

## **Management's Discussion & Analysis For the Third Fiscal Quarter Ended September 30, 2016**

This Management's Discussion and Analysis of the Operations ("MD&A") of TriStar Gold, Inc. ("TriStar" or "the Company") is provided to enable the reader to understand the material changes in the financial condition and operations of the Company for the third fiscal quarter ended September 30, 2016. This MD&A should be read in conjunction with the unaudited condensed consolidated interim financial statements and notes thereto for the quarter ended September 30, 2016, and the audited consolidated financial statements and notes thereto for the year ended December 31, 2015. These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). This MD&A complements and supplements, but does not form part of the Company's unaudited condensed consolidated interim financial statements for the third fiscal quarter ended September 30, 2016.

The unaudited condensed consolidated financial statements referred above are available for review under the Company's profile on the System for Electronic Document Analysis and Retrieval ("SEDAR") at [www.sedar.com](http://www.sedar.com), and the Company's website at [www.tristargold.com](http://www.tristargold.com)

This MD&A contains forward-looking statements such as statements regarding the adequacy of cash resources to carry out the Company's exploration programs, managements' expectations for the success or lack thereof of its exploration programs and the Company's need for future financing are forward looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements, expressed or implied. These forward-looking statements are based upon the beliefs, expectations, reasonable investigation and opinions of management as of the date of this report. All forward-looking statements, including those not specifically identified here-in are made subject to the cautionary language on page 21. Readers are advised to refer to the cautionary language when reading any forward looking statements.

All dollar amounts contained here-in are expressed in United States dollars ("US\$") unless otherwise indicated. The Company's unaudited condensed consolidated interim financial statements for the quarter ended September 30, 2016, and this MD&A have been prepared by management as of November 28, 2016, and were approved by the Company's Board of Directors on that date.

### **Outlook and Objectives for 2016 and 2017**

The Company is a junior exploration company with no revenue from operations and hence its activities are financed from the sale of its common stock. The amount of its cash resources determine how much work may be done on its properties. In 2016 spending was concentrated on exploration at its Castelo de Sonhos project ("CDS") in Brazil and on general and administration expenses related to administering the Company. The Company will seek additional funds in late 2016 or early 2017 to complete the planned 2017 drilling program at CDS. The level of expenditures required for 2017 has not yet been definitively determined but is generally expected to be in the \$7 to \$9 million range. In July 2016, the Company completed a private placement raising Can\$4.3 million, which funds were used, in part, to make the July cash payment of \$800,000 to the vendors of the CDS property. Additional uses of the July 2016 financing included commencing drilling at CDS and funding the Company's general and corporate expenditures. Many factors influence the Company's ability to raise funds, including the health of capital markets, the robustness of the gold market and the investors' perception of the Company's planned activities. There are no guarantees that the Company will be able to complete the financing required for funding exploration and administrative expenses in 2017.

### **Business Overview and Summary**

The Company was incorporated under the British Columbia Business Corporations Act under the name of TriStar Gold Inc., on May 21, 2010. TriStar was created to hold certain existing Brazauro assets as a result of an Arrangement Agreement between Brazauro Resources Corporation and Eldorado Gold Corporation. The completion of this Arrangement occurred on July 20, 2010.

TriStar's primary business focus is the acquisition, exploration and development of precious metal prospects, including its current focus on advancing the exploration of the CDS project in the Tapajós Gold District of Brazil's northerly Pará State. The Company is concentrating its exploration activities on the CDS property because the Company believes CDS has the potential to host several million ounces of gold (see the property description below). No work is planned in 2016 on the Bom Jardim property which is also located in Brazil.

The Company's current properties are in the exploration stage and have not yet been proven to be commercially developable. The Company defers and capitalizes expenditures associated with the direct acquisition, evaluation and exploration of mineral properties. The net capitalized cost of each mineral property is periodically compared to management's estimation of the net realizable value and a write-down is recorded if the net realizable value is less than the cumulative net capitalized costs.

The Company is subject to regulation by the Federal Mines Department in Brazil, the Departamento Nacional de Produção Mineral ("DNPM"). The Company holds exploration licenses and/or applications for exploration licenses granted or to be granted by the DNPM for CDS. The exploration licenses for CDS are subject to numerous legal requirements to maintain rights over the properties. With respect to the core exploration license on the CDS property, the Company was required to file a report by August, 2014 demonstrating sufficient exploration work has been conducted to determine the existence of a deposit, as defined by Brazilian regulations. The Company filed the required report at the end of July 2014. Within twelve months of receiving approval of this report, the Company will have to file a feasibility study along with an application for a mining concession.

## Property Information and Activity

### Castelo de Sonhos (Para State Brazil)

#### *A. New Technical Report dated March 7, 2016*

Management believed that the 2014 Technical Report (see below), while accurate in its initial resource estimation, likely failed to fully convey the true potential of the CDS property. On January 29, 2016, Tristar Gold reported the following as an exploration target range for the Castelo de Sonhos gold project: (i) tonnage between 50 and 84 million tonnes; (ii) gold grade between 1.3 and 1.6 grams per tonne; and metal content between 2.1 and 4.3 million ounces. The effective date for this 43-101 Technical Report was March 7, 2016, and it is filed on SEDAR.

**The exploration target range reported above is conceptual in nature and is NOT an estimate of mineral resources. There is no guarantee that the additional drilling required to estimate a mineral resource will be done. Nor is there any guarantee, if additional drilling and exploration is done, that the project's mineral resources will eventually reach the target range.**

The technical report provides the technical and scientific information used to support the above mentioned exploration ranges. The report utilized many different lines of evidence and honored and incorporated all past exploration and data, including: (i) available drill hole data; (ii) surface mapping and outcrop sampling; (iii) site visits and inspection of historical garimpeiro workings; (iv) hydrodynamics of fluvio-deltaic systems; (v) preliminary metallurgical test work; (vi) information from deposits in similar geological settings and (vii) reconstructions of continental plates at the time of deposition.

