REUNION
GOLD CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended March 31, 2015 and 2014

In Canadian dollars

Raymond Chabot Grant Thornton

Independent Auditor's Report

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To the Shareholders of
Reunion Gold Corporation

We have audited the accompanying consolidated financial statements of Reunion Gold Corporation, which comprise the consolidated statements of financial position as at March 31, 2015 and 2014 and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Reunion Gold Corporation as at March 31, 2015 and 2014 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Emphasis of matter

Without modifying our opinion, we draw attention to Note 2 to the consolidated financial statements which indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Raymond Chabot Grant Thornton LLP[1]

Montréal
July 27, 2015

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[1] CPA auditor, CA public accountancy permit no. A127023

Reunion Gold Corporation
Consolidated Statements of Financial Position

(audited, in Canadian dollars)	**March 31, 2015**	March 31, 2014
	$	$
ASSETS		
Current		
Cash	**73,713**	1,468,504
Sales taxes receivable	**41,743**	64,336
Prepaid expenses and others	**73,153**	162,310
	188,609	1,695,150
Non-current		
Performance bond (Note 4)	**146,926**	128,238
Exploration and evaluation assets (Note 4)	**891,192**	2,390,519
TOTAL ASSETS	**1,226,727**	4,213,907
LIABILITIES		
Current		
Accounts payable and accrued liabilities	**968,629**	653,095
Income taxes payable (Note 6)	**-**	50,853
Due to related parties (Note 16)	**21,385**	-
Loans from related parties (Note 5)	**1,483,473**	1,289,234
TOTAL LIABILITIES	**2,473,487**	1,993,182
EQUITY (DEFICIT)		
Share capital (Note 7)	**101,477,165**	101,477,165
Equity component of convertible loans (Note 5)	**17,935**	17,935
Contributed surplus	**14,411,085**	14,404,756
Deficit	**(117,218,216)**	(113,664,548)
Cumulative translation adjustment	**65,271**	(14,583)
TOTAL EQUITY (DEFICIT)	**(1,246,760)**	2,220,725
TOTAL LIABILITIES AND EQUITY (DEFICIT)	**1,226,727**	4,213,907

Going concern (Note 2)
Commitments (Notes 4 and 18)
Event after the reporting date (Note 19)

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

On behalf of the Board,

/s/ James Crombie	*/s/ Loraine Oxley*
James Crombie, Director	Loraine Oxley, Director

Reunion Gold Corporation
Consolidated Statements of Comprehensive Income

(audited, in Canadian dollars)	Year ended March 31, **2015**	2014
	$	$
Expenses and other items		
Exploration (Note 10)	**2,322,327**	5,944,436
Management and administration (Note 11)	**1,108,255**	1,662,641
Share-based remuneration	**6,329**	531,364
Finance expense on loans and advances from related parties	**155,687**	142,446
Finance income	**(750)**	(5,066)
Gain on termination of the Lely Option Agreement (Note 4)	**-**	(3,130,534)
Loss (gain) on foreign exchange	**14,219**	(46,930)
Loss before income taxes	**(3,606,067)**	(5,098,357)
Income tax recovery (expense) (Note 6)	**52,399**	(59,518)
Net loss for the year	**(3,553,668)**	(5,157,875)
Other comprehensive income		
Item that will be subsequently reclassified to income		
Foreign currency translation adjustment	**79,854**	308,990
Comprehensive loss for the year	**(3,473,814)**	(4,848,885)
Basic and diluted loss per common share (Note 9)	**(0.02)**	(0.03)
Weighted average number of common shares - basic and diluted	**180,317,936**	180,317,936

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

Reunion Gold Corporation

Consolidated Statements of Changes in Equity

(audited, in Canadian dollars)	**Number of issued and outstanding common shares**	**Share capital**	**Equity component of convertible loans**	**Contributed surplus**	**Deficit**	**Cumulative translation adjustment**	**Total equity**
		$	**$**	**$**	**$**	**$**	**$**
Balance at March 31, 2014	180,317,936	101,477,165	17,935	14,404,756	(113,664,548)	(14,583)	2,220,725
Share-based remuneration	**-**	**-**	**-**	**6,329**	**-**	**-**	**6,329**
Net loss for the year	**-**	**-**	**-**	**-**	**(3,553,668)**	**-**	**(3,553,668)**
Other comprehensive income							
Foreign currency translation adjustment	**-**	**-**	**-**	**-**	**-**	**79,854**	**79,854**
Balance at March 31, 2015	**180,317,936**	**101,477,165**	**17,935**	**14,411,085**	**(117,218,216)**	**65,271**	**(1,246,760)**
Balance at March 31, 2013	180,317,936	101,477,165	-	13,873,392	(108,506,673)	(323,573)	6,520,311
Equity component of convertible loans	-	-	17,935	-	-	-	17,935
Share-based remuneration	-	-	-	531,364	-	-	531,364
	-	-	17,935	531,364	-	-	549,299
Net loss for the year	-	-	-	-	(5,157,875)	-	(5,157,875)
Other comprehensive income							
Foreign currency translation adjustment	-	-	-	-	-	308,990	308,990
Balance at March 31, 2014	180,317,936	101,477,165	17,935	14,404,756	(113,664,548)	(14,583)	2,220,725

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

Reunion Gold Corporation
Consolidated Statements of Cash Flows

	Year ended March 31,	
(audited, in Canadian dollars)	**2015**	2014
	$	$
OPERATING ACTIVITIES		
Net loss for the year	**(3,553,668)**	(5,157,875)
Adjustments		
Share-based remuneration	**6,329**	531,364
Depreciation and amortization	**1,439,317**	2,019,814
Finance expense on loans from related parties	**155,687**	135,135
Gain on termination of the Lely Option Agreement	**-**	(3,130,534)
Gain on disposal of exploration and evaluation assets	**(191,541)**	-
Write-down of exploration and evaluation assets	**193,647**	33,710
Changes in working capital items		
Sales taxes receivable	**28,751**	165,698
Prepaid expenses and others	**98,790**	123,316
Accounts payable and accrued liabilities	**173,201**	(921,802)
Income taxes payable	**(58,348)**	53,619
Due to related parties	**21,385**	-
	(1,686,450)	(6,147,555)
INVESTING ACTIVITIES		
Additions to exploration and evaluation assets (Note 4)	**(74,106)**	(78,778)
Proceeds on termination of the Lely Option Agreement (Note 4)	**-**	5,200,000
Proceeds on disposal of exploration and evaluation assets	**331,003**	-
	256,897	5,121,222
FINANCING ACTIVITIES		
Loans and advances from related parties (Notes 5 and 16)	**-**	1,290,000
Reimbursement of advances from related parties (Note 16)	**-**	(340,000)
	-	950,000
Effect of exchange rate changes on cash held in foreign currency	**34,762**	106,790
Net change in cash	**(1,394,791)**	30,457
Cash, beginning of year	**1,468,504**	1,438,047
Cash, end of year	**73,713**	1,468,504

Supplemental cash flow information (Note 15)

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

1. GENERAL INFORMATION

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 consolidated financial statements are expressed in Canadian dollars unless otherwise indicated. The address of the Company's registered office is 181 Bay Street, Toronto, Ontario, Canada, M5J 2T3. Reunion Gold's common shares are listed on the TSX Venture Exchange ("TSXV") under the symbol RGD. The Board of Directors approved these consolidated financial statements on June 16, 2015.

2. GOING CONCERN

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which contemplates the realization of assets and the settlement of liabilities in the normal course of business as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events and conditions that may cast a significant doubt upon the Company's ability to continue as a going concern as described in the following paragraph, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, expenses and financial position classification that would be necessary if the going concern assumption was not appropriate. These adjustments could be material.

For the year ended March 31, 2015, the Company reported a loss of $3,553,668 ($5,157,875 in 2014) and has an accumulated deficit of $117,218,216 at March 31, 2015 ($113,664,548 at March 31, 2014). In addition to settling its current working capital deficit and ongoing working capital requirements, the Company must secure sufficient funding to meet its existing commitments, including future payments to maintain the Matthews Ridge PLs in good standing, conduct minimum exploration and evaluation programs and pay for general and administration expenses. At March 31, 2015, the Company had a working capital deficit of $2,284,878 (a working capital deficit of $298,032 at March 31, 2014), including loans from related parties of $1,483,473 ($1,289,234 at March 31, 2014) (Note 19). Management requires additional funds to meet the Company's obligations and to ensure its going concern. Funding requirements may be met in a number of ways including but not limited to, the issuance of equity, debt financing, joint venture arrangement or other means. To this effect, the Company is currently evaluating different financing options. 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 may be unable to continue its operations, and amounts realized for assets might be less than amounts reflected in these consolidated financial statements.

