



# **REUNION**

## **GOLD CORPORATION**

### **CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**1<sup>st</sup> Quarter ended June 30, 2015**

In Canadian dollars

**UNAUDITED**

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#### **Notice to Reader**

The accompanying unaudited condensed interim consolidated financial statements of Reunion Gold Corporation have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these unaudited condensed interim consolidated financial statements.

# Reunion Gold Corporation

## Condensed Interim Consolidated Statements of Financial Position

	June 30, 2015	March 31, 2015
<i>(unaudited, in Canadian dollars)</i>		
	\$	\$
<b>ASSETS</b>		
Current		
Cash	51,743	73,713
Sales taxes receivable	41,162	41,743
Receivable from related parties (Note 11)	8,066	-
Prepaid expenses and others	70,970	73,153
	171,941	188,609
Non-current		
Performance bond	144,884	146,926
Exploration and evaluation assets (Note 3)	733,112	891,192
<b>TOTAL ASSETS</b>	<b>1,049,937</b>	<b>1,226,727</b>
<b>LIABILITIES</b>		
Current		
Accounts payable and accrued liabilities	1,073,513	968,629
Due to related parties (Note 11)	-	21,385
Loans from related parties (Note 4)	1,516,865	1,483,473
<b>TOTAL LIABILITIES</b>	<b>2,590,378</b>	<b>2,473,487</b>
<b>EQUITY (DEFICIT)</b>		
Share capital (Note 5)	101,477,165	101,477,165
Equity component of convertible loans	17,935	17,935
Contributed surplus	14,411,085	14,411,085
Deficit	(117,502,402)	(117,218,216)
Cumulative translation adjustment	55,776	65,271
<b>TOTAL EQUITY (DEFICIT)</b>	<b>(1,540,441)</b>	<b>(1,246,760)</b>
<b>TOTAL LIABILITIES AND EQUITY (DEFICIT)</b>	<b>1,049,937</b>	<b>1,226,727</b>

*Going concern (Note 1)*

*Commitments (Notes 3 and 10)*

*Event after the reporting date (Note 8)*

*The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.*

On behalf of the Board,

/s/ James Crombie

James Crombie, Director

/s/ Loraine Oxley

Loraine Oxley, Director

# Reunion Gold Corporation

## Condensed Interim Consolidated Statements of Comprehensive Income

	1 <sup>st</sup> Quarter ended June 30,	
<i>(unaudited, in Canadian dollars)</i>	2015	2014
	\$	\$
<b>Expenses and other items</b>		
Exploration (Note 7)	277,723	700,331
Management and administration (Note 8)	(27,168)	388,632
Share-based remuneration	-	6,329
Finance expense on loans from related parties (Note 4)	37,586	44,119
Finance income	(42)	(550)
Loss (gain) on foreign exchange	(3,913)	9,561
<b>Net loss for the period</b>	<b>(284,186)</b>	<b>(1,148,422)</b>
Other comprehensive income		
Item that will not be subsequently reclassified to income		
Foreign currency translation adjustment	(9,495)	(68,133)
<b>Comprehensive loss for the period</b>	<b>(293,681)</b>	<b>(1,216,555)</b>
Basic and diluted loss per common share	(0.00)	(0.01)
Weighted average number of common shares - basic and diluted	180,317,936	180,317,936

*The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.*

# Reunion Gold Corporation

## Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

(unaudited, in Canadian dollars)	Number of issued and outstanding common shares	Equity component			Cumulative translation adjustment	Total equity (deficit)
		Share capital	of convertible loans	Contributed surplus		
		\$	\$	\$	\$	\$
Balance at March 31, 2015	180,317,936	101,477,165	17,935	14,411,085	(117,218,216)	65,271
Net loss for the period	-	-	-	-	(284,186)	-
Other comprehensive income						
Foreign currency translation adjustment	-	-	-	-	(9,495)	(9,495)
<b>Balance at June 30, 2015</b>	<b>180,317,936</b>	<b>101,477,165</b>	<b>17,935</b>	<b>14,411,085</b>	<b>(117,502,402)</b>	<b>55,776</b>
Balance at March 31, 2014	180,317,936	101,477,165	17,935	14,404,756	(113,664,548)	(14,583)
Share-based remuneration	-	-	-	6,329	-	-
Net loss for the period	-	-	-	-	(1,148,422)	-
Other comprehensive income						
Foreign currency translation adjustment	-	-	-	-	(68,133)	(68,133)
<b>Balance at June 30, 2014</b>	<b>180,317,936</b>	<b>101,477,165</b>	<b>17,935</b>	<b>14,411,085</b>	<b>(114,812,970)</b>	<b>(82,716)</b>