The Company believes the geology and mineralization of the CDS deposit is typical of a paleoplacer in which low-grade metamorphism may have remobilized gold over short distances in places. The sediments that now constitute the conglomerate bands at CDS that were formed approximately 2.0 to 2.1 billion years ago, likely in a near-shore environment or in a large inland basin close to the sea. CDS bears strong similarities to two other paleoplacers that were formed at approximately the same time and are producing mines; Tarkwa (Ghana) and Jacobina (Brazil). In all three of these deposits, gold is hosted in quartz-pebble supported conglomerates; furthermore, gold grades in all of these tend to be higher in the pebble-supported conglomerates and to generally decrease when the size, frequency, sorting and packing of pebbles indicates an environment more distal from the source, lower in energy where water would flow more slowly and would be less able to keep gold grains and large pebbles in suspension.

In all three deposits, the mineralized horizons within the conglomerate band show significant silicic and hematitic alteration, although Jacobina also contains abundant pyrite. It is believed the mineralogy of CDS is more similar to Tarkwa than Jacobina. Reconstructions of the relative locations of cratons two billion years ago indicate that they formed a supercontinent close to the South Pole. At that time, lode deposits along a central mountain range provided a source for gold that rivers and creeks could transport downhill toward the coastline.

Limited metallurgical work has been completed but recovery is anticipated to be excellent owing to the placer style of mineralization. Furthermore, the target exploration range reported herein was constrained inside hypothetical open pits utilizing , current metal prices at the date of publication and it employed a "monte-carlo simulation technique" to identify ranges of mineralization within the plausible models of the mineralization.

Below is a comparison of the geological characteristics of Castelo de Sonhos and its closest peer deposits.

	<b>Tarkwa</b>	<b>Jacobina</b>	<b>Castelos de Sonhos</b>
Age	2.1 billion years	2.0 billion years	2.0 to 2.1 billion years
Conglomerate hosted	Yes	Yes	Yes
Silification	Yes	Yes	Yes
Fuchsite in quartzites	Yes	Yes	Possible
Carbon	No	Yes	No
Hematite	Yes	Yes	Yes
Magnetite	Yes	No	Yes
Pyrite	No	Yes	Yes
Uranium	No	Yes	No
Cross bedded quartzites	Yes	Yes	Anomalous in footwall
Mineralized Thickness	Up to 8 meters	1 to 10 meters	1 to 20 meters
Open pit grade	1.2 g/t	1.9 g/t	Est 1.5 to 2.0 g/t

The Qualified Persons responsible for this Technical Report were Nicholas Appleyard, B.Sc. MAusIMM (CP), Anthony Brown, B. Met, M.Met. IMMM (C. Eng) and Mohan Srivastava, B.Sc. M.Sc. APGO (P.Geo).

#### *B. Property Overview and History of Prior Exploration*

Castelo de Sonhos consists of 31,032 hectares of mineral rights on six contiguous claims located approximately 15 kilometers (“km”) east of the paved highway (BR-163). While management believes that CDS is a single deposit, different areas are discussed to assist the reader in understanding the work underway and work performed in the past. The host rocks for the property’s gold mineralization are quartzites, meta-arenites and metaconglomerates of the Early Proterozoic (+2 billion years ago) Castelo de Sonhos Formation. The property encompasses a 15 km by 12 km plateau with an average elevation of 300 meters above the surrounding ground. The main creeks and drainages that flow from the plateau were extensively mined for alluvial gold from 1987 to 1992 and the historic gold output from these artisanal mining operations has been estimated at 250,000 to 320,000 ounces.

Barrick Gold Corp. conducted significant exploration at Castelo de Sonhos from June 1995 to November 1996 for which TriStar has recovered the exploration data, consisting of 509 stream sediment samples; 3,093 soil samples; 1,472 rock samples; 2,313 trench samples and 23 diamond drill holes for a total of 2,027 meters. All these activities led to the definition of two large strong gold soil anomalies each of which extends for more than 2.5 km as well as positive gold intercepts in trench and drill core samples.

The soil anomalies as identified by Barrick were in the Esperança South area and the Esperança Center area. The Esperança South area was 2.5 km long and 0.8 km wide with gold assays higher than 100 ppb (“parts per billion”) gold. The soil anomaly in the Esperança Center area was also 2.5 km long and 0.8 km wide but with gold assays higher than 250 ppb. These two anomalies both run north-south and are located in the same trend, being split only by the existence of a narrow valley between them. Most of the Barrick trenches and drill-holes (22 holes) were located in the Esperança South area, and only one (1) hole was drilled in Esperança Center. Of the 23 holes drilled, 11 are vertical and 16 have an average depth of about 50 meters.

#### *C. Infrastructure Considerations*

Existing infrastructure for CDS is considered good for an early stage exploration project located in northern Brazil.

Specifically, it has:

- a fully functional exploration camp is on-site;
- the camp is serviced by a 550 meter airstrip adequate for small aircraft;
- the property is accessible by a 30 km all-weather road from the nearby village of Castelo de Sonhos;
- the village of Castello de Sonhos (population circa 10,000) offers many services including banks, medical facilities, supermarkets, restaurants, hotels and light and heavy vehicle repair facilities;
- the village of Castelo de Sonhos is located on a paved highway (BR 163) affording ground access to nearby cities and port facilities; and
- a 138 kv power line parallels state highway BR163.

#### *D. Previous Exploration Activity by Tristar Gold*

From December 2010 through June 2014, the Company completed the construction of a camp, and worked at the Esperança Center, Esperança South and other areas involving the collection and assaying of 7,529 soil samples, conducted geological mapping over

4,016 points with geological descriptions, completed an airborne geophysical survey and completed 16,213 meters of core drilling in 144 drill holes. The geochemical soil sampling was conducted to confirm Barrick's results, to identify new targets and to prepare sites for the drilling campaign which the Company started in September, 2011. In 2011, an airborne geophysical survey (magnetometry and radiometry), was flown by Fugro-Lasa Brazil, covering a total of 7,019 linear kilometers in two contiguous blocks encompassing the entire mineral rights area.

