



CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three months ended June 30, 2017

In Canadian dollars

UNAUDITED

Notice to Reader

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

Reunion Gold Corporation

Consolidated Statements of Financial Position

<i>(unaudited, in Canadian dollars)</i>	June 30, 2017	March 31, 2017
	\$	\$
ASSETS		
Current		
Cash	4,100,395	4,992,291
Receivable from related parties (Note 10)	49,503	74,310
Sales taxes receivable	42,736	28,842
Other receivables (Note 3)	256,425	346,009
Prepaid expenses and deposits (Note 3)	133,201	6,813
TOTAL ASSETS	4,582,260	5,448,265
LIABILITIES		
Current		
Accounts payable and accrued liabilities	182,797	493,256
Income taxes payable	372,583	381,828
	555,380	875,084
Non-current		
Loans from a related party (Note 4)	1,166,734	1,150,289
TOTAL LIABILITIES	1,722,114	2,025,373
EQUITY		
Share capital (Note 5)	102,190,531	102,190,531
Equity component of convertible loans	17,935	17,935
Contributed surplus	14,661,806	14,602,442
Deficit	(113,903,004)	(113,282,060)
Cumulative translation adjustment	(107,122)	(105,956)
TOTAL EQUITY	2,860,146	3,422,892
TOTAL LIABILITIES AND EQUITY	4,582,260	5,448,265

Going Concern (Note 1), Commitments (Notes 3, 7 and 11) and Event after the Reporting Date (Note 11).

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

On behalf of the Board,

/s/ Réjean Gourde
Réjean Gourde, Director

/s/ Elaine Bennett
Elaine Bennett, Director

Reunion Gold Corporation

Consolidated Statements of Comprehensive Income (Loss)

	Three months ended June 30,	
<i>(unaudited, in Canadian dollars)</i>	2017	2016
	\$	\$
Expenses and other items		
Management and administration (Note 8)	320,414	120,793
Exploration (Note 9)	159,173	-
Share-based compensation	59,364	-
Depreciation and amortization	-	5,888
Gain on sale of exploration and evaluation assets	-	(541,754)
Finance expense on loans from related parties (Note 4)	20,486	30,210
Finance income	(8,793)	(1)
Loss (gain) on foreign exchange	70,300	(2,103)
Net income (loss) for the period	(620,944)	386,967
Other comprehensive loss		
Item that will not be subsequently reclassified to income		
Foreign currency translation adjustment	(1,166)	(642)
Comprehensive income (loss) for the period	(622,110)	386,325
Basic and diluted earnings (loss) per common share	(0.00)	(0.00)
Weighted average number of common shares - basic and diluted	187,451,596	180,317,936

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

Reunion Gold Corporation

Consolidated Statements of Changes in Shareholders' Equity (Deficit)

(unaudited, in Canadian dollars)	Number of issued and outstanding common shares	Equity component			Cumulative translation adjustment	Total Equity (deficit)
		Share capital	of convertible loans	Contributed surplus		
		\$	\$	\$	\$	\$
Balance at March 31, 2017	187,451,596	102,190,531	17,935	14,602,442	(113,282,060)	3,422,892
Share-based compensation	-	-	-	59,364	-	59,364
Net loss for the period	-	-	-	-	(620,944)	(620,944)
Foreign currency translation adjustment	-	-	-	-	(1,166)	(1,166)
Balance at June 30, 2017	187,451,596	102,190,531	17,935	14,661,806	(113,903,004)	2,860,146
Balance at March 31, 2016	180,317,936	101,477,165	17,935	14,411,085	(118,234,484)	(2,268,238)
Net income for the period	-	-	-	-	386,967	386,967
Foreign currency translation adjustment	-	-	-	-	(642)	(642)
Balance at June 30, 2016	180,317,936	101,477,165	17,935	14,411,085	(117,847,517)	(1,881,913)