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

# Reunion Gold Corporation

## Condensed Interim Consolidated Statements of Cash Flows

(unaudited, in Canadian dollars)	1st Quarter ended June 30,	
	2015	2014
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Net loss for the period	(284,186)	(1,148,422)
Adjustments		
Share-based remuneration	-	6,329
Depreciation and amortization	143,217	435,521
Finance expense on loans from related parties	37,586	44,119
Gain on disposal of exploration and evaluation assets	(8,950)	(101,856)
Changes in working capital items		
Receivable from related parties	(8,066)	(21,221)
Prepaid expenses and others	2,223	78,064
Accounts payable and accrued liabilities	110,445	30,385
Due to related parties	(21,385)	-
	(29,116)	(677,081)
<b>INVESTING ACTIVITIES</b>		
Additions to exploration and evaluation assets	-	(1,141)
Proceeds on disposal of exploration and evaluation assets	8,950	159,007
	8,950	157,866
Effect of exchange rate changes on cash held in foreign currency	(1,804)	(15,106)
Net change in cash	(21,970)	(534,321)
Cash, beginning of period	73,713	1,468,504
Cash, end of period	51,743	934,183
<b>Supplemental cash flow information</b>		
Finance income received, included in operating activities	42	903
Current liabilities related to exploration and evaluation assets	112,410	77,385

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

# Reunion Gold Corporation

## Notes to Condensed Interim Consolidated Financial Statements

**June 30, 2015** (unaudited - in Canadian dollars)

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### 1. GENERAL INFORMATION AND GOING CONCERN

Reunion Gold Corporation ("Reunion Gold") is a Canadian-based company. Reunion Gold and its subsidiaries (together the "Company") are primarily engaged in the acquisition, exploration and development of mineral properties. To date, the Company has not earned significant revenue. The Company, through Reunion Manganese Inc. ("RMI"), its wholly-owned indirect subsidiary, holds four Prospecting Licences ("PLs") for manganese, which includes the Matthews Ridge project, located in the North West District of Guyana, South America. All financial results in these unaudited condensed interim consolidated financial statements are expressed in Canadian dollars unless otherwise indicated. Reunion Gold's common shares are listed on the TSX Venture Exchange ("TSXV") under the symbol RGD. The Board of Directors approved these unaudited condensed interim consolidated financial statements on August 26, 2015.

#### *Going concern*

The Company is at the exploration and development stage and as is common with many such companies, it raises funds on the equity market to conduct its activities. The Company has incurred a loss in the current and prior periods, with a net loss of \$284,186 during the 1<sup>st</sup> Quarter ended June 30, 2015 and an accumulated deficit of \$117,502,402 at June 30, 2015. The Company has a working capital deficit of \$2,418,437 at June 30, 2015, including loans from related parties of \$1,516,865, which will be due after June 30, 2016 (Note 4). The Company requires additional funds to meet all of its obligations, to provide for management and administration expenses for at least the next 12 months and to ensure the Company's ability to continue as a going concern. Such funding requirement may be met in the future in a number of ways, including but not limited to, the sale of certain assets, the issuance of equity, joint venture arrangements or other means. There is no assurance that such additional funds can be raised even if the Company has been successful in the past in doing so. If management is unable to obtain new funding, the Company may be unable to continue its operations, and amounts realized for assets might be less than amounts reflected in these condensed interim consolidated financial statements. These material uncertainties cast significant doubt regarding the Company's ability to continue as a going concern.

These condensed interim consolidated financial statements do not reflect any adjustments that would be necessary if the going concern assumption was not appropriate. If the going concern assumption was not appropriate for these condensed interim consolidated financial statements, adjustments to the carrying values of assets and liabilities and statement of financial position classification, which could be material, may be necessary.

# Reunion Gold Corporation

## Notes to Condensed Interim Consolidated Financial Statements

**June 30, 2015** (unaudited - in Canadian dollars)

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### 2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting* and follow the same accounting policies as the Company's most recent annual consolidated financial statements. These condensed interim consolidated financial statements do not contain all of the information and disclosures required for annual financial statements, and should be read in conjunction with the Company's annual audited consolidated financial statements for the years ended March 31, 2015 and 2014 which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

#### *Significant accounting judgements and estimates*

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, revenues and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgements and estimates. Actual results could differ significantly from those estimates. The most significant estimates relate to the depreciation and amortization of exploration and evaluation assets and the calculation of share-based remuneration. The most significant judgements relate to the impairment of exploration and evaluation assets and the preparation of these condensed interim consolidated financial statements on a going concern basis.

# Reunion Gold Corporation

## Notes to Condensed Interim Consolidated Financial Statements

**June 30, 2015** (unaudited - in Canadian dollars)

### 3. EXPLORATION AND EVALUATION ASSETS

	Mineral properties	Intangible assets	Mobile equipment and service vehicles	Other mining equipment	Computer equipment, leasehold improvements and furniture	Total
	\$	\$	\$	\$	\$	\$
<b>Cost</b>						
Balance at March 31, 2015	319,917	211,382	3,457,256	3,109,911	804,587	7,903,053
Disposals	-	-	-	-	(12,394)	(12,394)
Net exchange differences	(4,763)	(2,831)	(48,040)	(43,213)	(9,698)	(108,545)
Balance at June 30, 2015	315,154	208,551	3,409,216	3,066,698	782,495	7,782,114
<b>Accumulated depreciation and amortization</b>						
Balance at March 31, 2015	-	211,382	2,894,050	3,109,911	796,518	7,011,861
Depreciation and amortization	-	-	140,361	-	2,856	143,217
Disposals	-	-	-	-	(12,394)	(12,394)
Net exchange differences	-	(2,831)	(37,941)	(43,213)	(9,697)	(93,682)
Balance at June 30, 2015	-	208,551	2,996,470	3,066,698	777,283	7,049,002
<b>Carrying amounts</b>						
At March 31, 2015	319,917	-	563,206	-	8,069	891,192
<b>At June 30, 2015</b>	<b>315,154</b>	<b>-</b>	<b>412,746</b>	<b>-</b>	<b>5,212</b>	<b>733,112</b>