The soil geochemistry sampling program performed by the Company at CDS confirmed the previous results obtained by Barrick and has not only extended the anomalous zones, but also identified new anomalous zones with the discoveries of the Esperança East and West area anomalies. The Esperança East area has been identified to the East of Esperança Center and is 2,000 meters long by 800 meters wide (gold assays higher than 100 ppb and with a maximum value of 1,617 ppb). Also, a narrower soil anomaly, which was only suggested by Barrick's sampling survey, has been better defined with the continuation of the soil sampling being carried out. This area, identified as Esperança West, extends for approximately 4,000 meters with an average width of 400-500 meters and highest gold assays between 250 ppb and 422 ppb. At CDS the main conglomerate package, which is the host for the gold mineralization, has a horseshoe shape surface expression which extends for approximately 16 kilometers. The continuing exploration performed by TriStar has expanded the gold-in-soil anomalies to a total length of approximately 18 kilometers coincident with the outcropping conglomerates.

The Company contracted Layne-Christensen do Brasil Ltda. to conduct a three phase drilling program of 16,213 meters of core drilling to test the Esperança Center and Esperança South geochemical anomalies along with the newly discovered Esperança East and Esperança West areas. The first drilling campaign (33 holes for 5,663 meters) started in September 2011 and was completed on February 2012. The second phase drilling campaign (60 holes for 6,440 meters) started in July 2012 and was completed in November 2012. The third phase drilling campaign (51 holes for 4,110 meters) started in April 2014 and was completed in June 2014. Total drilling in the three campaigns amounted to 16,213.20 meters distributed as follow:

- Esperança South area; 103 holes; 9,565 meters
- Esperança Center area; 34 holes; 5,667 meters
- Esperança East area; 5 holes; 588 meters
- Esperança West area; 2 holes; 394 meters

The significant assays for all holes have been disclosed in the news releases of February 27, 2012; April 10, 2012; October 02, 2012, November 13, 2012; January 07, 2013; June 11, 2014 and July 09, 2014 (all are filed on sedar).

The principal goals for the drilling at the Esperança South and Esperança Center areas were to add more drill holes in previously drilled sections and to fill in and extend the drilling grid in these target areas. The drill holes at Esperança East and Esperança West were the first investigative holes in these areas.

At Esperança South, the drilling was focused on extending the known mineralization along strike as well down dip. In this area, the Company has already drilled 103 holes along a 2,800 meters long drilling line which follows the strike of the soil anomaly and the open cuts worked by the local garimpeiros. Mineralization at Esperança South is still open to the south and to the north, where the known mineralization has a strike length of 2,800 meters inside a soil geochemistry anomaly that extends for over 5,500 meters. The current spacing between the traverse drilling lines, range from 50 meters to 100 meters.

In the Esperança Center area, 34 holes have been drilled to date to investigate a 2,500 meters long by 800 meters wide soil anomaly. Here the drilling campaigns were designed to fill in the grid, which has drilling lines spaced from 200 meters to 400 meters and also in a fence-like pattern, to follow mineralization along the cross-sections. At Esperança Center, the current results enhance the previous drilling results, and a mineralized zone of approximately 1,000 meters has now been defined in this portion of the deposit. The strong geochemical anomaly continues further north for at least another 1,500 meters and further drilling will be planned for this area.

A new area named Esperança East (to the east of Esperança Center) is 2,000 meters long by 800 meters wide and its gold assays range from 100 ppb to 1,617 ppb. In this area the initial drilling results on five holes are encouraging and additional drilling is needed to better define the mineralization. At Esperança West, the drilling aims to investigate its soil anomaly as well a magnetic high anomaly identified by the airborne survey and one of the two holes drilled shows positive results.

During the second quarter of 2014 the Company completed a total of 4,110 meters of infill drilling as part of a campaign designed to demonstrate sufficient economic potential for converting one of its exploration licenses to an exploitation license. Due to the success of the drill program, the Company filed a positive report with the DNPM in Brazil on July 31, 2014.

#### *E. The 2014 N.I. 43-101 Technical Report*

On August 18, 2014, the Company announced the results of its maiden NI 43-101 Resource Estimate, later filed on SEDAR on October 1, 2014, completed by RBM Consultoria Mineral Ltda. of Saquarema, Brazil. This report calculated a mineral resource of

182,000 Indicated and 98,000 Inferred ounces of gold in the Esperança South and Esperança Center zones as set out in the table below.

<b>Castelo de Sonhos Mineral Resource Statement at 0.40 g/t cut-off grade</b>						
Area	Indicated			Inferred		
	K tonnes	Au (g/t)	Au (KOz)	K tonnes	Au (g/t)	Au (KOz)
Esperança Sul	2,788	2.03	182	769	2.41	60
Esperança Centro				661	1.81	38
<b>Total</b>	<b>2,788</b>	<b>2.03</b>	<b>182</b>	<b>1,430</b>	<b>2.13</b>	<b>98</b>

<b>Castelo de Sonhos Resources at Various Gold cut-off grades</b>						
Cut-off grade (Au g/t)	Indicated			Inferred		
	K tonnes	Au (g/t)	Au (KOz)	K tonnes	Au (g/t)	Au (KOz)
0.3	2,895	1.96	182.7	1,515	2.03	99.1
0.6	2,527	2.18	177.3	1,245	2.38	95.2
0.8	2,231	2.38	170.6	1,112	2.58	92.3

The resource estimate was calculated to an average vertical depth of only 70 meters and the area covering the resource estimate represents only approximately 4 linear kilometers of the 16 linear kilometers of the gold anomaly area which is currently under exploration. None of the exploration holes were drilled through the entire conglomerate bed.

The resource is hosted in conglomerate horizons along the shallow dipping (30°) east flank of a 10 km basin with a maximum width of 7km. The same conglomerate horizon varying in width from 100 to 200 meters at surface, outcrops along the east, north and west flanks of this basin and are, in all instances, associated with strong gold in soil anomalies along the 16km strike length.

Preliminary metallurgical testing indicates promising high recovery rates. The testing shows gravity recoveries of 73% and 88.6% for size fractions of respectively 80% passing 150 microns (100 mesh) and 80% passing 53 microns (270 mesh). Through cyanidation of the gravity rejects, the recovery was increased to 95.9% and 99.6% respectively for the two size fractions. Another test was performed on column cyanide leaching on 2 mm crushed samples with an average recovery of 78.7% which could indicate the possibility of recovery by heap leaching or vat leaching.