3. SUMMARY OF ACCOUNTING POLICIES

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The significant accounting policies that have been applied in the preparation of these consolidated financial statements are summarized below.

b) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis. The Company has elected to present the statement of income and comprehensive income in a single statement.

c) Basis of consolidation

These consolidated financial statements include the accounts of Reunion Gold and its wholly-owned subsidiaries, namely RMI Manganese Ltd. (Barbados), Reunion Manganese Inc. (Guyana), Northwest Utilities Inc. (Guyana) and New Sleeper Gold (USA) Ltd. (USA). All intercompany transactions, balances, income and expenses are eliminated upon consolidation. Reunion Gold and its subsidiaries have an annual reporting date of March 31.

d) Foreign currency translation

These consolidated financial statements are presented in Canadian dollars, which is also the functional currency of Reunion Gold. The functional currency of Reunion Gold's wholly-owned subsidiaries is the US dollar. The functional currencies of Reunion Gold and its subsidiaries have remained unchanged during the reporting years. Monetary assets and liabilities denominated in a foreign currency other than the functional currency of each entity are translated at the exchange rate in effect at the reporting date, whereas non-monetary assets and liabilities denominated in a foreign currency are translated at the exchange rate in effect at the transaction date. Revenues and expenses denominated in a foreign currency are translated at the average rate in effect during the year with the exception of depreciation that is translated at the historical rate. Gains and losses on exchange arising from the translation of foreign operations are recorded in profit or loss.

On consolidation, assets and liabilities of Reunion Gold's subsidiaries are translated into Canadian dollars at the closing rate in effect at the reporting date. Income and expenses are translated into Canadian dollars at the average rate over the reporting years. Exchange differences are presented as other comprehensive income and recognised in the currency translation adjustment reserve in equity.

3. SUMMARY OF ACCOUNTING POLICIES (continued)

e) Financial assets and liabilities

Financial assets are recognized when the Company becomes a party to the contractual provision of a financial instrument. Financial assets held by the Company consist of cash, deposits and performance bond which are classified as loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. Income relating to financial assets that are recognized in profit or loss are presented as finance income.

The Company's financial liabilities consist of accounts payable and accrued liabilities, due to related parties and loans from related parties. They are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. Financial liabilities are de-recognized when the obligations are extinguished, discharged, cancelled or expired. Interest-related charges are reported in comprehensive income within finance expense on loans and advances from related parties.

All financial assets are assessed for indicators of impairment at the end of each reporting year. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been negatively impacted. The carrying amount of financial assets is reduced by any impairment loss. If, in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the reversal of the previously recognized impairment loss is reversed through profit or loss.

3. SUMMARY OF ACCOUNTING POLICIES (continued)

f) Exploration and evaluation assets

Mineral properties and exploration and evaluation expenditures

Exploration and evaluation expenditures are costs incurred in the course of initial search for mineral deposits with economic potential. Costs incurred before the legal right to undertake exploration and evaluation activities has been obtained are recognized in profit or loss as incurred. The cost of acquiring licenses and other expenditures associated with the acquisition of exploration and evaluation assets are capitalized as intangible assets under mineral properties on a property-by-property basis and are carried at cost less accumulated impairment losses, if any. No amortization expense is recognized on these assets during the exploration and evaluation period. Other exploration and evaluation expenditures are expensed as incurred. Once a project has been established as commercially viable and technically feasible, mineral properties are reclassified as tangible assets and related development expenditures are capitalized. An impairment test is performed before reclassification and any impairment loss is then recognized in profit or loss. Whenever a mining property is no longer viable or is abandoned, the capitalized amounts are written-down to their net recoverable amounts with the related charge recognised in profit or loss.

Intangible assets

Intangible assets, which consist of acquired software licenses, are carried at cost (which includes the purchase price and any costs directly attributable to bringing the asset to the condition necessary for its intended use), less accumulated amortization and accumulated impairment losses. Amortization of software licenses begins when the asset is ready for use and is recognized based on the cost of an item on a straight-line basis, over its useful life estimated to be 3 years. Amortization ceases when the software licenses are derecognized. Intangible assets are subject to an annual impairment assessment. Each intangible's residual value, useful life and depreciation method are reassessed, and adjusted if appropriate, at the reporting date. The carrying amount of an item of intangible assets is derecognized upon disposal or when no future economic benefits are expected from its use. The gain or loss arising from the derecognition is included in profit or loss when the item is derecognized.

3. SUMMARY OF ACCOUNTING POLICIES (continued)

f) Exploration and evaluation assets (continued)

Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment consists of the purchase price, the finance expense attributable to the acquisition of the asset, and all other costs directly attributable to bringing the asset to the location and condition necessary for its intended use. Where parts of an item of property, plant and equipment have a different useful life, they are accounted for as separate items of property, plant and equipment. Depreciation is recognized on a straight-line basis using the cost of an item of property, plant and equipment, less its estimated residual value, over its estimated useful life. Each asset's residual value, useful life and depreciation method are reassessed, and adjusted if appropriate, at the reporting date. Mobile equipment is depreciated over 5 years, service vehicles and other mining equipment are depreciated over 3 years, furniture is depreciated over 3 years, computer equipment is depreciated over 2 years and leasehold improvements are depreciated over the lease period. The carrying amount of an item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. The gain or loss arising from the derecognition is included in profit or loss when the item is derecognized.

g) Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets with finite lives to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Long lived assets that are not amortized are subject to an annual impairment assessment or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of an asset’s fair value less cost to sell or its value in use. Value in use takes into account estimated future cash flows associated with the asset, such value being discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. In the case of exploration and evaluation assets, impairment reviews are carried out on a property-by-property basis, with each property representing a potential cash-generating unit. A previous impairment is reversed if the asset’s recoverable amount exceeds its carrying amount.

3. SUMMARY OF ACCOUNTING POLICIES (continued)

h) Provisions and contingent liabilities

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. Timing or amount of the outflow may still be uncertain. If the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized, unless it was assumed in the course of a business combination.

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the related asset, as soon as the obligation to incur such costs arises and to the extent that such cost can be reasonably estimated. The Company had no material provisions at March 31, 2015 and March 31, 2014.

3. SUMMARY OF ACCOUNTING POLICIES (continued)

i) Income taxes

When applicable, income tax on the profit or loss for the years presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which case it is recognized in other comprehensive income or directly in equity.

Current tax is the expected tax payable on the taxable profit for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. However, deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination which affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries is not provided for if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date and which are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. A deferred tax asset is recognized only to the extent that it is probable that future taxable income will be available against which the underlying tax losses on deductible temporary differences can be utilized. Deferred tax assets and liabilities are offset only when the Company has a legally enforceable right and intention to set-off current tax assets and liabilities from the same taxation authority.

j) Equity

Share capital represents the amount received on the issue of shares. Contributed surplus includes charges related to stock options and warrants until such equity instruments are exercised. Deficit includes all current and prior year losses and share issuance costs. Cumulative translation adjustment includes the impact of converting the accounts of the Company's foreign operations into Canadian dollars. All transactions with owners of the parent company are recorded separately within equity.

3. SUMMARY OF ACCOUNTING POLICIES (continued)

k) Allocation of proceeds on equity financing

The Company allocates the proceeds from an equity financing between common shares and share purchase warrants based on the relative fair values of each instrument. The fair value of the common shares is calculated by using the TSXV share price on the date of the issuance and is accounted for in share capital and the fair value of the share purchase warrants is determined using the Black-Scholes valuation model and is accounted for in contributed surplus.

l) Share-based payment transactions

Equity-settled share-based payments are made in exchange for services received and are measured at their fair value. The fair value of the services rendered is determined indirectly by reference to the fair value of the equity instruments granted when the fair value of services received cannot be reliably estimated. The fair value of share-based payments to directors, officers, employees and consultants is recognized as an expense over the vesting period with a corresponding increase to contributed surplus. Financing warrants and warrants to brokers, in respect of an equity financing, are recognized as a share issue expense with a corresponding increase to contributed surplus. The fair value of stock options granted is measured at the grant date and recognized over the period during which the options vest using the Black-Scholes option pricing model and taking into account an estimated forfeiture rate and the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options that are expected to vest. Upon the exercise of share-based payments, the proceeds received, net of any direct expenses, as well as the related compensation expense previously recorded as contributed surplus are credited to share capital.

m) Loss per share

The Company presents basic and diluted loss per share data for its common shares. Basic loss per share is calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. Dilutive potential common shares are deemed to have been converted into common shares at the beginning of the period or, if later, at the date of issue of the potential common shares. For the purpose of calculating diluted loss per share, the Company assumes the exercise of its dilutive options, convertible notes and warrants. The assumed proceeds from these instruments are regarded as having been received from the issue of common shares at the average market price of its shares during the period.