#### *Mineral properties*

The Company is required to make annual rental payments to the Government of Guyana related to the four (4) PLs awarded to the Company on September 6, 2010. The PLs were granted for an initial period of three years and were renewable for two additional periods of one year each. The Company has paid the annual rental fees through September 2014 and has accrued an amount of \$112,410 (US\$90,000) for the 2<sup>nd</sup> additional period ending September 5, 2015. The PLs are expected to expire in September 2015, unless an extension of the exploration period is obtained. The Company has not completed a feasibility study which is a requirement to obtain a mining license. Subject to the approval and at the discretion of the Minister responsible of the Guyana Mining Act, the PLs can be renewed for additional terms and the Company has applied for an additional one-year extension. The approval of the extension application is pending but there can be no assurance that the extension will be approved. A performance bond in the amount of \$144,884 (US \$116,000) was posted with the Government of Guyana on September 6, 2010.

# Reunion Gold Corporation

## Notes to Condensed Interim Consolidated Financial Statements

**June 30, 2015** (unaudited - in Canadian dollars)

### 4. LOANS FROM RELATED PARTIES

Loans from two of the Company's executive officers are composed of the following:

	June 30, 2015	March 31, 2015
	\$	\$
Convertible Notes (Loans 1)	1,007,000	1,007,000
Accrued interest on Convertible Notes	196,365	166,156
Deferred bonus payments (Loans 2)	249,800	253,320
Accrued interest on deferred bonus payments	63,700	56,997
	<b>1,516,865</b>	<b>1,483,473</b>

Finance expense during the period is composed of the following items:

	1 <sup>st</sup> Quarter ended June 30, 2015	2014
	\$	\$
Finance expense	37,586	36,721
Accretion of the liability component of the Convertible Notes	-	7,398
	<b>37,586</b>	<b>44,119</b>

On June 30, 2015, the lenders agreed to postpone the date on which they are entitled to demand repayment of Loans 1 and 2 from June 30, 2015 to June 30, 2016. Also, the parties agreed that interest on Loans 2 will cease to accrue after June 30, 2015. All other terms and conditions under the loan agreements remain unchanged.

Loans 1 bear interest at the rate of 1% per month until maturity. The outstanding principal and accrued interest are repayable by the Company on the earlier of the completion of a financing for a minimum amount of \$5 million or upon demand at any time after June 30, 2016, either in cash or in common shares of the Company, at the option of the holder. The conversion price for the outstanding principal of Loans 1 is \$0.14 per share, and the conversion price of the accrued interest on Loans 1 will be equal to the market price of the Company's shares at the time of conversion, if such election is made. The Company has the right to redeem Loans 1 at any time.

The principal amount of Loans 2 as well as accrued interest (up to June 30, 2015 as interest on Loans 2 ceases to accrue after June 30, 2015) can be repaid by the Company at any time without penalty but no later than three business days after the completion of a financing for a minimum amount of \$5 million. The payment of Loans 2 as well as accrued interest may be demanded in full by the lenders at any time after June 30, 2016.

# Reunion Gold Corporation

## Notes to Condensed Interim Consolidated Financial Statements

**June 30, 2015** (unaudited - in Canadian dollars)

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### 5. SHARE CAPITAL

At June 30, 2015 and March 31, 2015, the Company had 180,317,936 issued and outstanding common shares and no outstanding share purchase warrants. No securities were issued during the 1<sup>st</sup> Quarter ended June 30, 2015.

### 6. STOCK OPTIONS

There was no activity in stock options during the 1<sup>st</sup> Quarter ended June 30, 2015. The following table reflects the stock options issued and outstanding at June 30, 2015 and March 31, 2015:

Issue date	Number of options	Exercise price \$	Remaining contractual life Years	Number of options exercisable (1)
September 13, 2010	3,700,000	0.30	0.2	3,525,000
April 27, 2011	3,000,000	2.00	0.8	3,000,000
June 22, 2011	765,000	1.67	1.0	765,000
July 4, 2011	75,000	1.59	1.0	75,000
August 22, 2011	100,000	1.28	1.2	100,000
November 2, 2011	250,000	1.00	1.3	250,000
November 14, 2011	1,000,000	1.00	1.4	1,000,000
April 12, 2012	1,875,000	0.73	1.8	1,875,000
September 18, 2013	1,250,000	0.13	3.2	1,250,000
	12,015,000	0.95	1.1	11,840,000

(1) At June 30, 2015 and March 31, 2015, the average price of the exercisable options was \$0.96.