The Qualified Person for this Technical Report was Rodrigo Mello (FAusIMM).

For further details on the current status of the Castelo de Sonhos property, please refer to the Company's most recent press releases on SEDAR at [www.sedar.com](http://www.sedar.com), and the Company's website at [www.tristargold.com](http://www.tristargold.com).

### **Bom Jardim (Brazil)**

The Bom Jardim project is located approximately 30 km north-east of the Crepori river mouth along the Tapajós river. Bom Jardim is a circular structure suggesting a large volcanic caldera. The geology of the area is composed of intermediate-acid volcanic rocks of the Uatumã Tectono-Magmatic event (1,900-1,882 Ma). The volcanic rocks are rhyodacites and latites of the Bom Jardim Formation and dacites and rhyolites of the Salustiano Formation. TriStar Gold has retained one exploration license for the Bom Jardim area measuring a total of 8,829 hectares.

No work is planned on Bom Jardim in 2016. For a description of the work performed by the Company in the past on the Bom Jardim property please refer to the MD&A for the year ended December 31, 2015, which is filed on SEDAR,

## **Overall performance for the Fiscal Year to date and the Quarter ended September 30, 2016**

During the quarter ended September 30, 2016, management's efforts successfully raised sufficient funds to initiate its drill program at CDS. The Company has completed its 2016 Phase One diamond drill program and it has made significant progress on its Phase Two drill program. Phase One consisted of a series of three step out fence holes (a total of approximately 1,500 meters) consisting of two holes per fence and was located in the southwest portion of the Esperanca South extension of the conglomerate. Phase Two will also consist of an additional six core holes (approximately 1,500 meters) comprising two holes per fence in the Esperanca Center extension

of the conglomerate. The holes drilled and assayed to date have intersected significant gold intercepts ( see the Company's news releases dated October 6, 2016, and November 1, 2016) and are confirming management's geological model as discussed in the National Instrument 43-101 Exploration Target Range estimate published on March 7, 2016 (filed on SEDAR)

### Select Annual Financial Information

The table following provides selected material financial information for the last three fiscal years reported in thousands (000's) of US dollars. In all years reported the results are audited.

	2015	2014	2013
Cash and cash equivalents	1,081.0	138.8	386.7
Total assets	12,951.2	11,243.5	9,556.2
Total shareholders' equity	10,941.1	9,385.0	8,458.2
Total revenue	nil	nil	nil
Net income/(loss) from continuing operations	(2,123.1)	(563.1)	2,838.6
Per share-basic	(0.02)	(0.01)	0.05
Per share- fully diluted	(0.02)	(0.01)	0.04
Net and comprehensive Income/(loss)	(2,123.1)	(563.1)	3,032.9
Per share-basic	(0.02)	(0.01)	0.05
Per share-fully diluted	(0.02)	(0.01)	0.04
Dividends paid	nil	nil	nil

The key highlights from the above information include the following:

- Change in cash and cash equivalents is closely correlated with changes in shareholders' equity because the sale of common stock is the Company's sole means of raising capital at present;
- The Company has no operating activities and therefore is unlikely to report positive earnings from operations;
- As discussed below the main factors impacting earnings are general and administrative expenditures, expensing of stock options and changes in the fair value of warrants liability (see the discussion below for further details on these trends); and
- The Company capitalizes expenditures at its mineral properties which is largely responsible for any increase in total assets.

### Summary of Quarterly Results

The following table includes selected quarterly financial information of the Company and is derived from unaudited interim consolidated financial statements prepared by management and the Company's audited consolidated financial statements for the periods reported. The Company's consolidated financial statements are prepared in accordance with IFRS. All amounts are reported in 000's of US dollars.

The Company is an exploration stage junior mining company. It has no operations in production and no source of sales or revenue from operations. It relies on funding its activities largely from the sale of its equity. In accordance with International Financial Reporting Standards, the Company capitalizes all expenditures made on its resource properties. As such there are only a few significant items which impact its results from operations. These items include the on-going level of general and administrative spending which, in accordance with IFRS may include the non-cash cost of stock options granted. A second major item affecting its results from operations is the change in warrants liabilities. Warrants liability changes are most significantly affected by changes in the Company's trading price of its common shares, by the change in the United States and Canadian dollar exchange rate because the Company reports its financial statements in US dollars whereas the exercise price of the Company's warrants and its underlying common stock are traded and priced in Canadian dollars ("Can\$") and by the number of warrants outstanding (a change caused by warrants being exercised and/or some warrants expiring unexercised).

Significant variances in the Company's reported income (loss) from quarter to quarter most commonly arise from those factors described above and they are difficult to anticipate in advance or to predict from past results. These factors include: (i) the vesting of incentive stock options, which results in the recording of amounts for share-based compensation expense, and (ii) the periodical valuation at fair value of warrants liabilities, which results in the recording of amounts for warrant liability fair value change. Both of these amounts may be quite large in relation to other general and administrative expenses incurred in any given quarter or fiscal year.

	Q3.2016	Q2.2016	Q1.2016	Q4.2015
Cash and cash equivalents	1,677.4	857.1	877.6	1,081.0
Total assets	15,370.4	13,232.8	13,156.3	12,951.2
Total shareholders' equity	9,946.9	9,484.2	8,694.9	10,941.1
Total revenue	nil	nil	nil	nil
Net income/(loss) from continuing operations	(2,177.4)	675.6	(2,870.6)	(1,693.0)
Per share-basic	(0.02)	0.01	(0.03)	(0.02)
Per share-fully diluted	(0.02)	(0.00)	(0.03)	(0.02)
Net and comprehensive income (loss)	(2,177.4)	675.6	(2,870.6)	(1,693.0)
Per share-basic	(0.02)	0.01	(0.03)	(0.02)
Per share-fully diluted	(0.02)	(0.00)	(0.03)	(0.02)
Dividends paid	nil	nil	nil	nil