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

Reunion Gold Corporation

Consolidated Statements of Cash Flows

(unaudited, in Canadian dollars)	Three months ended June 30,	
	2017	2016
	\$	\$
OPERATING ACTIVITIES		
Net income (loss) for the period	(620,944)	386,967
Adjustments		
Share-based compensation	59,364	-
Depreciation and amortization	-	5,888
Gain on sale of exploration and evaluation assets	-	(541,754)
Finance expense on loans from related parties	20,486	30,210
Changes in working capital items		
Receivable from related parties	24,807	(31,264)
Sales taxes receivable	(13,894)	-
Other receivables	84,209	328
Prepaid expenses	(131,199)	2,303
Accounts payable and accrued liabilities	(309,617)	18,312
	(886,788)	(129,010)
INVESTING ACTIVITIES		
Proceeds on disposal of exploration and evaluation assets	-	136,696
Effect of exchange rate changes on cash held in foreign currency	(5,108)	(5,113)
Net change in cash	(891,896)	2,573
Cash, beginning of period	4,992,291	75,388
Cash, end of period	4,100,395	77,961
Supplemental cash flow information		
Finance income received, included in operating activities	5,954	3
Non-cash item		
Other receivables related to the sale of exploration and evaluation assets	-	443,679

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

Reunion Gold Corporation

Notes to Condensed Interim Consolidated Financial Statements

June 30, 2017 (unaudited - in Canadian dollars)

1. GENERAL INFORMATION AND GOING CONCERN

Reunion Gold Corporation ("Reunion Gold" or the "Company") is a Canadian-based company. Reunion Gold is primarily engaged in the acquisition, exploration and development of gold mineral properties in the Guiana Shield region in South America. The Company's principal assets are option agreements to acquire three gold projects in French Guiana (namely, Dorlin and Haute Mana described in Note 3 and CMB described in Note 11) and an option agreement to acquire the Aremu gold project in Guyana (described in Note 3).

To date, the Company has not earned significant revenue. All financial results in these unaudited condensed interim consolidated financial statements are expressed in Canadian dollars unless otherwise indicated. Reunion Gold's common shares are listed on the TSX Venture Exchange ("TSXV") under the symbol RGD. The Board of Directors approved these unaudited condensed interim consolidated financial statements on August 16, 2017.

Going concern

These condensed interim consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of operations 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.

At June 30, 2017, management of the Company believes that it has sufficient working capital to pay for its ongoing general and administrative expenses and to meet its liabilities, obligations and existing commitments for at least the next 12 months. As described above, the Company has recently entered into agreements to acquire an interest in four gold projects located in the Guiana Shield, which will require that option payments be made and that a certain level of expenditures be incurred to maintain the agreements in good standing. The Company will need to raise funds through the issuance of equity instruments, partnership or joint venture arrangements or other means to meet future expenditure requirements. 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 sources of funding or initiatives will be available to the Company or that they will be available when such funds are required.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting* and follow the same accounting policies as the Company's most recent annual consolidated financial statements. These condensed interim consolidated financial statements do not contain all of the information and disclosures required for annual financial statements, and should be read in conjunction with the Company's annual audited consolidated financial statements for the years ended March 31, 2017 and 2016 which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

Reunion Gold Corporation

Notes to Condensed Interim Consolidated Financial Statements

June 30, 2017 (unaudited - in Canadian dollars)

3. EXPLORATION AND EVALUATION ASSETS

Option agreement on the Aremu gold project in Guyana

On May 24, 2017, the Company entered into a letter agreement to acquire an option to obtain rights, title and interest in four medium scale mining permits and fourteen (14) land claims located in Guyana, known as the Aremu project. Upon exercise of the option, the assignor will retain a right to receive an amount equal to US\$5.00 per ounce of gold to be produced from the project as reported in an approved and permitted mine plan.

Option agreement on the Dorlin gold project in French Guiana

In February 2017, the Company entered into an option agreement to acquire a 75% interest in the Dorlin project in French Guiana from Société Minière Yaou-Dorlin ("SMYD"), a subsidiary of Auplata S.A., a French company listed on Alternext. The Dorlin project consists of an 84 km² Exploitation Permit for gold, in the central west region of French Guiana. The option is subject to certain conditions precedent including the renewal of the Dorlin project permit and the completion by the Company of technical and legal due diligence on the project for a period of 120 days from the renewal date. The option will be valid for a period of five years from the date all conditions precedent are satisfied. To exercise the option, the Company will have to complete and deliver a feasibility study to SMYD within a period of four years and six months of the beginning of the option period. To maintain the option, the Company is required to spend at least US\$3 million in the first three years from the date of the option agreement. Once the option is exercised, SMYD can maintain a 25% participating interest ("PI") or can elect to receive a 5% net profit interest ("NPI"). If SMYD chooses a 25% PI, the Company will have the option to acquire an additional 5% PI from SMYD for a consideration based on the net present value as established in the feasibility study. The Dorlin project is subject to a 0.5% royalty payable to a subsidiary of Iamgold Corporation. SMYD filed an application to renew the Dorlin permit in July 2015 and it is still pending.