# Reunion Gold Corporation

## Notes to Condensed Interim Consolidated Financial Statements

**June 30, 2015** (unaudited - in Canadian dollars)

### 7. EXPLORATION EXPENSES

	1 <sup>st</sup> Quarter ended June 30,	
	2015	2014
	\$	\$
Salaries and benefits	151,790	193,161
Camp costs	19,267	22,809
Contractors and consultants	5,539	23,155
Studies	-	24,322
Freight, travel and transport	3,984	19,938
Income from the rental of equipment	(32,395)	-
Others	(1,873)	88,157
	146,312	371,542
Depreciation and amortization	140,361	430,645
Gain on disposal of exploration and evaluation assets	(8,950)	(101,856)
	277,723	700,331

### 8. MANAGEMENT AND ADMINISTRATION EXPENSES

	1 <sup>st</sup> Quarter ended June 30,	
	2015	2014
	\$	\$
Salaries and benefits (1)	22,734	326,420
Contractors and consultants	14,385	33,358
Office	74,788	93,063
Professional fees	37,950	57,039
Investor relations and travel	1,289	58,287
Reporting issuer costs	1,620	4,810
Recovery of expenses (Note 11)	(182,790)	(189,221)
	(30,024)	383,756
Depreciation and amortization	2,856	4,876
	(27,168)	388,632

(1) On August 26, 2015, the Company's CEO agreed to a reduction in his annual base compensation from US\$300,000 to US\$50,000 effective October 1, 2014. The Company accounted for the net impact of this reduction (in the amount of \$234,000) during the 1<sup>st</sup> Quarter ended June 30, 2015.

# Reunion Gold Corporation

## Notes to Condensed Interim Consolidated Financial Statements

**June 30, 2015** (unaudited - in Canadian dollars)

### 9. SEGMENTED INFORMATION

The Company has one reportable operating segment being the acquisition and exploration of mineral properties. Non-current assets are located as follows:

	June 30, 2015		
	Guyana	Canada	Total
	\$	\$	\$
Performance bond	144,884	-	144,884
Exploration and evaluation assets	727,900	5,212	733,112
	872,784	5,212	877,996

	March 31, 2015		
	Guyana	Canada	Total
	\$	\$	\$
Performance bond	146,926	-	146,926
Exploration and evaluation assets	883,123	8,069	891,192
	1,030,049	8,069	1,038,118

### 10. OTHER COMMITMENTS

The Company has entered into a long-term lease agreement expiring in June 2017 which calls for lease payments of \$198,560 for the rental of office space. Minimum lease payments are \$74,460 in 2016, \$99,280 in 2017 and \$24,820 in 2018.

# Reunion Gold Corporation

## Notes to Condensed Interim Consolidated Financial Statements

**June 30, 2015** (unaudited - in Canadian dollars)

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### 11. RELATED PARTY TRANSACTIONS

The detail of transactions between the Company and its related parties, in addition to those transactions described in Note 4, are as follows:

#### *Companies under common management*

The Company has entered into separate agreements to provide management and administration services to other TSXV-listed companies, related by virtue of common directors and management, including Avala Resources Ltd., Highland Copper Company Inc. and Odyssey Resources Limited. The services are provided at cost for all direct expenses plus a fixed monthly charge to cover overhead expenses. Such amounts recovered for management and administration services during the 1<sup>st</sup> Quarter ended June 30, 2015 totaled \$182,790 (\$189,221 during the 1<sup>st</sup> Quarter ended June 30, 2014). At June 30, 2015, the Company had an amount receivable from companies under common management of \$8,066 (an amount due to companies under common management of \$21,385 at March 31, 2015). Amounts receivable and/or due are non-interest bearing and are due within 30 days of invoice date.

Related party transactions are measured at their exchange amount, which is the amount of consideration established and agreed to by the related parties. Unless otherwise stated none of these transactions included special terms or conditions. No guarantees were given.

#### **Remuneration of directors and key management of the Company**

The remuneration awarded to directors and to senior key management, including the executive chairman, the president and chief executive officer, the chief operating officer and the chief financial officer, is as follows:

	1 <sup>st</sup> Quarter ended June 30,	
	2015	2014
	\$	\$
Salaries and benefits (1)	(43,804)	245,188
Consulting fees	6,000	18,250
Share-based remuneration	-	6,329
	(37,804)	269,767

(1) This amount includes the adjustment to the annual base compensation of the Company's CEO described in Note 8.



# **REUNION**

## **GOLD CORPORATION**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**1<sup>st</sup> Quarter ended June 30, 2015**

**REUNION GOLD CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL**  
**CONDITION AND RESULTS OF OPERATIONS**  
**FOR THE 1<sup>ST</sup> QUARTER ENDED JUNE 30, 2015**

*The following management's discussion and analysis ("MD&A") of the operations, results, and financial position of Reunion Gold Corporation ("Reunion Gold" or the "Company"), dated August 26, 2015, covers the 1<sup>st</sup> Quarter ended June 30, 2015 and should be read in conjunction with the unaudited condensed interim consolidated financial statements and related notes for the 1<sup>st</sup> Quarter ended June 30, 2015 (the "June 30, 2015 condensed interim consolidated financial statements"). Readers should also refer to the Company's MD&A for the year ended March 31, 2015, including the description of risks and uncertainties, and the audited consolidated financial statements for the years ended March 31, 2015 and 2014. All financial results presented in this MD&A are expressed in Canadian dollars unless otherwise indicated.*

**DESCRIPTION OF BUSINESS**

Reunion Gold is a Canadian-based company engaged in the exploration and development of mineral projects. The Company through Reunion Manganese Inc. ("RMI"), its wholly-owned indirect subsidiary, holds four prospecting licenses ("PLs"), which includes the Matthews Ridge manganese project located in the North West District of Guyana, South America (the "Matthews Ridge Project"). Reunion Gold's financial year-end is March 31 and its common shares trade on the TSX Venture Exchange ("TSXV") under the symbol RGD.