	Q3.2015	Q2.2015	Q1.2015	Q4.2014
Cash and cash equivalents	151.3	350.8	123.3	138.8
Total assets	11,952.3	11,580.5	11,292.2	11,243.5
Total shareholders' equity	9,994.6	9,524.8	9,520.0	9,385.0
Total revenue	nil	nil	nil	nil
Net income/(loss) from continuing operations	(346.8)	(2.9)	(80.5)	2,109.8
Per share-basic	(0.00)	(0.00)	(0.00)	0.02
Per share-fully diluted	(0.00)	(0.00)	(0.00)	0.02
Net and comprehensive income/(loss)	(346.8)	(2.9)	(80.5)	2,109.8
Per share-basic	(0.00)	(0.00)	(0.00)	0.02
Per share-fully diluted	(0.00)	(0.00)	(0.00)	0.02
Dividends paid	nil	nil	nil	nil

## Discussion of Results from Operations

### Results for the three month periods ended September 30, 2016 and September 30, 2015

The table below provides a comparison of the financial performance for the three months ended September 30, 2016, to the comparable period in 2015.

	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	Change increase/(decrease)
<i>Expenses</i>			
General and admin costs	\$ 598,168	\$ 134,390	\$ 463,778
Foreign exchange (gains)	13,469	(49,143)	(62,612)
<i>Other income/ (expenses)</i>			
F.V. warrant liability change (gain)	(1,565,142)	(260,321)	1,304,821
Bank charges and interest income	(668)	(1,194)	(526)
<b>Net and comprehensive income (loss) for the quarter</b>	<b>\$ (2,177,447)</b>	<b>\$ (346,762)</b>	<b>\$ 1,830,685</b>

The net loss for the third fiscal quarter ended September 30, 2016, was \$(2,177,447) or a loss of \$(0.02) per share compared to a loss of \$(346,762) or \$(0.01) per share for the third fiscal quarter of 2015. The main difference was that in the quarter ended September 30, 2016, the Company recorded a large loss on the fair value of the Warrants Liability change which was a result of a significant increase in the Company's share price between June 30, 2016 and September 30, 2016 which was slightly offset by the weakening of the Canadian dollar against the US dollar. In 2015, the Company reported a small loss on the warrant liability. The warrants liability is fair valued using the Black-Scholes option pricing model and is initially measured in Canadian dollars which is then translated to the functional currency of the Company which is US dollars. General and administrative costs increased because management salaries are being paid effective July 1 and travel and shareholder related expenses increased due to the Company's participation in investor relations conferences and travel increased due to investor visits and site visits to CDS. Details of general and administrative spending are discussed in more detail below.

### General and Administrative Expenses

The table below provides detail of the Company's general and administrative spending for the quarter ended September 30, 2016, compared to the quarter ended September 30, 2015.

<b>Fiscal Quarter Ended</b>	<b>9/30/2016</b>	<b>9/30/2015</b>	<b>YOY Change</b>
Consulting/directors fees	\$109,768	\$ 1,786	\$ 107,982
Change in provision	6,496	-	6,496
Depreciation	304	317	(13)
Travel, etc.	53,338	8,986	44,352
Insurance	3,309	2,495	814
Office supplies, etc.	22,724	16,068	6,656
Professional fees	73,013	6,775	66,238
Rent	17,054	10,721	6,333
Exploration	4,662	164	4,498
Salaries & benefits	293,899	71,345	222,554
Shareholder relations	13,601	15,733	(2,132)
<b>Total expenses</b>	<b>\$ 598,168</b>	<b>\$ 134,390</b>	<b>\$ 463,778</b>

Significant factors which impacted expenses for the quarter ended September 30, 2016, compared to the quarter ended September 30, 2015, include the following:

- Consulting fees increased during the third quarter of 2016 because of the expensing a retainer paid to a director and corporate secretary and the expensing of stock options to a consultant;
- The increase in the provision is a function of time and the strengthening of the Brazilian Real;
- The decrease in depreciation is because a number of assets are fully depreciated and the Company has refrained from adding to its plant and equipment basis for a number of years;
- Travel has increased because of more frequent visits to the CDS property in Brazil and attendance at more investor functions;
- Professional fees increased because the Company employed a consultant to assist in certain investor relations;
- The increase in salaries and benefits is almost entirely attributable to the payment of salaries to the new management team.

### Results for the nine month periods ended September 30, 2016 and September 30, 2015

The table below provides a comparison of the financial performance for the nine months ended September 30, 2016 to the comparable period ended September 30, 2015.

	<b>Nine Months Ended September 30, 2016</b>	<b>Nine Months Ended September 30, 2015</b>	<b>Change increase/(decrease)</b>
<i>Expenses</i>			
General and admin costs	\$ 1,369,771	\$ 589,199	\$ 780,572
Foreign exchange (gains)	28,554	(94,632)	133,186
<i>Other income/(expense)</i>			
F.V. warrant liability change	(2,972,536)	68,093	3,040,629
Bank charges and interest income	(1,553)	(3,639)	2,076
<b>Net and comprehensive (loss) for the quarter</b>	<b>\$ (4,372,414)</b>	<b>\$ (430,103)</b>	<b>\$ 3,942,311</b>

The net loss for the nine-month period ended September 30, 2016 was \$(4,372,414) or \$(0.04) per share compared to a loss of \$(430,103) or \$(0.00) per share for the nine-month period ended September 30, 2015. The main difference was that in the nine-month period ended September 30, 2016, the Company recorded a large loss on the fair value of the warrant liability which was a result of a significant increase in the Company's share price for the most recent nine month reporting period. In addition, the other significant matter is the increase in G&A period over period. This increase is due to the payment of management salaries in 2016. Further information concerning general and administrative expenditures are discussed in more detail below.

### General and Administrative Expenses

The table below provides detail of the Company's general and administrative spending for the nine month period ended September 30, 2016, compared to the comparable nine months in 2015.