3. SUMMARY OF ACCOUNTING POLICIES (continued)

n) Significant accounting judgments and estimates

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting periods. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain and may require accounting adjustments based on future occurrences. Revisions to accounting estimates, judgments and assumptions are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates, judgments and assumptions are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to: i) the estimated residual values and useful lives of intangible assets and property, plant and equipment; ii) the inputs used in accounting for share-based payment transactions (using the Black-Scholes model), including volatility, probable life of options granted, time of exercise of the options and forfeiture rate; iii) management's assessment that no material restoration, rehabilitation and environmental costs should be accrued, based on facts and circumstances that existed during the period; and iv) the assessment of the Company's ability to execute its strategy by funding future working capital requirements.

3. SUMMARY OF ACCOUNTING POLICIES (continued)

New accounting pronouncements

Certain pronouncements issued by the International Accounting Standards Board (IASB) became mandatory for accounting periods beginning on January 1, 2014. The following new standards and amendments that are relevant to the Company have been adopted in preparing these consolidated financial statements.

a) IFRIC 21, Levies

The IFRS Interpretations Committee has provided guidance on the accounting for levies in the financial statements of the entity that is paying the levy. The question relates to when to recognize a liability to pay a levy that is accounted in accordance with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*. IFRIC has been applied retrospectively in accordance with its transitional provisions and had no material effect on the consolidated financial statements for any period presented.

Accounting standards issued but not yet applied

Standards, amendments and interpretations issued but not yet effective up to the date of the issuance of these consolidated financial statements that are expected to be relevant to the Company are listed below. Certain other standards and interpretations have been issued but are not expected to have a material impact on the Company's consolidated financial statements.

a) IFRS 9, Financial Instruments

The IASB recently released IFRS 9, *Financial Instruments (2014)*, representing the completion of its project to replace IAS 39, *Financial Instruments: Recognition and Measurement*. The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new "expected credit loss model" for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting. The Company's management has yet to assess the impact of IFRS 9 on its consolidated financial statements. The new standard is required to be applied for annual reporting periods beginning on or after January 1, 2018.

March 31, 2015 and 2014 (audited, in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS

Assets subject to depreciation and amortization are as follows:

	Intangible assets	Mobile equipment and service vehicles	Other mining equipment	Computer equipment, leasehold improvements and furniture	Total
	$	$	$	$	$
Cost					
Balance at March 31, 2013	256,255	3,474,774	2,553,197	833,712	7,117,938
Additions	824	-	-	4,146	4,970
Termination of the Lely Option Agreement	(5,100)	(71,653)	-	(57,007)	(133,760)
Write-down	(80,904)	-	-	(51,019)	(131,923)
Net exchange differences	14,396	299,783	224,912	53,723	592,814
Balance at March 31, 2014	185,471	3,702,904	2,778,109	783,555	7,450,039
Additions	**-**	**-**	**-**	**1,141**	**1,141**
Disposals	**-**	**(702,490)**	**(62,798)**	**(66,045)**	**(831,333)**
Net exchange differences	**25,911**	**456,842**	**394,600**	**85,936**	**963,289**
Balance at March 31, 2015	**211,382**	**3,457,256**	**3,109,911**	**804,587**	**7,583,136**
Accumulated depreciation and amortization					
Balance at March 31, 2013	118,786	1,445,996	1,135,965	528,422	3,229,169
Depreciation and amortization	59,771	863,507	872,347	224,189	2,019,814
Termination of the Lely Option Agreement	(2,125)	(44,897)	-	(54,482)	(101,504)
Write-down	(47,194)	-	-	(51,019)	(98,213)
Net exchange differences	8,626	165,681	142,347	40,431	357,085
Balance at March 31, 2014	137,864	2,430,287	2,150,659	687,541	5,406,351
Depreciation and amortization	**48,742**	**684,806**	**627,048**	**78,720**	**1,439,316**
Disposals	**-**	**(583,091)**	**(53,204)**	**(55,576)**	**(691,871)**
Net exchange differences	**24,776**	**362,048**	**385,408**	**85,833**	**858,065**
Balance at March 31, 2015	**211,382**	**2,894,050**	**3,109,911**	**796,518**	**7,011,861**
Carrying amounts					
At March 31, 2014	47,607	1,272,617	627,450	96,014	2,043,688
At March 31, 2015	**-**	**563,206**	**-**	**8,069**	**571,275**

March 31, 2015 and 2014 (audited, in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS (continued)

Mineral properties not subject to depreciation and amortization are as follows:

	Matthews Ridge, Guyana	Lely, Suriname	Total
	$	$	$
Cost			
Balance at March 31, 2013	196,832	2,037,210	2,234,042
Additions	126,528	-	126,528
Termination of the Lely Option Agreement	-	(2,037,210)	(2,037,210)
Net exchange differences	23,471	-	23,471
Balance at March 31, 2014	346,831	-	346,831
Additions	**118,258**	**-**	**118,258**
Write-down	**(193,647)**		**(193,647)**
Net exchange differences	**48,475**	**-**	**48,475**
Balance at March 31, 2015	**319,917**	**-**	**319,917**

Total exploration and evaluation assets are as follows:

	Year ended March 31, 2015	Year ended March 31, 2014
	$	$
Cost, beginning of year	**7,796,870**	9,351,980
Additions	**119,399**	131,498
Disposals	**(831,333)**	-
Termination of the Lely Option Agreement	**-**	(2,170,970)
Write-down	**(193,647)**	(131,923)
Net exchange differences	**1,011,764**	616,285
Cost, end of year	**7,903,053**	7,796,870
Accumulated depreciation and amortization, beginning of year	**5,406,351**	3,229,169
Depreciation and amortization	**1,439,316**	2,019,814
Disposals	**(691,871)**	-
Termination of the Lely Option Agreement	**-**	(101,504)
Write-down	**-**	(98,213)
Net exchange differences	**858,065**	357,085
Accumulated depreciation and amortization, end of year	**7,011,861**	5,406,351
Carrying amount, beginning of year	**2,390,519**	6,122,811
Carrying amount, end of year	**891,192**	2,390,519

4. EXPLORATION AND EVALUATION ASSETS (continued)

Matthews Ridge, Guyana

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 $113,994 (US$90,000) for the 2nd 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 $146,926 (US $116,000) was posted with the Government of Guyana on September 6, 2010.

On March 24, 2011, RMI concluded a Mineral Agreement with the Cooperative Republic of Guyana which sets out the fiscal terms and conditions for the exploration, development and mining at the Company's manganese project in Guyana. The terms include a royalty of 1.5% on gross manganese revenue and a flat corporate tax rate of 30%.

In August 2014, the Company applied for additional PLs in accordance with the terms of the two Permissions for Geological and Geophysical Survey ("PGGS") which had been awarded to the Company in July 2011. The granting of these PLs is conditional on the Company satisfying all conditions provided under the Mining Act of Guyana, including demonstrating that it has the financial capacity to carry out minimum exploration work on the PLs. Given the Company's financial condition, it is unable to meet this requirement at this time and the Company has charged to income as write-down of exploration and evaluation assets an amount of $193,647 representing the deferred permission fees that had been presented as mineral properties. There is no assurance that the Company will be able to obtain these additional PLs in the near future.

Termination of the Lely Option Agreement

In 2007, the Company had acquired an option to earn a 100% interest over a gold exploration project located in the Lely Mountain area in Eastern Suriname, South America (the "Lely Option Agreement"). To maintain its rights in the Lely Option Agreement, the Company was required to make annual option payments to Grassalco N.V. ("Grassalco"), a Surinamese state-owned mining company holding the rights of exploration composing the project, and spend a minimum amount in exploration expenditures. In September 2013, the Company and Grassalco terminated the Lely Option Agreement. In consideration for the early termination of the Lely Option Agreement, Grassalco paid to the Company an amount of $5,200,000, which amount represents the exploration expenses spent by the Company on the project since entering into the Lely Option Agreement in 2007. As a result of this transaction, a gain on termination of the Lely Option Agreement in the amount of $3,130,534 was presented in income.