Option agreement on the Haute Mana gold project in French Guiana

In December 2016, the Company entered into an option agreement with Union Minière de Saül ("UMS"), an arm's length private company to acquire an 80% interest in eight contiguous mining concessions covering an area of 122.5 km² in central French Guiana (referred to as the Haute Mana gold project) by completing a preliminary economic assessment ("PEA") on the project within a period of five years (the "Option Period"). The Option Period will commence upon receipt of all required approvals including approval from the TSXV and approval of an environmental reclamation plan required to be done on the concessions as a result of past mining activities. Upon exercise of the option, the Company will be deemed to have acquired an 80% interest in the concessions. UMS will then have the option to retain its 20% participating interest or convert its interest in a 5% net profit interest or sell its 20% interest to the Company at a price to be agreed to at that time.

Reunion Gold Corporation

Notes to Condensed Interim Consolidated Financial Statements

June 30, 2017 (unaudited - in Canadian dollars)

3. EXPLORATION AND EVALUATION ASSETS (continued)

Deposit for the acquisition of exploration properties in Guyana

During the three months ended June 30, 2017, the Company paid an amount of \$129,770 (US\$100,000) as deposit for the acquisition of early-stage exploration properties in Guyana.

Sale of exploration and evaluation assets

During the year ended March 31, 2017, the Company had sold some mobile equipment, service vehicles and other equipment located at the Matthews Ridge project in Guyana. At June 30, 2017, other receivables include an amount of \$256,425 to be received from the sale of these assets (\$345,439 at March 31, 2017).

4. LOANS FROM A RELATED PARTY

Loans from a related party (being the Company's executive chairman) are composed of the following:

	June 30, 2017	March 31, 2017
	\$	\$
Convertible Note	682,876	682,876
Accrued interest on Convertible Note	320,997	300,511
Deferred bonus payment	129,770	132,990
Accrued interest on deferred bonus payment	33,091	33,912
	1,166,734	1,150,289

The Convertible Note bears 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, 2018, 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 Note is \$0.14 per share, and the conversion price of the accrued interest on the Convertible Note 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 Note at any time.

The principal amount of the deferred bonus payment as well as accrued interest (up to June 30, 2015 as the interest on the deferred bonus payments ceased to accrue after June 30, 2015) can be repaid by the Company at any time without penalty but no later than three business days after the completion of a financing for a minimum amount of \$5 million. The payment of the deferred bonus payment as well as accrued interest may be demanded in full by the lender at any time after June 30, 2018.

Reunion Gold Corporation

Notes to Condensed Interim Consolidated Financial Statements

June 30, 2017 (unaudited - in Canadian dollars)

5. SHARE CAPITAL

At June 30, 2017 and March 31, 2017, the Company had 187,451,596 issued and outstanding common shares and no outstanding share purchase warrants. No securities were issued during the three months ended June 30, 2017.

6. STOCK OPTIONS

The following table sets out the activity in stock options:

	Three months ended June 30, 2017	
	Number	Weighted average exercise price (\$)
Options, beginning of period	11,357,500	0.13
Expired	(937,500)	(0.73)
Options, end of period	10,420,000	0.08

The following table reflects the stock options issued and outstanding at June 30, 2017:

Issue date	Number of stock options	Exercise price \$	Remaining contractual life (years)	Number of exercisable options	Exercise price of exercisable options \$
September 18, 2013	625,000	0.13	1.2	625,000	0.13
February 9, 2017	9,045,000	0.07	4.6	2,881,666	0.07
February 14, 2017	750,000	0.10	4.6	250,000	0.10
	10,420,000	0.08	4.4	3,756,666	0.08

7. COMMITMENT

In addition to the commitments described in Note 3, the Company entered into a long-term lease agreement expiring in June 2020 which calls for minimum lease payments of \$297,840 for the rental of office space. Minimum lease payments are \$74,460 in 2018, \$99,280 in each of 2019 and 2020 and \$24,820 in 2021.