<b>YTD Period Ended</b>	<b>9/30/2016</b>	<b>9/30/2015</b>	<b>YOY Change</b>
Consulting/directors fees	\$ 109,768	\$ 196,090	\$ (86,322)
Change in provision	37,722	20,928	16,794
Depreciation	912	952	(40)
Travel, etc.	95,334	19,329	76,005
Insurance	9,230	7,769	1,461
Office supplies, etc.	56,492	36,035	20,457
Professional fees	141,180	36,050	105,130
Rent	46,585	33,298	13,287
Exploration	4,662	443	4,219
Salaries & benefits	820,869	203,309	617,560
Shareholder relations	47,017	34,996	12,021
<b>Total expenses</b>	<b>\$ 1,369,771</b>	<b>\$ 589,199</b>	<b>\$ 780,572</b>

Significant factors which impacted expenses for the nine months ended September 30, 2016, compared to the same period in 2015, include the following:

- Consulting fees decreased because in 2016 because of a reduction in stock option compensation expense (Company directors do not receive cash remuneration for their work as a director);
- The change in the provision was largely a function of the Brazilian real strengthening during the recent quarter;
- Travel has increased due to an increase in investor meeting and an increase in site visits to the CDS property to complete the March 2016 N.I. 43-101 report and to plan the 2016/2017 drill program;
- Professional fees increased because the Company employed a consultant to assist in some investors relations activities and for generic geologic consulting;
- The increase in salaries and benefits is attributable to the new management team that joined the Company in December 2015; and
- The Company has increase its participation at a number of industry investor conferences and spent considerable effort in revamping its shareholder information (i.e. website and investor information packages), plus in the third quarter the Company incurred costs relating to the AGM.

#### *Income from Operations*

The Company has not received any revenues from mining operations since inception. During the quarter ended September 30, 2016, the Company received an immaterial amount of interest income from invested cash balances.

#### **Impact of Inflation**

The Company has no source of revenue and therefore inflation effects relate primarily to the exploration costs in Brazil which are affected by both worldwide and country specific inflationary trends. In addition, as country specific inflation impact relative foreign exchange rates, then inflation in Brazil compared to inflation in the US may impact the relative value of the Brazilian real compared to the US dollar which would impact the reported US dollar cost of doing business in Brazil.

#### **Trend Information**

The cyclical nature of the prices of metals, particularly the price of gold, is reasonably likely to have an effect on the Company's liquidity and capital resources. If the price of gold or the worldwide demand for gold decreases, there would likely be an adverse effect on the Company's ability to raise additional funding or to attract exploration partners for its properties.

### **Financial Condition: Liquidity and Capital Resources.**

The Company has properties that have not yet proven to be developable due to the limited mineral resource currently estimated, and has no revenues from mining operations. The rights and interests in the Castelo de Sonhos and Bom Jardim properties in Brazil constitute the Company's current mineral holdings. The Company's future financial success will depend on the discovery of one or more economic mineral deposits. This process can take many years, can consume significant financial resources and is largely based on factors that are beyond the control of the Company and its management. The Company has implemented cash conservation measures and continues to review any and all opportunities for further reductions in expenditures. The majority of the Company's

financial commitments are related to property payments and the level of exploration activity in Brazil and for continuing the Company's financial reporting requirements.

On May 6, 2015, the Company reached an agreement with the vendor of the CDS property under which the final payment of \$1,500,000, originally due in July 2015 has been extended with payments of \$500,000 paid in July 2015, \$300,000 paid in January 2016 and \$800,000 was paid in July 2016. The Company also issued 1,000,000 shares of TriStar to the vendor in July 2016.

**The Company requires additional funding in late 2016 or early 2017 to continue with its planned exploration activities at the CDS property and is in the process of attempting to obtain this funding. The amount the Company is seeking to raise is between \$7 and \$9 million. The uses of these funds includes approximately 20,000 meters of step out reverse circulation drilling (approximately \$3 million), the preparation of a scoping study as required under Brazilian law (approximately \$3.5 to \$4 million) and for general administrative expenditures.**

To date, the Company has financed its activities by the private placement of equity securities. In order to continue funding their exploration activities and corporate costs, exploration companies are usually reliant on their ongoing ability to raise financing through the sale of equity. This is dependent on positive investor sentiment, which in turn is influenced by a positive climate for the commodities that are being explored for, the company's track record, and the experience and caliber of its management.

In July the Company completed a private placement raising gross proceeds of approximately Can\$4.3 million which funds were used in July to make the final scheduled payment of \$800,000 to the vendors of the CDS property and for general working capital requirements.

**The Company will seek additional equity financing during late 2016 or early 2017 in the amount and for the purposes previously discussed. If additional equity is not available, the Company may seek exploration partners to assist in funding acquisition or exploration efforts. The Company has historically been able to successfully raise capital as required for its business needs; however, no assurances can be made by the Company that it can continue to raise debt or equity capital in the future.**

On September 30, 2016, the Company had working capital of \$1,316,557 which included \$1,677,396 in cash and cash equivalents compared to working capital of \$605,162 including \$1,081,011 in cash and cash equivalents at December 31, 2015.

#### *Mineral Properties and Deferred Expenditures*

During the third fiscal quarter ended September 30, 2016, the Company incurred \$206,291 in exploration expenses and property acquisition costs of \$1,077,452 related to the Company's CDS property (2015 third quarter spending at CDS totaled \$564,907) and during this recently completed quarter the Company made the final cash and common stock payments pursuant to the CDS purchase agreement. The year to date spending at CDS is \$1,774,285 of which \$1,377,452 was for acquisition costs. For the nine month period ended September 30, 2015, the Company had recorded \$697,021 in capitalized exploration spending and acquisition costs at CDS.

The Company's total mineral properties and deferred expenditures increased to \$13,621,378 at September 30, 2016, from \$11,847,093 at December 31, 2015, as a result of property payments and exploration work at CDS. Spending at Bom Jardim in 2016 was \$nil because the Company allocated what cash was available to the more advanced CDS property.

### **Risks and Uncertainties**

An investment in the Company's common shares is highly speculative and subject to a number of risks. Additional risks that the Company is unaware of or that are currently believed to be immaterial may become important factors that affect the Company's business. If any of the following risks occur, or if others occur, the Company's business, operating results and financial condition could be adversely impacted.