March 31, 2015 and 2014 (audited, in Canadian dollars)

5. LOANS FROM RELATED PARTIES

Loans from related parties are composed of the following:

	March 31, 2015	March 31, 2014
	$	$
Convertible Notes (Loans 1)	**1,007,000**	999,602
Accrued interest on Convertible Notes	**166,156**	45,316
Deferred bonus payments (Loans 2)	**253,320**	221,000
Accrued interest on deferred bonus payments	**56,997**	23,316
	1,483,473	1,289,234

In May 2013, two of the Company's executive officers advanced to the Company a total amount of $950,000 for working capital purposes ("Loans 1"). Also, these executive officers agreed to defer the receipt of bonus payments in the amount of $221,000 (US$200,000) ("Loans 2") which had become payable in February 2013, when the Company publicly announced a resource estimate on its Matthews Ridge project. In August 2013, the independent directors of the Board of Directors of the Company approved the terms and conditions of Loans 1 and 2, including a 1% interest rate per month.

In November 2013, the independent directors approved amendments to the terms of the loans. On December 9, 2013, upon receipt of the TSXV approval, the Company replaced the Loans 1 and accrued interest with convertible notes having an aggregate principal amount of $1,007,000 (the "Convertible Notes"). The Convertible Notes 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, 2015 (following an amendment to the repayment schedule dated June 5, 2014), either in cash or in common shares of the Company, at the option of the holder. The conversion price for the outstanding principal of the Convertible Notes is $0.14 per share, and the conversion price of the accrued interest on the Convertible Notes 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 the Convertible Notes at any time.

The Convertible Notes were determined to be compound instruments. As the Convertible Notes are convertible into common shares, the liability and equity components are presented separately. The initial carrying amount of the financial liability was determined by discounting the stream of future payments of interest and principal. Using the residual method, the carrying amount of the conversion feature is the difference between the principal amount and the carrying value of the financial liability. The Convertible Notes, net of the equity component are accreted using the effective interest rate method over the term of the Convertible Notes, such that the carrying amount equals the face value of the Convertible Notes at maturity.

March 31, 2015 and 2014 (audited, in Canadian dollars)

5. LOANS FROM RELATED PARTIES (continued)

The Loans 2 bear interest at the rate of 1% per month starting on May 15, 2013. The principal amount of the Loans 2 as well as accrued interest 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 the Loans 2 as well as accrued interest may be demanded in full by the lenders at any time after June 30, 2015 (following an amendment to the repayment schedule dated June 5, 2014).

The Convertible Notes are detailed as follows:

	March 31, 2015	March 31, 2014
	$	$
Amount of Loans 1, including accrued interest	**999,602**	1,007,000
Equity portion of the Convertible Notes	**-**	(17,935)
Accretion	**7,398**	10,537
Liability portion of the Convertible Notes	**1,007,000**	999,602

March 31, 2015 and 2014 (audited, in Canadian dollars)

6. INCOME TAXES

The income tax provision differs from the amount resulting from the application of the combined Canadian statutory income tax rate as follows:

		Year ended March 31, 2015		Year ended March 31, 2014
		$		$
Loss before income tax		**(3,606,067)**		(5,098,357)
Tax using the Company's domestic tax rate	**26.90%**	**(970,032)**	26.90%	(1,371,458)
Share-based remuneration	**(0.05%)**	**1,703**	(2.80%)	142,937
Effect of tax rate in foreign jurisdictions	**(2.56%)**	**92,384**	18.93%	(965,199)
Effect of foreign exchange due to consolidation	**(10.84%)**	**390,926**	(10.11%)	515,372
Non-deductible expenses	**1.20%**	**(43,129)**	4.53%	(231,082)
Unrecognized tax assets	**(2.49%)**	**89,938**	(38.00%)	1,937,352
Expired non-capital loss carry-forwards	**(12.94%)**	**466,550**	-	-
Others	**2.23%**	**(80,739)**	(0.62%)	31,596
Income tax expense (recovery)	**1.45%**	**(52,399)**	(1.17%)	59,518

Unrecognized deductible temporary differences for which no deferred tax assets have been recognized are presented in the following tables. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profits will be available against which the Company can utilize the benefits therefrom.

				March 31, 2015
	Guyana	**United States**	**Canada**	**Total**
	$	**$**	**$**	**$**
Non-capital loss carry-forwards	**62,547,223**	**16,363,744**	**13,975,429**	**92,886,396**
Capital loss carry-forwards	**311,478**	**14,546,116**	**8,436,931**	**23,294,525**
Unrealized capital losses	**-**	**-**	**26,363**	**26,363**
Property and equipment	**3,798,990**	**-**	**457,790**	**4,256,780**
Exploration and evaluation assets	**-**	**-**	**16,701,207**	**16,701,207**
Share issue expenses	**-**	**-**	**497,784**	**497,784**
Other	**-**	**-**	**139,682**	**139,682**
	66,657,691	**30,909,860**	**40,235,186**	**137,802,737**

March 31, 2015 and 2014 (audited, in Canadian dollars)

6. INCOME TAXES (continued)

				March 31, 2014
	Guyana	United States	Canada	Total
	$	$	$	$
Non-capital loss carry-forwards	58,616,571	14,282,424	14,038,405	86,937,400
Capital loss carry-forwards	274,051	12,695,982	8,278,407	21,248,440
Unrealized capital losses	-	-	812,637	812,637
Property and equipment	2,866,898	-	406,136	3,273,034
Exploration and evaluation assets	6,374	-	16,734,917	16,741,291
Share issue expenses	-	-	1,004,640	1,004,640
Other	-	-	139,682	139,682
	61,763,894	26,978,406	41,414,824	130,157,124

Losses carried forward as at March 31, 2015 will expire as follows:

	United States	Canada
	$	$
2024	59,374	-
2025	413,188	-
2026	1,110,017	1,460,212
2027	14,781,165	1,458,642
2028	-	1,088,068
2029	-	1,262,881
2030	-	338,915
2031	-	833,035
2032	-	1,930,034
2033	-	1,746,086
2034	-	2,167,680
2035	-	1,689,876
	16,363,744	13,975,429

The Company’s wholly-owned subsidiary in Guyana also has a loss carry-forward of $62,547,223 at March 31, 2015, available indefinitely to reduce taxable income in future years.

March 31, 2015 and 2014 (audited, in Canadian dollars)

7. SHARE CAPITAL

Authorized and issued

Unlimited number of common shares and unlimited number of preferred shares, issuable in series.

At March 31, 2015 and 2014, the Company had 180,317,936 issued and outstanding common shares.

Issuance of securities

No securities were issued during the years ended March 31, 2015 and 2014.

8. STOCK OPTIONS

Stock option plan

The shareholders of the Company have adopted and approved a stock option plan (the "2004 Stock Option Plan") for employees, officers, directors and consultants to the Company and its affiliates. The Board of Directors has delegated the authority to oversee the 2004 Stock Option Plan to the Compensation and Corporate Governance Committee of the Company (the "Compensation Committee"). The Compensation Committee may determine the time during which any options may vest. The exercise price of an option shall not be lower than the closing price of the common shares on the TSXV on the last trading day prior to the date of the grant. The options shall be for such periods as the Compensation Committee determines up to a maximum of five years. The maximum number of common shares issuable pursuant to the 2004 Stock Option Plan shall in no event exceed 10% of the total number of common shares outstanding from time to time.

The following table sets out the activity in stock options:

		Year ended March 31, 2015		Year ended March 31, 2014
	Number	**Weighted average exercise price ($)**	Number	Weighted average exercise price ($)
Options, beginning of year	**12,015,000**	**0.95**	12,565,000	0.92
Granted	**-**	**-**	1,250,000	0.13
Forfeited	**-**	**-**	(50,000)	(1.67)
Expired	**-**	**-**	(1,750,000)	(0.11)
Options, end of year	**12,015,000**	**0.95**	12,015,000	0.95

March 31, 2015 and 2014 (audited, in Canadian dollars)

8. STOCK OPTIONS (continued)

On September 18, 2013, the Company granted 1,250,000 stock options to two of its executive officers. The options which vested on the date of grant have a five year term and are exercisable at a price of $0.13 per share. On the grant date, the market price of the Company's shares was $0.11. The fair value of the stock options was estimated at $0.09 per option by applying the Black-Scholes option pricing model, using an expected time-period of 5 years, a semi-annual weighted-average risk-free interest rate of 2.1%, a volatility rate of 112.8% and a 0% dividend factor. The underlying expected volatility was determined by reference to historical data of Reunion Gold's share price over the expected stock option life. No special features inherent to the stock options granted were incorporated into the measurement of fair value. At March 31, 2015, no cost remaining to be charged to income in future periods related to the grant of stock options ($6,329 at March 31, 2014).