Reunion Gold Corporation

Notes to Condensed Interim Consolidated Financial Statements

June 30, 2017 (unaudited - in Canadian dollars)

8. MANAGEMENT AND ADMINISTRATION EXPENSES

The Company incurred the following management and administration expenses:

	Three months ended June 30,	
	2017	2016
	\$	\$
Administrative and general	246,534	99,966
Professional fees	35,061	37,958
Office	15,099	(19,845)
Investor relations and travel	22,363	805
Reporting issuer costs	1,357	1,909
	320,414	120,793

9. EXPLORATION EXPENSES

The Company incurred the following exploration expenses:

	Three months ended June 30,	
	2017	2016
	\$	\$
Contractors and consultants	87,618	-
Travel and accommodation	50,854	-
Others	20,701	-
	159,173	-

Reunion Gold Corporation

Notes to Condensed Interim Consolidated Financial Statements

June 30, 2017 (unaudited - in Canadian dollars)

10. RELATED PARTY TRANSACTIONS

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

Companies under common management

During the three months ended June 30, 2017, the Company recovered an amount of \$41,298 for administrative services provided to other TSXV-listed companies related by virtue of common management, including Highland Copper Company Inc. and Odyssey Resources Limited (\$93,505 in 2016). Such amount was presented against office expenses in Note 8. During the three months ended June 30, 2017, the Company paid or accrued an amount of \$31,437 to Highland Copper Company Inc. for administrative and legal services.

At June 30, 2017, the Company had an amount receivable from companies under common management of \$49,503 (\$74,310 at March 31, 2017). Amounts due are non-interest bearing and are due within 30 days of invoice date.

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 and the chief financial officer, is as follows:

	Three months ended June 30,	
	2017	2016
	\$	\$
Salaries and benefits	85,881	46,911
Consulting fees	101,162	13,875
Stock-based compensation	41,819	-
	228,862	60,786

Reunion Gold Corporation

Notes to Condensed Interim Consolidated Financial Statements

June 30, 2017 (unaudited - in Canadian dollars)

11. EVENT AFTER THE REPORTING DATE

Option agreement to acquire the CMB properties in French Guiana

On July 27, 2017, the Company announced that it has entered into a three-year option agreement to acquire from Compagnie Minière de Boulanger ("CMB"), an arm's length private company, a 100% interest in certain mineral properties located in French Guiana. The CMB properties include the Boulanger, Central Brief, Devez North and Devez South mineral concessions and the Carapa exploration permit (formerly known as Ste Marie).

On closing, the Company made an initial payment of EUR500,000. An additional payment of EUR500,000 will be payable on the first anniversary of the initial payment. As a condition to exercise the option, the Company is required to spend at least US\$4,000,000 on exploration and development on the properties and pay an additional amount of EUR1,000,000 to CMB. The Company will have to pay a final amount of EUR1,000,000 to CMB following approval of the transfer to the Company of the concessions and exploration permit by the French regulatory authorities. Upon exercise of the option by the Company, CMB will retain a 2% net smelter returns royalty on the properties. The option can be exercised any time between January 1, 2019 and July 25, 2020. The Company can terminate the option agreement at any time upon a 30-day notice to CMB, provided that the first anniversary payment of EUR500,000 has been paid.

MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS FOR THE THREE MONTHS ENDED JUNE 30, 2017

The following interim management's discussion and analysis – quarterly highlights ("**Interim MD&A**") of Reunion Gold Corporation ("**Reunion**" or the "**Company**") for the three months ended June 30, 2017 provides material information about the Company's business activities during the interim period and updates disclosure previously provided in the Company's management's discussion and analysis for the year ended March 31, 2017 ("**Annual MD&A**").

This Interim MD&A should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and related notes for the three months ended June 30, 2017 (the "**Interim Financial Statements**"), the Company's audited consolidated financial statements for the years ended March 31, 2017 and 2016 (the "**Annual Financial Statements**"), and the Company's Annual MD&A, including the section describing risks and uncertainties.

The effective date of this Interim MD&A is August 16, 2017.

All financial results presented in this Interim MD&A are expressed in Canadian dollars unless otherwise indicated.

