looking statements are based on certain assumptions that management believes are reasonable at the time they are made. In making the forward-looking statements included in this MD&A, the Company has applied several material assumptions, including, but not limited to, the assumption that: (1) current metal and mineral prices will be sustained, or will improve; (2) the proposed exploration and development of the Company's mineral projects will be viable operationally and economically and proceed as expected; (3) all necessary government approvals for the planned exploration and development of the Company's mineral projects will be obtained in a timely manner and on terms acceptable to the Company; (4) the Company will not experience any material accident, labour dispute or failure of plant or equipment; and (5) any additional financing needed by the Company will be available on reasonable terms. Other assumptions are discussed throughout this MD&A and, in particular, under "Risks and Uncertainties" herein.

The Company's forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made and should not be relied on as representing the Company's views on any subsequent date. The Company specifically disclaims any intention or any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change, except as required by applicable law. For the reasons set forth above, investors should not place undue reliance on forward-looking statements.

## ADDITIONAL INFORMATION

Additional information relating to Marlin is available on SEDAR at www.sedar.com, by e-mail at communications@marlingold.com or by contacting:

**Marlin Gold Mining Ltd.**
Attention: Akiba Leisman, Executive Chairman and CEO
Suite 2833 – 595 Burrard Street, Vancouver, B.C. Canada V7X 1J1
Telephone: (604) 646-1580, Fax: (604) 642-2411