The following table reflects the stock options issued and outstanding at March 31, 2015:

Issue date	Number of stock options	Exercise price	Remaining contractual life (years)	Number of exercisable options	Exercise price of exercisable options
		$			$
September 13, 2010	3,700,000	0.30	0.5	3,525,000	0.30
April 27, 2011	3,000,000	2.00	1.1	3,000,000	2.00
June 22, 2011	765,000	1.67	1.2	765,000	1.67
July 4, 2011	75,000	1.59	1.3	75,000	1.59
August 22, 2011	100,000	1.28	1.4	100,000	1.28
November 2, 2011	250,000	1.00	1.6	250,000	1.00
November 14, 2011	1,000,000	1.00	1.6	1,000,000	1.00
April 12, 2012	1,875,000	0.73	2.0	1,875,000	0.73
September 18, 2013	1,250,000	0.13	3.5	1,250,000	0.13
	12,015,000	0.95	1.4	11,840,000	0.96

9. LOSS PER SHARE

The calculation of basic and diluted loss per share for the year ended March 31, 2015 was based on the loss attributable to common shareholders of $3,553,668 (a loss of $5,157,875 in 2014) and the weighted average number of common shares outstanding of 180,317,936 (180,317,936 in 2014).

Excluded from the calculation of the diluted loss per share for the year ended March 31, 2015 are 12,015,000 stock options (12,015,000 stock options in 2014) and the convertible notes because to include them would be anti-dilutive as they would have the effect of decreasing the loss per share.

March 31, 2015 and 2014 (audited, in Canadian dollars)

10. EXPLORATION EXPENSES

	Year ended March 31, 2015	Year ended March 31, 2014
	$	$
Salaries and benefits	**647,688**	1,354,852
Studies	**38,524**	1,703,143
Contractors and consultants	**51,617**	573,602
Camp costs	**88,758**	383,816
Freight, travel and transport	**86,129**	266,171
Recovery of value-added tax *(a)*	**-**	(539,650)
Income from the rental of equipment	**(204,403)**	(238,477)
Others	**190,536**	410,935
	898,849	3,914,392
Depreciation and amortization	**1,421,372**	1,996,334
Gain on disposal of exploration and evaluation assets	**(191,541)**	-
Write-down of exploration and evaluation assets (Note 4)	**193,647**	33,710
	2,322,327	5,944,436
By project		
Matthews Ridge, Guyana	**2,322,327**	5,904,328
Lely, Suriname	**-**	40,108
	2,322,327	5,944,436

(a) During the year ended March 31, 2014, the Company received from the Government of Guyana an amount of $684,468 for value-added tax (VAT) claimed for the period from August 1, 2011 to December 31, 2012. The amount in excess of the amount that had been recorded as sales tax receivable was presented as a reduction of exploration expenses.

March 31, 2015 and 2014 (audited, in Canadian dollars)

11. MANAGEMENT AND ADMINISTRATION EXPENSES

	Year ended March 31, 2015	Year ended March 31, 2014
	$	$
Salaries and benefits	**1,224,568**	1,292,385
Consulting	**96,219**	142,696
Office	**321,564**	360,329
Professional fees	**93,236**	104,255
Investor relations and travel	**96,178**	431,560
Reporting issuer costs	**21,858**	82,235
Recovery of expenses (Note 16)	**(763,312)**	(774,299)
	1,090,311	1,639,161
Depreciation	**17,944**	23,480
	1,108,255	1,662,641

12. 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 March 31, 2015, the Company's capital consisted of a deficit of $1,246,760 (equity of $2,220,725 at March 31, 2014).

The Company's properties are 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 year ended March 31, 2015. The Company is not subject to any externally imposed capital requirements at March 31, 2015. As further described in *Note 2 – Going concern*, the Company requires further financing to settle its accounts payable and accrued liabilities at March 31, 2015 and to ensure the continued activities of the Company.

13. FINANCIAL RISK MANAGEMENT

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 year ended March 31, 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 (Note 2). Accounts payable and accrued liabilities of $649,724 ($653,095 at March 31, 2014) and due to related parties of $21,385 at March 31, 2015 (nil at March 31, 2014) are due within the next three months. The repayment of the loan from related parties of $1,483,473 is due by June 30, 2016 (Note 19).

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 March 31, 2015, sensitivity to a plus or minus 1% change in interest rates would affect profit or loss by approximately $1,000 (approximately $14,700 at March 31, 2014). Loans from related parties bear interest at a fixed rate of 1% per month. Interest rate movements may affect the fair value 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 March 31, 2015, assets and liabilities denominated in a foreign currency consisted of cash of $850 ($810,460 at March 31, 2014), accounts payable and accrued liabilities of $445,781 ($123,110 at March 31, 2014) and loans from related parties (Loans 2) of $310,317 ($244,316 at March 31, 2014). 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 March 31, 2015 would be approximately $75,525 ($44,000 at March 31, 2014).

March 31, 2015 and 2014 (audited, in Canadian dollars)

13. FINANCIAL RISK MANAGEMENT (continued)

Credit risk

At March 31, 2015, the Company's financial assets exposed to credit risk are primarily composed of cash, deposits and performance bond. To mitigate exposure to credit risk, the Company has established a policy to ensure counterparties demonstrate minimum acceptable worthiness, and to ensure liquidity of available funds. The Company's management considers that all financial assets held are of good credit quality. The Company's cash is held with large Canadian-based financial institutions.

Political risk

The Company carries out its exploration activities in Guyana, South America. These activities may be subject to political, economical or other risks that could influence the Company's exploration activities and future financial situation.

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value of cash, deposits, performance bond, accounts payable and accrued liabilities, due to related parties and loans from related parties are considered to be a reasonable approximation of their fair value given the short-term maturity of these instruments.

15. SUPPLEMENTAL CASH FLOW INFORMATION

	Year ended March 31, 2015	Year ended March 31, 2014
	$	$
Finance income received, included in operating activities	**750**	5,066
Finance expense paid, included in operating activities	**-**	7,311
Non-cash items		
Current liabilities related to exploration and evaluation assets	**113,994**	52,720
Equity component of convertible loans	**-**	17,935
Reclassification of bonuses payable from payable and accruals to loans from related parties	**-**	203,200

March 31, 2015 and 2014 (audited, in Canadian dollars)

16. RELATED PARTY TRANSACTIONS

The detail of transactions between the Company and its related parties (in addition to those transactions described in Note 5), other than subsidiaries which are fully consolidated, are described below. 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.

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., 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. Such amounts recovered for management and administration services during the year ended March 31, 2015 totaled $763,312 ($774,299 in 2014). During the year ended March 31, 2015, the Company sold to Highland Copper Company Inc. intangible assets for an amount of $40,000 (nil in 2014). At March 31, 2015, the Company had an amount due to companies under common management of $21,385 (nil at March 31, 2014). Amounts due are non-interest bearing and are due within 30 days of invoice date.

Advances from related parties

In July 2013, two of the Company's executive officers advanced an amount of $340,000 (the "July 2013 Advances"). The July 2013 Advances, which bore interest at the rate of 1% per month from July 15, 2013, were repaid in full by the Company, including accrued interest of $7,311, following the receipt of funds from the termination of the Lely Option Agreement described in Note 4. The terms and conditions of the July 2013 Advances were approved in August 2013 by the independent directors of the Board of Directors of the Company.

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:

	Year ended March 31, 2015	Year ended March 31, 2014
	$	$
Salaries, bonuses and benefits	**863,489**	955,672
Consulting fees	**42,500**	70,375
Share-based remuneration	**6,329**	406,549
	912,318	1,432,596

March 31, 2015 and 2014 (audited, in Canadian dollars)

17. SEGMENTED INFORMATION

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

			March 31, 2015
	Guyana	**Canada (1)**	**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**

			March 31, 2014
	Guyana	Canada (1)	Total
	$	$	$
Performance bond	128,238	-	128,238
Exploration and evaluation assets	2,365,646	24,873	2,390,519
	2,493,884	24,873	2,518,757

(1) These assets consist of computer equipment, leasehold improvements and furniture.