Description of Business

Reunion Gold is a Canadian-based company focused on the acquisition, exploration and development of mineral projects located in the Guiana Shield region of South America. Reunion Gold's financial year-end is March 31 and its common shares trade on the TSX Venture Exchange ("TSXV") under the symbol RGD. At August 16, 2017, the Company has a cash position of \$2.7 million and 187.5 million issued and outstanding common shares.

Since the sale of its manganese mineral project in late 2016, the Company has entered into agreements entitling it to acquire interests in gold projects in the Guiana Shield, namely the Haute Mana, Dorlin and CMB projects in French Guiana and the Aremu project in Guyana.

Summary terms of the Option Agreements

CMB Gold Project, French Guiana

- Reunion entered into a three-year option agreement dated July 26, 2017 to acquire from Compagnie Minière de Boulanger (“CMB”), an arm’s length private company, a 100% interest in certain mineral properties located in French Guiana;
- the CMB Project consists of the Boulanger, Central Brief, Devez North and Devez South mineral concessions and the Carapa exploration permit (formerly known as Ste Marie);
- on closing, Reunion made an initial payment of EUR500,000 and an additional payment of EUR500,000 is payable on the first anniversary of the initial payment;
- as a condition to exercise the option, Reunion is required to spend at least US\$4,000,000 on exploration and development on the properties and pay an additional amount of EUR1,000,000 to CMB; Reunion will have to pay a final amount of EUR1,000,000 to CMB following approval of the transfer to Reunion of the concessions and exploration permit by the French regulatory authorities;
- the option can be exercised any time between January 1, 2019 and July 25, 2020;
- on exercise of the option by Reunion, CMB will retain a 2% net smelter returns royalty on the properties;
- Reunion can terminate the option agreement at any time upon a 30-day notice to CMB, provided that the first anniversary payment of EUR500,000 has been paid.

The CMB Project consists of 78.2 km² of mineral concessions and a 24 km² exploration permit located in the north-central part of French Guiana, approximately 40 km south of the capital city of Cayenne. The CMB Project is easily accessible by National Road No. 2 and a network of gravel roads. The project is underlain by a Proterozoic greenstone belt formed by the Armina and Paramaca Formations, composed by volcanic and sedimentary rocks, intruded by granites. This greenstone belt extends westwards and hosts most of the known gold mineralization and operating mines in French Guiana and Suriname. The Bureau de Recherches Géologiques et Minières (BRGM), the French geological survey, and previous titleholders conducted extensive geological mapping, soil geochemistry, trenching and diamond drilling, confirming the presence of several gold occurrences related to shear zones and hydrothermal alteration. Portions of the CMB Project were explored by ASARCO in the 1990’s, followed by Cambior and IAMGOLD. The project hosts numerous artisanal alluvial and primary gold workings. CMB has been conducting small-scale alluvial gold mining operations on the mining concessions that produced around 200,000 ounces of gold between 1994 and 2016.

The four concessions were originally granted to CMB by the French government in the late 1880s and early 1920s. Due to recent amendments to the French mining code, all concessions will expire on December 31, 2018. CMB has filed applications to renew the concessions for a period of 15 years.

Aremu Gold Project, Guyana

- on May 24, 2017, the Company entered into a letter agreement to acquire an option to obtain the rights, title and interest in four medium scale mining permits and fourteen (14) land claims located near Falls Top, Aremu River, representing a total surface of 5,164 acres;
- upon exercise of the option, the assignor will retain a right to receive an amount equal to US\$5.00 per ounce of gold to be produced from the project as reported in an approved and permitted mine plan.

The Aremu Project is located along the Aremu river, approximately 100 km south-west of the capital city of Georgetown. The Aremu Project lies along the intersection of granitoids and a greenstone belt of lower proterozoic age. It has been exploited by small scale miners for over 30 years, confined to alluvium and some quartz stringers in saprolite.