The Company is in the mineral property acquisition, exploration and development business and is exposed to a number of operational, financial, regulatory and other risks and uncertainties that are typical in the natural resource industry and common to other companies of like size and stage of development. These risks may not be the only risks faced by the Company. Additional risks and uncertainties not presently known or considered immaterial by the Company could adversely impact the company's business, results of operation, and financial performance in future years.

The Company's business plan is to acquire additional exploration prospects, continue exploration activities on its current projects, and, if warranted, undertake development and mining operations, and this plan is subject to numerous risks and uncertainties, including the following:

### *General economic and financial market conditions*

Since mid 2008, there has been heightened global economic uncertainty, increase financial and commodity market volatility, slower economic growth, reduced investor confidence, greater shareholder and other stakeholder activism, bank failures and reduced credit availability. These economic events have had a negative effect on commodity markets which has secondarily impacted participants in the mining and exploration industries. This macro-environment may impact the ability of the Company to raise financing and/or implement its exploration and development plans.

### *Metal price risk*

The price of gold significantly affects the value of the Company's own securities and investments and the recoverable value of its exploration projects and its ability to raise financing.

### *Geo-political Risk*

The Company's exploration properties are located in Brazil and it has no country diversification with respect to its principal assets. Therefore, any political or social disruptions unique to Brazil would have a material impact on the operations of the Company and its financial performance and stability. Additionally, the Company's projects are subject to the laws of Brazil and can be negatively impacted by the existing laws and regulations of that country, as they apply to mineral exploration, land ownership, royalty interests and taxation, and by any potential changes of such laws and regulations.

Properties in which the Company has an interest are located in the Amazon Basin in Brazil, which may be of particular interest or sensitivity to one or more special interest groups. Consequently, mineral exploration and mining activities in those areas may be affected in varying degrees by political uncertainty, expropriations of property and changes in applicable government policies and regulation such as business laws, environmental laws, land claims entitlements or procedures and mineral rights and mining laws affecting the Company's business in that area. Any changes in regulations or shifts in political conditions are beyond the control or influence of the Company and may adversely affect its business, or if significant enough, may result in the impairment or loss of mineral concessions or other mineral rights, or may make it impossible to continue its mineral exploration and mining activities in such areas.

### *Exploration and Development Stage Risk*

Exploration for mineral resources involves a high degree of risk, the cost of conducting exploration programs may be substantial and the probability of success is difficult to assess.

Resource exploration and development is a highly speculative business, characterized by a number of significant risks including, but not limited to, unprofitable efforts resulting not only from the failure to discover minerals deposits but also from finding mineral deposits that, though present, are insufficient in size and quality to justify development or if developed generate profits and cash flows. Few exploration projects successfully achieve development due to factors that cannot be predicted or anticipated and even one unexpected factor may result in the economic viability of the project being detrimentally impacted such that the project cannot be developed or operations continue. The Company closely monitors its activities and those factors that could negatively impact them and the Company's employees and its advisors assist in risk management and to make timely decisions regarding future property expenditures.

Other risks associated with projects in the exploration and development stage which could cause delays or prohibit the advancement of the project including delays in obtaining required government approvals and permits and the inability to obtain suitable or adequate machinery, equipment, access, power or labor.

It is impossible to ensure that the current development programs planned by the Company will result in a profitable commercial mining operation. Mineral deposits and production costs are affected by such factors as environmental permitting regulations and requirements, weather, environmental factors, foreign exchange changes, inflation, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions.

### *Need for Additional Funding*

Additional funding is required by the Company to continue as a going concern. The Company is in the process of trying to raise additional cash through the sale of its common stock or some alternative arrangement. However, there is no guarantee that the Company will be able to raise sufficient funds to meet existing and future obligations such as future general and administrative expenditures (circa \$3 million per year) and management's plans for advancing exploration at CDS (estimated at between approximately \$5 million to \$7.0 million in 2017).

The inability of the Company to raise further equity financing could adversely affect the Company's business plan, including its ability to acquire additional properties and perform exploration activities on, and maintain its ownership of existing properties.

#### *Title to Properties*

The Company cannot guarantee title to all of its properties as the properties may be subject to prior mineral rights applications with priority, prior unregistered agreements or transfers or indigenous peoples' land claims, and title may be affected by undetected defects. Certain of the mineral rights held by the Company are held under applications for mineral rights or are subject to renewal applications and, until final approval of such applications is received, the Company's rights to such mineral rights may not materialize and the exact boundaries of the Company's properties may be subject to adjustment. The Company does not maintain title insurance on its properties.

#### *Environmental Laws*

The exploration programs conducted by the Company are subject to national, state and/or local regulations regarding environmental considerations in the jurisdiction where they are located. Most operations involving exploration or production activities are subject to existing laws and regulations relating to exploration and mining procedures, reclamation, safety precautions, employee health and safety, air quality standards, pollution of stream and fresh water sources, odor, noise, dust, and other environmental protection controls adopted by federal, state and local governmental authorities as well as the rights of adjoining property owners. The Company may be required to prepare and present to federal, state or local authorities data pertaining to the effect or impact that any proposed exploration or production of minerals may have upon the environment. All requirements imposed by any such authorities may be costly, time consuming, and may delay commencement or continuation of exploration or production operations.

#### *Operating Hazards and Risks*

The Company's operations are subject to hazards and risks normally associated with the exploration and development of mineral properties, any of which could cause delays in the progress of the Company's exploration and development plans, damage or destruction of property, loss of life and/or environmental damage. Some of these risks include, but are not limited to, unexpected or unusual geological formations, rock bursts, cave-ins, flooding, fires, earthquakes; unanticipated changes in metallurgical characteristics and mineral recovery; unanticipated ground or water conditions; industrial or labor disputes; hazardous weather conditions; cost overruns; land claims; and other unforeseen events. A combination of experience, knowledge and careful evaluation may not be able to overcome these risks.

The nature of these risks is such that liabilities may exceed any insurance policy limits, the liabilities and hazards might not be insurable or the Company might elect to not insure itself against such liabilities due to excess premium costs or other factors. Such liabilities may have a material adverse effect on the Company's financial condition and operations and could reduce or eliminate any future profitability and result in increased costs and a decline in the value of the securities of the Company.