18. COMMITMENTS

In addition to the commitments related to the Matthews Ridge (described in Note 4), the Company has entered into long-term lease agreement expiring in July 2017 which calls for minimum lease payments of $223,380 for the rental of office space. Minimum lease payments are $99,280 in each of 2016 and 2017 and $24,820 in 2018.

19. EVENT AFTER THE REPORTING DATE

Loans from related parties

On June 30, 2015, the Company and two of its executive officers agreed to further postpone the date on which the executive officers are entitled to demand repayment of the loans of $1,483,473 at March 31, 2015 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.

REUNION GOLD CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year ended March 31, 2015

REUNION GOLD CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2015

The following management's discussion and analysis ("MD&A") of the operations, results, and financial position of Reunion Gold Corporation ("Reunion Gold") and its subsidiaries (together the "Company"), dated July 27, 2015, covers the years ended March 31, 2015 and 2014 and should be read in conjunction with the Company's audited consolidated financial statements and related notes for the years ended March 31, 2015 and 2014 (the "March 31, 2015 and 2014 consolidated financial statements"). The March 31, 2015 and 2014 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). 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 March 31, 2015, the Company has a working capital deficit of $2,284,878 (including loans from related parties of $1,483,473 - see *Liquidities and Capital Resources* section). 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.

In August 2014, RMI applied for additional PLs in accordance with the terms of the two Permissions for Geological and Geophysical Survey ("PGGS") which had been awarded to RMI by the Government of Guyana for a three-year period in July 2011. The granting of these PLs is conditional on RMI satisfying all conditions under the Act, including demonstrating that it has the financial capacity to carry out minimum exploration work on the PLs. Given the Company's financial condition, RMI is unable to meet this requirement at this time and the Company has charged to income as write-down of exploration and evaluation assets an amount of $193,647 representing the deferred permission fees related to the PGGS that had been presented as mineral properties. The PGGS area was identified as being prospective for manganese mineralization during the exploration program conducted by RMI. There is no assurance that RMI will be able to obtain these additional PLs in the near future.

Overview on activities

The Matthews Ridge Project is currently on care and maintenance. The Company has not carried out any field activities during the year ended March 31, 2015 and all exploration and development activities have been suspended until such time as the Company has secured its funding requirements.

The Matthews Ridge Manganese Project is located in and around the site of the abandoned Matthews Ridge Manganese Mine which was operated by a subsidiary of Union Carbide Corporation from 1962 to 1968. In excess of 1.66 million tonnes of manganese concentrate were shipped from the mine site during that period. The main project footprint consists of a 15 km-long series of nine hills contained within the Matthews Ridge Formation, which hosts the manganese mineralization and is known to extend for more than 40 kilometers of strike. The Company began exploration work at Matthews Ridge in October 2010. By the end of 2012, Reunion had completed a total of 47,570 meters of diamond drilling in 735 holes, 17,361 meters of reverse circulation drilling in 283 holes, and 217 meters of Banka drilling in 119 holes. In February 2013, the Company announced an initial resource estimate for its Matthews Ridge project and in July 2013, the Company released an initial mineral reserve estimate and results of a pre-feasibility study ("PFS") for its Matthews Ridge Project. The significant reduction in manganese ore prices since the completion of the PFS may have had a negative impact on the reported resource and reserve estimates and PFS results.

During the year ended March 31, 2015, the focus of the Company has been the continued evaluation of various financing options to allow the Company to initiate the studies required to reassess the results of the PFS and choose the best option available for the development of the Matthews Ridge Project.

The Company's priorities for the current financial year is to preserve its rights in Matthews Ridge 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:

	Year ended March 31, 2015	Year ended March 31, 2014	Year ended March 31, 2013
	$	$	$
Drilling and assaying	**3,533**	28,544	3,132,776
Salaries and benefits	**647,688**	1,354,852	3,678,433
Contractors and consultants	**51,617**	573,602	2,909,378
Camp costs	**88,758**	383,816	2,519,885
Freight, travel, transport and mobilization	**86,129**	266,171	1,536,186
Studies	**38,524**	1,703,143	2,186,547
Recovery of value added taxes	**-**	(539,650)	-
Income from the rental of equipment	**(204,403)**	(238,477)	-
Others	**187,003**	382,391	1,973,633
	898,849	3,914,392	17,936,838
Depreciation and amortization	**1,421,372**	1,996,334	1,938,106
Write-down of exploration and evaluation assets (1)	**193,647**	33,710	-
Loss (gain) on disposal of exploration and evaluation assets	**(191,541)**	-	7,794
	2,322,327	5,944,436	19,882,738
Matthews Ridge, Guyana	**2,322,327**	5,904,328	19,015,419
Lely, Suriname	**-**	40,108	867,319
	2,322,327	5,944,436	19,882,738

(1) The amount of write-down of exploration and evaluation assets during the year ended March 31, 2015 represents the cost of the deferred permission fees related to the PGGS that had been presented as mineral properties (see *Mineral interest* section).

CONSOLIDATED FINANCIAL INFORMATION *(1) (2)*

Financial Position	**March 31, 2015**	March 31, 2014
	$	$
Cash	**73,713**	1,468,504
Exploration and evaluation assets	**891,192**	2,390,519
Total assets	**1,226,727**	4,213,907
Shareholders' equity (deficit)	**(1,246,760)**	2,220,725

Comprehensive Income	**Year ended March 31, 2015**	Year ended March 31, 2014	Year ended March 31, 2013
	$	$	$
Expenses and other items			
Exploration	**2,322,327**	5,944,436	19,882,738
Management and administration	**1,108,255**	1,662,641	1,526,281
Share-based remuneration	**6,329**	531,364	2,764,310
Finance income	**(750)**	(5,066)	(67,661)
Finance expense on loans and advances from related parties	**155,687**	142,446	-
Gain on termination of the Lely Option Agreement	**-**	(3,130,534)	-
Loss (gain) on foreign exchange	**14,219**	(46,930)	(153,486)
Income tax expense (recovery)	**(52,399)**	59,518	-
Net loss for the year	**(3,553,668)**	(5,157,875)	(23,952,182)
Basic and diluted loss per share	**(0.02)**	(0.03)	(0.13)
Cash flows			
Operating activities	**(1,686,450)**	(6,147,555)	(19,958,010)
Investing activities	**256,897**	5,121,222	(827,099)
Financing activities	**-**	950,000	2,471,197

(1) The Selected Consolidated Financial Information was derived from the Company's March 31, 2015 and 2014 consolidated financial statements, prepared in accordance with IFRS.

(2) The Company's 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 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:

	Year ended March 31, 2015	Year ended March 31, 2014	Year ended March 31, 2013
	$	$	$
Salaries and benefits	**1,224,568**	1,292,385	1,513,944
Consulting	**96,219**	142,696	126,455
Office	**321,564**	360,329	337,471
Professional fees	**93,236**	104,255	114,028
Investor relations and travel	**96,178**	431,560	161,175
Reporting issuer costs	**21,858**	82,235	30,360
Recovery of expenses from related parties	**(763,312)**	(774,299)	(804,832)
	1,090,311	1,639,161	1,478,601
Depreciation	**17,944**	23,480	47,680
	1,108,255	1,662,641	1,526,281

Financial Review

The Company does not yet have revenue-generating activities from its core activities. Accordingly, the Company's financial performance is largely a function of the level of exploration and development activities undertaken on its projects and the management and administrative expenses required to operate and carry out these activities as well as other items such as finance income, other income and foreign exchange gains or losses. Below is a discussion of the major items impacting net loss for the years ended March 31, 2015, 2014 and 2013.

Year 2015 compared to 2014

During the year ended March 31, 2015, the Company incurred a net loss of $3,553,668 ($0.02 per share) compared to a net loss of $5,157,875 ($0.03 per share) in 2014. The decreased loss for the year ended March 31, 2015 compared to 2014 is mainly due to a) the suspension of all field activities at the Matthews Ridge Project in light of the Company's financial situation (the detail of exploration expenses is presented in the *Exploration Expenses* section); b) lower corporate general and administration expenses due to salary reductions of the Company's management and lower investor relations expenses; and c) a decrease of

$525,035 in share-based remuneration expense as no stock options were granted during the 2015 financial year compared to the grant of 1,250,000 stock options in the 2014 financial year. In 2014, the reported loss took into account a realized gain of $3,130,534 following the termination of the Lely Option Agreement and an amount of $539,650 received during the year for value-added tax claimed in Guyana for the period from August 1, 2011 to December 31, 2012 presented as a reduction of exploration expenses.