Dorlin Gold Project, French Guiana

- the Company entered into an option agreement dated February 4, 2017 to acquire a 75% interest in the Dorlin Project in French Guiana from Société Minière Yaou-Dorlin ("SMYD"), a subsidiary of Auplata S.A., a French company listed on Alternext;
- the option is subject to certain conditions precedent including the renewal of the Dorlin exploitation permit and the completion by the Company of technical and legal due diligence on the Project for a period of 120 days from the date of renewal; SMYD filed an application to renew the Dorlin permit in July 2015 and it is still pending;
- the option will be valid for a period of five years from the date all conditions precedent are satisfied;
- to exercise the option to acquire a 75% interest in the Dorlin Project, the Company will have to complete and deliver a feasibility study to SMYD within a period of four years and six months of the beginning of the option period;
- to maintain the option, the Company is required to spend at least US\$3 million in the first three years from the date of the option agreement;
- once the option is exercised, SMYD can maintain a 25% participating interest ("PI") or can elect to receive a 5% net profit interest ("NPI"); if SMYD chooses a 25% PI, the Company will have the option to acquire an additional 5% PI from SMYD for a consideration based on the net present value as established in the feasibility study;
- the Dorlin Project is subject to a 0.5% royalty payable to a subsidiary of Iamgold Corporation.

The Dorlin Project consists of an 84 km² Exploitation Permit for gold, in the central west region of French Guiana, approximately 190 km SW of the capital Cayenne, within an area open to mining activity. The

Project is underlain by rocks typical of the greenstone belts of the Guiana Shield, in the Yaou-Dorlin area, which hosts numerous small artisanal gold workings. In the 1990's substantial exploration work was conducted in the area by Guyanor Resources and Cambior. Small scale alluvial gold mining operations are being carried out on the project area.

Haute Mana Gold Project, French Guiana

- the Company entered into an option agreement with Union Minière de Saül ("UMS"), an arm's length private company, dated December 1, 2016, to acquire an 80% interest in the Haute Mana gold project by completing a preliminary economic assessment ("PEA") on the project within a period of five years (the "Option Period"); on exercise of the option, UMS will then have the option to retain its 20% participating interest or convert its interest in a 5% net profit interest or sell its 20% interest to the Company at a price to be agreed to at that time;
- the Option Period will commence upon receipt of all required approvals including approval of the TSX Venture Exchange and approval of an environmental reclamation plan required to be done on the project as a result of past mining activities.

The Haute Mana gold project consists of eight mining concessions covering an area of 121.5 km² in the central-south part of French Guiana, some 170 km SW from the capital city of Cayenne, being accessible by a forest trail and aircraft. This is one of the most prolific gold producing area of French Guiana, from at least six "camps" along the Sophie-Saul shear zone, mostly from artisanal work both in alluvial and primary sources. The region was extensively mapped and explored by the BRGM in the 1980's. Ressources Franc-Or did further exploration work in the 1990's. The eight mining concessions expire on December 31, 2018 but are renewable under certain conditions for additional terms of up to 25 years. In December 2016, UMS filed renewal applications for seven of the eight mining concessions. UMS and the Company agreed to let the other concession expire in 2018.

Outlook

Reunion intends to begin an exploration program on the CMB Project over the coming weeks. This program will follow-up previous work and include geological mapping, trenching and systematic surface sampling to confirm the continuity and geometry of the mineralized quartz veining on the project. The program will initially be focused on the Carapa and Doyle prospect areas, where artisanal mining occurred in the past. The program will define the relationship between these two mineralized areas and identify targets for a diamond drill program to commence in 2018. The Company is also planning to start a systematic exploration program at the early-stage Aremu Project in Guyana, including mapping and regional geology. Exploration work at Dorlin will begin once the renewal of the exploitation permit has been secured and at Haute Mana once all approvals have been obtained.

Qualified Person

Carlos Bertoni, *P. Geo.*, a consultant to Reunion and a qualified person pursuant to National Instrument 43-101, has reviewed and approved the scientific and technical data contained in this Interim MD&A.

Operating activities

During the three months ended June 30, 2017, the Company incurred a net loss of \$620,944 (nil per share) compared to a net income of \$386,967 (nil per share) during the three months ended June 30, 2016, which included a gain of \$541,754 on the sale of some mobile equipment, service vehicles and other equipment located at the Matthews Ridge project that it held at that time.