**FINANCIAL CONDITION**

The Company is in the exploration and development stage and has no source of revenue. At June 30, 2015, the Company has a working capital deficit of \$2,418,437 (including loans from two of the Company's executive officers of \$1,516,865 which repayment cannot be demanded prior to June 30, 2016). The Company's working capital deficit creates uncertainty regarding its ability to continue operations as a going concern. The Company's ability to continue operations is dependent on securing financing necessary to settle its current working capital deficit, to fund its existing commitments, including payments to maintain the Matthews Ridge PLs in good standing, to conduct minimum exploration and evaluation programs, and to pay for general and administration expenses for at least the next 12 months.

The Matthews Ridge Project is currently on care and maintenance while the Company is evaluating different financing options, including the sale of certain assets, the issuance of securities, partnership, joint venture or other arrangements. Given the recent economic slowdown in Asia and other parts of the world, the demand

for steel and related products including manganese has dropped significantly. This, and other economic factors, has had and continues to have a direct impact on the market price of manganese and, combined with a depressed equity market for junior mining companies, makes it difficult to finance the development of manganese projects such as Matthews Ridge. While management has been successful in securing financing in the past, there can be no assurance that it will be able to do so in the future or that these sources of funding or initiatives will be available to the Company or that they will be available on terms which are acceptable to the Company.

If management is unable to obtain new funding, the Company will be required to further delay the development of the Matthews Ridge Project and may be unable to continue its operations.

### ***MATTHEWS RIDGE PROJECT***

#### *Mineral interest*

The Matthews Ridge Project consists of four PLs initially granted to RMI in September 2010 for a period of three years. RMI subsequently applied for two one-year extensions in accordance with the Guyana Mining Act (the "Act"). The PLs are expected to expire in September 2015, unless an extension of the PLs is obtained. Given the depressed state of the manganese market, RMI is not in a position to complete a feasibility study which is a requirement to obtain a mining license. However, subject to the approval and at the discretion of the Minister responsible for the Act, the PLs can be renewed for additional terms and RMI has applied for an additional one-year extension. The approval of the extension application is pending. There can be no assurance that the extension will be approved.

#### *Overview on activities*

The Matthews Ridge Project is currently on care and maintenance. The Company has not carried out any field activities during the 1<sup>st</sup> Quarter ended June 30, 2015 and all exploration and development activities have been suspended until such time as the Company has secured its funding requirements.

The Company's priorities for the current financial year is to preserve its rights in Matthews Ridge by obtaining an extension of the PLs and to complete a financing to fund ongoing obligations and studies required to establish the best option to develop its manganese resource.

### ***Exploration Expenses***

Exploration expenses are detailed as follows:

	<b>1<sup>st</sup> Quarter ended June 30,</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Salaries and benefits	<b>151,790</b>	193,161
Contractors and consultants	<b>5,539</b>	23,155
Camp costs	<b>19,267</b>	22,809
Freight, travel and transport	<b>3,984</b>	19,938
Studies	<b>-</b>	24,322
Income from the rental of equipment	<b>(32,395)</b>	-
Others	<b>(1,873)</b>	88,157
	<b>146,312</b>	371,542
Depreciation and amortization	<b>140,361</b>	430,645
Gain on disposal of exploration and evaluation assets	<b>(8,950)</b>	(101,856)
	<b>277,723</b>	700,331

**CONSOLIDATED FINANCIAL INFORMATION** <sup>(1)</sup> <sup>(2)</sup>

<b>Financial Position</b>	<b>June 30, 2015</b>	<b>March 31, 2015</b>
	<b>\$</b>	<b>\$</b>
Cash	51,743	73,713
Exploration and evaluation assets	733,112	891,192
Total assets	1,049,937	1,226,727
Shareholders' equity (deficit)	(1,540,441)	(1,246,760)
	<b>1<sup>st</sup> Quarter ended June 30, 2015</b>	<b>2014</b>
<b>Comprehensive Income</b>	<b>\$</b>	<b>\$</b>
<b>Expenses and other items</b>		
Exploration	277,723	700,331
Management and administration	(27,168)	388,632
Share-based remuneration	-	6,329
Finance income	(42)	(550)
Finance expense on loans from related parties	37,586	44,119
Loss (gain) on foreign exchange	(3,913)	9,561
<b>Net loss for the year</b>	<b>(284,186)</b>	<b>(1,148,422)</b>
<b>Basic and diluted loss per share</b>	<b>(0.00)</b>	<b>(0.01)</b>
<b>Cash flows</b>		
Operating activities	(29,116)	(677,081)
Investing activities	8,950	157,866
Financing activities	-	-

- (1) The Selected Consolidated Financial Information was derived from the Company's June 30, 2015 condensed interim consolidated financial statements, prepared in accordance with IFRS.
- (2) The Company's June 30, 2015 condensed interim consolidated financial statements have been prepared on the basis of a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of operations. The Company's June 30, 2015 condensed interim consolidated financial statements do not reflect the adjustments to carrying values of assets and liabilities that would be necessary should the going concern assumption prove to be inappropriate, and these adjustments could be material.