Year 2014 compared to 2013

During the year ended March 31, 2014, the Company incurred a net loss of $5,157,875 ($0.03 per share) compared to a net loss of $23,952,182 ($0.13 per share) in 2013. The decreased loss for the year ended March 31, 2014 compared to 2013 is mainly due to a) no drilling during the year ended March 31, 2014 following the completion in September 2012 of the drilling program on the footprint at Matthews Ridge and the resulting reduction in labor and related expenses; b) a reduction in other field activities at the Matthews Ridge Project in light of the Company's financial situation; c) a realized gain of $3,130,534 during the year following the termination of the Lely Option Agreement; d) an amount of $539,650 received in 2014 for value-added tax claimed in Guyana for the period from August 1, 2011 to December 31, 2012 presented as a reduction of exploration expenses; and e) a decrease of $2,232,946 in share-based remuneration expense as 1,250,000 stock options were granted during the 2014 financial year compared to the grant of 1,875,000 stock options during the 2013 financial year.

The detail of exploration expenses is presented in the *Exploration Expenses* section. Higher management and administration expenses were incurred during the year ended March 31, 2014 due mainly to higher investor relations, travel and reporting issuer costs, attributable to listing fees on the Frankfurt stock exchange, the setting-up of an European-based investor relations program and registration fees, and travel expenses to various trade conferences.

In September 2013, the Company completed the termination of the option agreement under which the Company was entitled to acquire from Grasshopper Aluminum Company N.V. ("Grassalco") the Lely gold project in Suriname (the "Lely Option Agreement"). In consideration for the early termination of the Lely Option Agreement, Grassalco paid to the Company an amount of $5,200,000, which amount represents the exploration expenses spent by the Company on the project since entering into the Lely Option Agreement in 2007.

The share-based remuneration expense of $531,364 for the year ended March 31, 2014 relates mainly to the grant of 1,250,000 stock options during the year at a weighted-average grant date fair value of $0.09 per option compared to a share-based remuneration expense of $2,764,310 in 2013 during which period the

Company granted 1,875,000 stock options at a weighted-average grant date fair value of $0.57 per option. The share-based remuneration charged to income in 2014 and 2013 also includes the amortization of the share-based remuneration for stock options granted in prior years.

4th quarter ended March 31, 2015 compared to 4th quarter ended March 31, 2014

During the 4th quarter period ended March 31, 2015, the Company incurred a loss of $663,597 (nil per share), compared to a loss of $1,598,925 ($0.01 per share) during the 4th quarter period ended March 31, 2014.

Exploration expenses totaled $528,586 during the 4th quarter ended March 31, 2015, including a write-down of exploration and evaluation assets of $193,647 representing the deferred permission fees related to the PGGS that had been awarded to the Company in 2011 (see *Mineral interest* section), compared to $1,115,522 during the comparative period in 2014. Due to the Company's financial situation, all exploration activities during the 4th quarter ended March 31, 2015 have been suspended. During the comparative period, the Company was pursuing studies related to the potential development of a silico-manganese plant in Trinidad and Tobago.

Management and administration expenses totaled $157,649 during the 4th quarter period ended March 31, 2015 compared to $369,488 during the 4th quarter period ended March 31, 2014 due mainly to lower wages related to the Company's management.

No share-based remuneration expense was charged to income during the 4th quarter ended March 31, 2015 compared to $43,814 during the comparative period resulting from a decrease in stock options granted during the year ended March 31, 2015 compared to 2014.

Selected Quarterly financial Information

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

Period ended	Revenues	Net income (loss)	Income (loss) per share
	$ 000	$ 000	$
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
June 30, 2013	0.1	(3,364.2)	(0.02)

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 $2,284,878 at March 31, 2015, including loans from related parties of $1,483,473 (a working capital deficit of $298,032 at March 31, 2014, including loans from related parties of $1,289,234). The decrease in working capital during the year ended March 31, 2015 is attributable to exploration expenses of $898,849, management and administration expenses of $1,090,311, partially offset by the net proceeds of the sale of capital assets of $256,897.

In May 2013, two of the Company's executive officers advanced a total amount of $950,000 for working capital purposes ("Loans 1"). Also, these executive officers agreed to defer the receipt of bonus payments totaling $253,320 (US$200,000) ("Loans 2") which had become payable in February 2013, when the Company publicly announced a resource estimate on its Matthews Ridge project. Loans 1 and 2 bear interest at the rate of 1% rate per month. In December 2013 following TSXV approval, the Company replaced the Loans 1 and accrued interest with convertible notes having an aggregate principal amount of $1,007,000 (the "Convertible Notes"). The Convertible Notes, Loans 2 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 (the original maturity date of June 30, 2014 was extended to June

30, 2015 and then to June 30, 2016). Should the holder of the Convertible Notes elect to receive payment in shares, the conversion price for the outstanding principal of the Convertible Notes is $0.14 per share, and the conversion price of the accrued interest on the Convertible Notes 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 the Convertible Notes at any time. The executive officers agreed to amend the terms of Loans 2 so that Loans 2 will no longer bear interest after June 30, 2015.

The Company will need 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 through March 31, 2016. Such additional funds may be met 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 as well as the business performance of the Company. 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 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 March 31, 2015, managed capital consisted of a deficit of $1,246,760 (equity of $2,220,725 at March 31, 2014).

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 year ended March 31, 2015. The Company is not subject to any externally imposed capital requirements at March 31, 2015. The Company requires further financing to settle its accounts payable and accrued liabilities at March 31, 2015 and to ensure the continued activities of the Company (see *Financial Condition* and *Liquidities and Capital resources* sections).

Commitments

Matthews Ridge, Guyana

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 $113,940 (US $90,000) as rent for the second one-year extension ending in September 2015.

Others

The Company has entered into long-term lease agreements expiring in July 2017 which calls for minimum lease payments of $223,380 for the rental of office space. Minimum lease payments are $99,280 in each of 2016 and 2017 and $24,820 in 2018.

Off-Balance Sheet Arrangements

As of March 31, 2015, the Company has no off-balance sheet arrangements.

Significant Accounting Policies

Foreign currency translation

The Company's consolidated financial statements are presented in Canadian dollars, which is also the functional currency of Reunion Gold. The functional currency of the Company's wholly-owned subsidiaries is the US dollar. The functional currencies of the Company and its subsidiaries have remained unchanged during the reporting years. Monetary assets and liabilities denominated in a foreign currency other than the functional currency of each entity are translated at the exchange rate in effect at the reporting date, whereas non-monetary assets and liabilities denominated in a foreign currency are translated at the exchange rate in effect at the transaction date. Revenues and expenses denominated in a foreign currency are translated at the average rate in effect during the period with the exception of depreciation that is translated at the historical rate. Gains and losses on exchange arising from the translation of foreign operations are recorded in profit or loss. On consolidation, assets and liabilities are translated into Canadian dollars at the closing rate in effect at the reporting date. Income and expenses are translated into Canadian dollars at the average rate over the the reporting years. Exchange differences are presented as other comprehensive income and recognised in the currency translation adjustment reserve in equity.

Mineral properties and exploration and evaluation expenditures

Exploration and evaluation expenditures are costs incurred in the course of initial search for mineral deposits with economic potential. Costs incurred before the legal right to undertake exploration and evaluation activities has been obtained are recognized in profit or loss as incurred. The cost of acquiring licenses and other expenditures associated with the acquisition of exploration and evaluation assets are capitalized as intangible assets under mineral properties on a property-by-property basis and are carried at cost less accumulated impairment losses, if any. No amortization expense is recognized on these assets during the exploration and evaluation period. Other exploration and evaluation expenditures are expensed as incurred. Once a project has been established as commercially viable and technically feasible, mineral properties are reclassified as tangible assets and related development expenditures are capitalized. An impairment test is performed before reclassification and any impairment loss is then recognized in profit or loss. Whenever a mining property is no longer viable or is abandoned, the capitalized amounts are written-down to their net recoverable amounts with the related charge recognised in profit or loss.

Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment consists of the purchase price, the finance expense attributable to the acquisition of the asset, and all other costs directly attributable to bringing the asset to the location and condition necessary for its intended use. Where parts of an item of property, plant and equipment have a different useful life, they are accounted for as separate items of property, plant and equipment. Depreciation is recognized on a straight-line basis using the cost of an item of property, plant and equipment, less its estimated residual value, over its estimated useful life. Each asset's residual value, useful life and depreciation method are reassessed, and adjusted if appropriate, at the reporting date. Mobile equipment is depreciated over 5 years, service vehicles and other mining equipment are depreciated over 3 years, furniture is depreciated over 3 years, computer equipment is depreciated over 2 years and leasehold improvements are depreciated over the lease period. The carrying amount of an item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. The gain or loss arising from the derecognition is included in profit or loss when the item is derecognized.

Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets with finite lives to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Long lived assets that are not amortized are subject to an annual impairment assessment or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use. Value in use takes into account estimated future cash flows associated with the asset, such value being discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. In the case of exploration and evaluation assets, impairment reviews are carried out on a property-by-property basis, with each property representing a potential cash-generating unit. A previous impairment is reversed if the asset's recoverable amount exceeds its carrying amount.

Provisions and contingent liabilities

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. Timing or amount of the outflow may still be uncertain. If the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized, unless it was assumed in the course of a business combination.

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the related asset, as soon as the obligation to incur such costs arises and to the extent that such cost can be reasonably estimated. The Company had no material provisions at March 31, 2015 and March 31, 2014.

Significant accounting judgments and estimates

The preparation of the Company's consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The Company's consolidated financial statements include estimates which, by their nature, are uncertain and may require accounting adjustments based on future occurrences. Revisions to accounting estimates, judgments and assumptions are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to: i) the estimated residual values and useful lives of intangible assets and property, plant and equipment; ii) the inputs used in accounting for share-based payment transactions (using the Black-Scholes model), including volatility, probable life of options granted, time of exercise of the options and forfeiture rate; iii) management's assessment that no material restoration, rehabilitation and environmental costs should be accrued, based on facts and circumstances that existed during the period; and iv) the assessment of the Company's ability to execute its strategy by funding future working capital requirements.

New accounting pronouncements

Certain pronouncements issued by the International Accounting Standards Board (IASB) became mandatory for accounting periods beginning on or after January 1, 2014. The following new standards and amendments that are relevant to the Company have been adopted in preparing the Company's consolidated financial statements.

a) IFRIC 21, Levies

The IFRS Interpretations Committee has provided guidance on the accounting for levies in the financial statements of the entity that is paying the levy. The question relates to when to recognize a liability to pay a levy that is accounted in accordance with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*. IFRIC has been applied retrospectively in accordance with its transitional provisions and had no material effect on the consolidated financial statements for any period presented.

Accounting standards issued but not yet applied

IFRS 9, Financial Instruments

The IASB recently released IFRS 9, *Financial Instruments (2014)*, representing the completion of its project to replace IAS 39, *Financial Instruments: Recognition and Measurement*. The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new "expected credit loss model" for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting. The Company's management has yet to assess the impact of IFRS 9 on its consolidated financial statements. The new standard is required to be applied for annual reporting periods beginning on or after January 1, 2018.

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 year ended March 31, 2015, the Company recovered an amount of $763,312 ($774,299 in 2014) from companies under common management. During the year ended March 31, 2015, the Company sold to Highland Copper Company Inc. intangible assets for an amount of $40,000 (nil in 2014). At March 31, 2015, the Company had an amount due to companies under common management of $21,385 (nil at March 31, 2014). Amounts due are non-interest bearing and are due within 30 days of invoice date.

The remuneration awarded to directors and to senior key management, including the Executive Chairman, the President and CEO, the COO and the CFO totalled $912,318 during the year ended March 31, 2015 ($1,432,596 in 2014), including $6,329 as share-based remuneration ($406,549 in 2014).

B*ook 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. During the year ended March 31, 2015, the Company charged to income as write-down of exploration and evaluation assets an amount of $193,647 representing the deferred permission fees related to the PGGS that had been awarded to the Company in 2011 (see *Mineral interest* section).

Outstanding Share Data

The Company can issue an unlimited number of common shares, without par value. As at July 27, 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 year ended March 31, 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 $649,724 and due to related parties of $21,385 at March 31, 2015 are due within the next three months. The repayment of the Loans 1 and 2 from related parties of $1,483,473 is due by 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 March 31, 2015, sensitivity to a plus or minus 1% change in these rates would affect comprehensive income and equity by approximately $1,000. Loans 1 from related parties bear interest at a fixed rate of 1% per month. Interest rate movements may affect the fair value of Loans 1 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 March 31, 2015, assets and liabilities denominated in a foreign currency consisted of cash of $850 ($810,460 at March 31, 2014), accounts payable and accrued liabilities of $445,781 ($123,110 at March 31, 2014) and Loans 2 from related parties of $310,317 ($244,316 at March 31, 2014). 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 March 31, 2015 would be approximately $75,525 ($44,000 at March 31, 2014).

Credit risk

At March 31, 2015, the Company's financial assets exposed to credit risk are primarily composed of cash, deposits and performance bond. To mitigate exposure to credit risk, the Company has established a policy to ensure counterparties demonstrate minimum acceptable worthiness, and to ensure liquidity of available funds. The Company's management considers that all financial assets held are of good credit quality. The Company's cash is held with large Canadian-based financial institutions.

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. If any of the following risks, 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, at March 31, 2015, the Company had a negative working capital 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 and the state of capital market for speculative investment opportunities such as mineral projects, 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 and other metal price volatility

Metal prices fluctuate widely and are affected by numerous factors beyond the Company's control such as worldwide economic and political events and global and regional supply and demand. 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. It could also result in difficulty in the Company raising new funding, the possible impairment to the carrying value of the exploration and evaluation assets and a decrease in the Company's share price.

Mineral reserve and resource estimates

The Company's 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. Mineral resources which are not mineral reserves do not have demonstrated economic viability. 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.

Environmental risk

The Company may be subject to potential risks and liabilities associated with various environmental incidents including pollution of the environment and the disposal of waste products that could occur as a result of its mineral exploration, development and production. In addition, environmental hazards may exist at Matthews Ridge which are unknown to the Company at present which have been caused by previous or existing owners or operators of the property. To the extent the Company is subject to environmental liabilities, the payment of such liabilities or the costs that it may incur to remedy environmental pollution would reduce funds otherwise available to it and could have a material adverse effect on the Company.

Foreign Operations and Political Risk

The Company's mineral assets and operations are currently conducted in Guyana and, as such, are exposed to various levels of political, economic, and other risks and uncertainties. These risks and uncertainties may include, but are not limited to: extreme fluctuations in currency exchange rates; high rates of inflation; labour unrest; renegotiation or nullification of existing concessions, licenses, permits and contracts; illegal mining; corruption; unstable legal system; changes in taxation policies; restrictions on foreign exchange and repatriation; difficulty to find qualified personnel and social unrest. Changes, if any, in mining or investment policies or shifts in political attitude in Guyana may adversely affect the operations or future profitability of the Company.

Dilution

In order to finance future operations and development efforts, the Company may raise funds through the issue of common shares or securities convertible into common shares and this would result in dilution, possibly substantial, to present and prospective shareholders of the Company.

Competition

The Company's business is intensely competitive and the Company will compete with other mining companies, many of which have greater resources and experience. Competition in the mining industry is primarily for mineral rich properties which can be developed and can produce economically; the technical expertise to find, develop, and operate such properties; the labour to operate the properties; and the capital for the purpose of funding such properties. The Company's inability to compete with other mining companies for these resources would have a material adverse effect on the Company's results of operation and business.

Conflicts of Interest

A majority of the Company's directors and officers serve as directors or officers of other natural resource companies. Situations may arise where the directors and/or officers of the Company may be in competition with the Company. Any conflicts of interest will be subject to and governed by the law applicable to directors' and officers' conflicts of interest. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors and officers of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not the Company will participate in a particular program or transaction and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

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 result of the pre-feasibility study based on assumptions that may no longer be current; statements relating to the financial and business prospects of the Company; the acquisition of additional prospecting licences; and plan and timing of future exploration and development.

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 July 27, 2015. Additional information on the Company is available through regular filings of press releases and financial statements on SEDAR (www.sedar.com) and on the Company's website (www.reuniongold.com).