The increase in activities during the reporting period as a result of the option agreements entered into in French Guiana and in Guyana resulted in increased management and administration expenses during the three months ended June 30, 2017. Total management and administration expenses totaled \$320,414 during the reporting period compared to \$120,793 in 2016. Wages and fees to contractors and consultants of \$246,534 reflect the increase to the annual compensation of the Company's executive chairman and the hiring in early 2017 of a new president and CEO, and of a manager of investor relations (\$99,966 in wages and fees during the comparative period in 2016). The Company also incurred \$36,418 in audit, tax and regulatory expenses (\$39,867 in 2016), office expenses of \$15,099 (a credit of \$19,845 in 2016) and investor relations and travel expenses of \$22,363 (\$805 in 2016).

During the reporting period, the Company incurred \$159,173 in exploration expenses (nil in 2016), including \$87,618 in fees to contractors and consultants related to the evaluation of mineral properties and the planning of exploration programs and \$50,854 in travel and accommodation expenses. During the comparative period, the Company's mineral project held at that time (the Matthews Ridge manganese project in Guyana sold to a Chinese group in November 2016) was on care and maintenance and the Company had reduced its activities to a minimum during that period in order to conserve cash.

The Company also incurred an amount of \$59,364 as stock-based compensation during the three months ended June 30, 2017 (nil in 2016) following the grant of stock options to directors, officers, employees and consultants in February 2017. Finance expense on loans from related parties amounted to \$20,486 during the current period (\$30,210 in 2016) and the Company incurred an unrealized loss on foreign exchange of \$70,300 during the reporting period on cash held in US dollars (an unrealized gain on foreign exchange of \$2,103 in 2016).

Liquidities and Capital Resources

At June 30, 2017, the Company had a working capital of \$4,026,880 (at March 31, 2017, the Company had a working capital of \$4,573,181).

At June 30, 2017, management of the Company believes that it has sufficient working capital to pay for its ongoing general and administrative expenses and to meet its liabilities, obligations and existing commitments for at least the next 12 months. As described above, the Company has recently entered into agreements to acquire an interest in four gold projects located in the Guiana Shield, which will require that option payments be made and that a certain level of expenditures be incurred to maintain the agreements in good standing. The Company will need to raise funds through the issuance of equity instruments, partnership or joint venture arrangements or other means to meet future expenditure requirements. 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 sources of funding or initiatives will be available to the Company or that they will be available when such funds are required.

Other Related Party Transactions

During the three months ended June 30, 2017, the Company provided administrative services to Highland Copper Company Inc. and Odyssey Resources Limited, two TSXV-listed companies related to Reunion by virtue of common management. The services, which consist mainly of the provision of office space and telecommunication, are provided at a fixed monthly charge. Amounts recovered for administrative services during the three months ended June 30, 2017 totaled \$41,298 (\$93,505 in 2016). During the three months ended June 30, 2017, the Company paid or accrued an amount of \$31,438 to Highland Copper Company Inc. for administrative and legal services. At June 30, 2017, the Company had an amount receivable from companies under common management of \$49,504 (\$74,310 at March 31, 2017).

The remuneration awarded to directors and to senior key management, including the executive chairman, the president and chief executive officer and the chief financial officer totalled \$228,862 during the three months ended June 30, 2017 (\$60,786 in 2016).

Risk Factors

The activities of the Company are highly speculative due to the nature of its business, its present stage of development and the nature of the mineral exploration and development industry generally. Refer to the risk factors described in the Annual MD&A.

Cautionary Note Regarding Forward Looking Statements

This MD&A may contain “forward-looking information”, within the meaning of Canadian securities laws, about anticipated future events. Specifically, this MD&A includes, but is not limited to, forward-looking information

regarding: the Company's plans to exercise option agreements and to acquire an interest in a number of mineral projects; uncertainties related to the renewal of concessions and permit; uncertainties related to the Company's plan to complete exploration programs on the various projects, and uncertainties related to the Company's ability to raise sufficient financing to fund the option payments and exploration expenditures in a timely manner and on acceptable terms.

There can be no assurance that such forward looking information will occur for various reasons including that the necessary approvals and conditions for the Haute Mana option may not be obtained, the renewal of the concessions and exploitation permits described herein may be denied by the French authority, the Company may not be able to satisfy the conditions to exercise the options to acquire an interest in all or any of the projects, and the Company may not be successful in raising the required funds to finance the minimum spending requirements at CMB, the expenditures required to complete a PEA on Haute Mana and the expenditures required to complete a feasibility study on Dorlin. 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.

Additional Information and Continuous Disclosure

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).