Since its incorporation, the Company has not paid any cash dividend on its outstanding common shares. Any future dividend payment will depend on the Company's financial needs to fund its exploration programs and any other factor that the board may deem necessary to consider. It is highly unlikely that any dividend will be paid in the near future.

Management and administration expenses are detailed as follows:

	1 <sup>st</sup> Quarter ended June 30,	
	2015	2014
	\$	\$
Salaries and benefits (1)	22,734	326,420
Consulting	14,385	33,358
Office	74,788	93,063
Professional fees	37,950	57,039
Investor relations and travel	1,289	58,287
Reporting issuer costs	1,620	4,810
Recovery of expenses from related parties	(182,790)	(189,221)
	(30,024)	383,756
Depreciation	2,856	4,876
	(27,168)	388,632

(1) On August 26, 2015, the Company's CEO agreed to a reduction in his annual base compensation from US\$300,000 to US\$50,000 effective October 1, 2014. The Company accounted for the net impact of this adjustment (in the amount of \$234,000) during the 1<sup>st</sup> Quarter ended June 30, 2015.

### Financial Review

The Company does not yet have revenue-generating activities. Accordingly, the Company's financial performance is largely a function of the level of exploration and development activities undertaken on its project and the management and administrative expenses required to operate and carry out these activities.

During the 1<sup>st</sup> Quarter ended June 30, 2015, the Company incurred a net loss of \$284,186 (nil per share) compared to a net loss of \$1,148,422 (\$0.01 per share) during the 1<sup>st</sup> Quarter ended June 30, 2014. The reduced net loss during the current period resulted from lower exploration expenses (\$277,723 during the current period compared to \$700,331 in 2014) due to the suspension of all exploration and development activities in order to conserve cash and to lower management and administration expenses. During the 1<sup>st</sup> Quarter ended June 30, 2015, the Company presented a negative management and administrative expense of \$27,168 (an expense of \$388,632 during the comparative period in 2014) mainly due to a credit adjustment of \$234,000 following the agreement entered into on August 26, 2015 with the Company's CEO to reduce his annual base compensation from US\$300,000 to US\$50,000 effective October 1, 2014. The non-renewal of an investor relations program and lower professional fees also contributed to the lower management and administrative expenses.

### **Selected Quarterly financial Information**

The table below presents revenues, net loss and net loss per share for the last eight quarters:

<b>Period ended</b>	<b>Revenues</b>	<b>Net income (loss)</b>	<b>Income (loss) per share</b>
	<b>\$ 000</b>	<b>\$ 000</b>	<b>\$</b>
June 30, 2015	0.0	(284.2)	(0.00)
March 31, 2015	0.0	(663.6)	(0.00)
December 31, 2014	0.0	(917.0)	(0.01)
September 30, 2014	0.0	(824.6)	(0.00)
June 30, 2014	0.0	(1,148.4)	(0.01)
March 31, 2014	0.1	(1,598.9)	(0.01)
December 31, 2013	0.3	(1,743.9)	(0.01)
September 30, 2013	0.0	1,549.1	0.01

Quarterly results will vary in accordance with the Company's exploration, development and financing activities. Currently, exploration expenses for the Matthews Ridge Project and to a lesser extent exploration and evaluation asset write-offs typically have the most significant impact on the Company's quarterly results, followed by management and administration expenses and share-based remuneration expense.

### **Liquidities and Capital Resources**

The Company has a working capital deficit of \$2,418,437 at June 30, 2015, including loans from related parties of \$1,516,865 (a working capital deficit of \$2,284,878 at March 31, 2015, including loans from related parties of \$1,483,473). The decrease in working capital during the 1<sup>st</sup> Quarter ended June 30, 2015 is mainly attributable to lower exploration and management and administration expenses.

On June 30, 2015, the Company's two executive officers agreed to postpone the date on which they are entitled to demand repayment of the loans to June 30, 2016. The Company's directors and the Company's senior executives also agreed to defer the payment of their salary until the Company completes a financing.

The Company needs to raise additional funds to settle its working capital deficit, to pursue exploration work on its mineral projects and to provide for management and administration expenditures for at least the next 12 months. Such additional funds may be obtained in the future in a number of ways including, but not limited to, the issuance of new equity, joint venture arrangement or other means. The amount and timing of additional funding will depend in part upon the prevailing capital market conditions, the demand for manganese as well as the Company's ability to obtain the renewal of its PLs. While management has been successful in securing financing in the past, there can be no assurance that it will be able to do so in the

future or that these sources of funding or initiatives will be available to the Company or that they will be available on terms which are acceptable to the Company. If adequate financing is not available, the Company may be required to further delay the exploration and development of the Matthews Ridge Project or it may have to sell or relinquish its rights to certain of its interests. The Company's ability to continue operations also depends on the continued financial support from its senior officers.

### ***Capital Management***

The Company defines capital that it manages as shareholders' equity. When managing capital, the Company's objectives are a) to ensure the entity continues as a going concern; b) to increase the value of the entity's assets; and c) to achieve optimal returns to shareholders. These objectives will be achieved by identifying the right exploration projects, adding value to these projects and ultimately taking them to production or obtaining sufficient proceeds from their disposal. At June 30, 2015, managed capital consisted of a deficit of \$1,540,441 (a deficit of \$1,246,760 at March 31, 2015).

The Company's property is currently in the exploration stage. As such, the Company is dependent on external financing to fund its activities. The amount and timing of additional funding will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. There were no changes in the Company's approach to capital management during the 1<sup>st</sup> Quarter ended June 30, 2015. The Company is not subject to any externally imposed capital requirements at June 30, 2015. The Company requires further financing to settle its accounts payable and accrued liabilities at June 30, 2015 and to ensure the continued activities of the Company (see *Financial Condition* and *Liquidities and Capital resources* sections).

### ***Commitments***

The Company is required to make annual rental payments to the Government of Guyana based on the anniversary of the grant of the PLs. The Company has paid the annual rental fees through September 2014 and has accrued an amount of \$112,410 (US \$90,000) as rent for the second one-year extension ending in September 2015.

The Company has entered into long-term lease agreements expiring in July 2017 which calls for minimum lease payments of \$198,560 for the rental of office space. Minimum lease payments are \$74,460 in 2016, \$99,280 in 2017 and \$24,820 in 2018.

### ***Off-Balance Sheet Arrangements***

As of June 30, 2015, the Company has no off-balance sheet arrangements.

### ***Other Related Party Transactions***

The Company has entered into separate agreements to provide management and administration services to other TSXV-listed companies, related by virtue of common directors and management, including Avala Resources Ltd., Odyssey Resources Limited and Highland Copper Company Inc. The services are provided at cost for all direct expenses plus a fixed monthly charge to cover overhead expenses. During the 1<sup>st</sup> Quarter ended June 30, 2015, the Company recovered an amount of \$182,790 (\$189,221 during the 1<sup>st</sup> Quarter ended June 30, 2014) from companies under common management. At June 30, 2015, the Company had an amount receivable from companies under common management of \$8,066 (an amount due to companies under common management of \$21,385 at March 31, 2015). Amounts due are non-interest bearing and are due within 30 days of invoice date.

### ***Book value of Mineral Properties***

At the end of each period, management reviews impairment indicators related to its mineral properties and other exploration and evaluation assets subject to amortization to determine whether any write-down is necessary. Following this analysis, no write-down was deemed necessary at June 30, 2015.

### ***Outstanding Share Data***

The Company can issue an unlimited number of common shares, without par value. As at August 26, 2015, a total of 180,317,936 common shares are issued and outstanding and 12,015,000 stock options are outstanding with exercise prices ranging between \$0.13 and \$2.00 and expiring between September 2015 and September 2018.

### ***FINANCIAL RISK FACTORS***

The Company thoroughly examines the various financial risks to which it is exposed and assesses the impact and likelihood of those risks. Where material, these risks are reviewed and monitored by the Board of Directors. There were no changes to the Company's financial objectives, policies and processes during the 1<sup>st</sup> Quarter ended June 30, 2015.

### *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's ability to continue as a going concern is dependent on management's ability to raise the funds required for its continued operations as the Company generates cash flow from its financing activities (see *Financial Condition* section). Accounts payable and accrued liabilities of \$810,433 at June 30, 2015 are due within the next three months. The repayment of the loans from related parties of \$1,516,865 is due after June 30, 2016.

### *Interest rate risk*

The Company's interest rate risk relates to cash. The Company's policy as it relates to its cash balances is to invest excess cash in guaranteed investment certificates or interest-bearing accounts with a major Canadian-based chartered bank. The Company regularly monitors compliance to its cash management policy. Cash is subject to floating interest rates. Based on cash on hand at June 30, 2015, sensitivity to a plus or minus 1% change in these rates would affect comprehensive income and equity by approximately \$1,000. A portion of the loans from related parties bear interest at a fixed rate of 1% per month. Interest rate movements may affect the fair value of this portion of loans from related parties. Because this liability is recognized at amortized cost the fair value variation has no impact on profit or loss.

### *Currency risk*

In the normal course of operations, the Company is exposed to currency risk due to business transactions conducted in a currency other than the respective functional currencies of each of the entities within the consolidated group. The Company has not entered into any derivative contracts to manage this risk. Transactions related to the Company's exploration activities are mainly denominated in Guyanese dollars and United States dollars. The consolidated entity seeks to minimise its exposure to currency risk by monitoring exchange rates and entering into foreign currency transactions that maximize the consolidated entity's position. The board considers this policy appropriate, taking into account the consolidated entity's size, current stage of operations, financial position and the board's approach to risk management. At June 30, 2015, assets and liabilities denominated in a foreign currency consisted of cash of \$5,727 (\$850 at March 31, 2015), accounts payable and accrued liabilities of \$405,351 (\$445,781 at March 31, 2015) and a portion of the loans from related parties of \$313,500 (\$310,317 at March 31, 2015). The impact on comprehensive income and equity of a 10% increase or decrease in foreign currencies to the Canadian dollar exchange rate on the Company's financial instruments balances at June 30, 2015 would be approximately \$71,300 (\$75,500 at March 31, 2015).

## **OTHER RISKS AND UNCERTAINTIES**

The operations of the Company are highly speculative due to the high-risk nature and current stage of its business, which is the exploration and development of mineral properties. The risks and uncertainties described below are not necessarily the only ones that the Company could be facing. Other risks and uncertainties are discussed in the Company's MD&A for the year ended March 31, 2015. If any of the risks identified by the Company or any other risks and uncertainties that the Company has not yet identified, actually occur, the Company's business, financial condition, results of operations and cash flows could be materially and adversely affected.

*Dependence on one mineral project.* The Company's only mineral project is the Matthews Ridge manganese project which consists of four prospecting licences expiring in September 2015. The renewal of the licences is subject to the approval of the Minister in charge of the Guyana Mining Act. The Company has applied for a one year extension but there is no assurance that the PLs will be renewed. The non-renewal of the PLs would have a material adverse effect on the Company's share price, financial position, and future prospects.

*Financial risk and requirement for additional financing.* The Company has no history of earnings and has limited financial resources. As discussed in this MD&A, the Company has a working capital deficit and there is a risk that the Company will not be able to meet its financial obligations as they fall due. The Company does not expect to receive revenues from its core business in the foreseeable future, if at all. Historically, the Company has been dependent on the equity markets as its source of operating working capital and the Company's capital resources are largely determined by the strength of the junior resource markets, the status of the Company's projects in relation to these markets, and its ability to compete for investor support. The further development of the Company's project depends upon the Company's ability to obtain financing through equity financing, debt financing, strategic partnership or other means. The junior exploration market is volatile and is sensitive to economic and political events as well as underlying commodity prices. Given the recent decline in the price of manganese, the state of capital market for speculative investment opportunities such as mineral projects, and the uncertainties related to the renewal of the Company's PLs, there is no assurance that the Company will be able to obtain additional financing in the appropriate amount, and, if obtained, on terms favorable to the Company, to continue the development and exploration of its project.

*Manganese price.* The development of the Matthews Ridge Project and future financial results of the Company is dependent to a large extent on the market price of manganese. The price of manganese has declined significantly in recent years and may continue to decline. This could result in a reduction in the Company's ore reserves and resources and a re-evaluation of the economics of the Matthews Ridge Project and could result in further delay or deferral of the development of the Matthews Ridge Project.

*Mineral reserves and resources.* The mineral reserves and resources reported by the Company are estimates only and no assurance can be given that any particular level of recovery of manganese will in fact be realized or that an identified mineral deposit will ever qualify as a commercially mineable (or viable) ore body which can be economically exploited. Any material change in the quantity of mineralization, grade, mineral prices, metal recoveries, costs or other assumptions used to calculate mineral reserves and resources may affect the economic viability of the Matthews Ridge Project.

*Exploration and mining risks.* The Company's Matthews Ridge project is in the exploration and development stages. Few properties that are explored are ultimately developed into producing mines. Substantial expenditures are required to increase the mineral resources and mineral reserves, to develop metallurgical processes to extract the metal from mineral resources, and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices which are highly cyclical; the proximity and capacity of milling facilities; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot accurately be predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

*Regulatory requirements.* Mining operations, development and exploration activities are subject to extensive laws and regulations governing prospecting, development, production, exports, taxes, labour standards, occupational health, waste disposal, environmental protection and remediation, protection of endangered and protected species, mine safety, toxic substances and other matters. Changes in these regulations or in their application are beyond the control of the Company and could adversely affect its operations, business and results of operations. Failure to comply with the conditions set out in any permit or failure to comply with the applicable statutes and regulations may result in orders to cease or curtail operations or to install additional equipment.

#### **CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS**

This MD&A may contain "forward-looking information", within the meaning of Canadian securities laws. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is based on the reasonable assumptions, estimates, analysis and

opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, and is inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by the forward-looking information.

Specifically, this MD&A includes, but is not limited to, forward-looking information regarding: the Company's expectations about the renewal of the Matthews Ridge prospecting licences; plans to complete a financing or other arrangement to fund the Company; plans to complete additional studies to evaluate and find the best option to develop Matthews Ridge; the Matthews Ridge resource and reserves estimates and results of the pre-feasibility study based on assumptions that may no longer be current; and statements relating to the financial and business prospects of the Company.

There can be no assurance that such forward looking information will prove to be accurate and actual results could differ materially from those suggested by these forward-looking information for various reasons. Accordingly, readers should not place undue reliance on forward-looking information. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

#### **Additional Information and Continuous Disclosure**

This MD&A has been prepared as at August 26, 2015. Additional information on the Company is available through regular filings of press releases and financial statements on SEDAR ([www.sedar.com](http://www.sedar.com)) and on the Company's website ([www.reuniongold.com](http://www.reuniongold.com)).