#### *Competition*

The mineral industry is intensely competitive in all its phases. The Company competes with many companies possessing greater financial resources and technical facilities than itself for the acquisition of mineral concessions, claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees.

#### *Potential Dilution to Existing Shareholders*

The Company will require additional financing in order to complete full exploration of its mineral properties. The Company anticipates that it may sell additional equity securities including, but not limited to, its common stock, share purchase warrants or some form of convertible security. The effect of additional issuances of equity securities will result in dilution to existing shareholders.

#### *Insurance Coverage*

Mineral exploration is subject to risks of human injury, environmental and legal liability and loss of assets. The Company may elect to not have insurance for certain risks because of the high premiums associated with insuring those risks or, in some cases, insurance may not be available for certain risks. Occurrence of events for which the Company is not insured could have a material adverse effect on the Company's financial position or results of operations.

## Key Executives

The Company's operations require employees, consultants, advisors and contractors with a high degree of specialized technical, management and professional skills, such as engineers, trades people, geologists and equipment operators. The Company competes both locally and internationally for such professionals. If the Company is unable to acquire the talents it seeks then it could experience higher operating costs, poorer results and an overall lack of success in implementing its business plans.

The Company is dependent on the services of key senior executives and certain other vice-presidents and advisors. Each of these executives has many years of background in the mining industry. The Company may not be able to replace that experience and knowledge with other individuals which may result in a material adverse effect on the Company's business, results of operation and financial performance.

## Supplemental Disclosure for Venture Exchange Issuers

The required disclosure is in note 8 in the condensed consolidated interim financial statements for the quarter ended September 30, 2016.

### Disclosure of Outstanding Share Data, Warrants and Options

#### A. Common Shares

The Company's authorized share capital consists of an unlimited number of common shares without par value.

As of the date of this report, the Company has issued and outstanding a total of 127,856,245 common shares compared to 125,106,245 outstanding as at September 30, 2016, with the increase in shares outstanding reflecting exercise of common share purchase warrants.

#### B. Common Stock Purchase Warrants

As of the date of this report the Company had 24,329,523 stock purchase warrants outstanding in accordance with the following schedule.

Expiration date	Exercise price (Can\$)	Number
December 21, 2016	0.13	10,017,174
December 21, 2016	0.20	3,035,038
January 6, 2017	0.20	4,183,207
July 7, 2018	0.55	6,618,917
July 18, 2018	0.55	475,187

#### C. Stock options for the purchase of Common Stock

TriStar has established a stock option plan for directors, senior officer employees, management company employees and consultants of TriStar and its subsidiaries. Under the terms of the plan, the options may be exercisable over periods of up to ten years at the option of the Board of Directors, and the exercise price of each option equals the closing market price of the Company's stock on the trading day immediately before the date of grant. Options are issued at the discretion of the Board of Directors and typically vest in full upon grant.

As of the date of this report, the company had a total of 13,590,000 stock options outstanding in accordance with the following schedule.

Expiry date	Exercise price (Can \$)	Number
August 22, 2017	0.45	840,000
April 29, 2019	0.15	1,750,000
February 11, 2020	0.20	1,600,000
December 9, 2020	0.18	8,650,000
April 18, 2021	0.28	750,000

#### *D. Compensation Warrants Granted to Brokers and their Agents*

As part of the July 2016 private placement, the Company granted a total of 611,872 compensation options to the brokers for their efforts in raising a portion of the total proceeds raised in the July private placement. These broker compensation options provides the holder the right to acquire one common share of the Company at a price of Can\$0.30 until July 7, 2018.

### **Financial Instruments**

#### *Non-derivative financial assets*

The Company recognizes all financial assets initially at fair value and classifies them into one of the following four categories: held-to-maturity, available-for-sale (“AFS”), loans and receivables or other financial assets, or fair value through profit or loss (“FVTPL”). Financial instruments held to maturity and loans and receivables are measured at amortized cost. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss). Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in net income (loss).

The fair value of financial instruments traded in active markets (such as FVTPL and AFS securities) are based on quoted market prices at the date of the statement of financial position.

The Company has classified cash and cash equivalents and receivables as loans and receivables. The fair value of cash and cash equivalents and accounts receivable are approximated by their carrying value due to the short term nature of these financial instruments.

#### *Non-derivative financial liabilities*

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities. Financial liabilities classified as FVTPL are measured at fair value with unrealized gains and losses recognized in the statement of comprehensive income (loss). Other financial liabilities are initially measured at fair value net of transaction costs and subsequently measured at amortized cost.

Accounts payable and accrued liabilities and provisions are classified as other financial liabilities. The fair value of accounts payable and accrued liabilities are approximated by their carrying value due to the short term nature of these financial instruments.

#### *Derivative instruments*

Derivative instruments are recorded at fair value on initial recognition and at each subsequent reporting period. Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are recorded in net income or loss.

The Company’s share purchase warrants with exercise prices in Canadian dollars are derivative liabilities and accordingly, they are recorded at fair value at each reporting period, with the gains or losses recorded in the statement net income or loss.

### **Financial Instruments and Management of Financial Risk**

The Company is exposed to potential loss from various risks including currency risk, interest rate risk, liquidity risk, market risk and commodity price risk.

#### **Market Risks**

The significant market risks to which the Company is exposed include commodity price risk, foreign exchange risk and interest rate risk.

#### **Credit Risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. At September 30, 2016, the financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents, and accounts receivable. The Company invests any excess cash balances in short-term, highly liquid and highly-rated financial instruments such as cash and short-term guaranteed deposits, all held with financial institutions in Canadian and the United State. Management considers that its exposure to credit risk is low.

## **Liquidity Risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations associated with its accounts payable and accrued liabilities.

The Company attempts to manage liquidity risk by maintaining sufficient cash and cash equivalents balances. Liquidity requirements are managed based on expected cash flow to ensure there is sufficient capital to meet short-term obligations. At September 30, 2016, the Company had cash and cash equivalents of \$1,677,396 and accounts payable and accrued liabilities of \$125,600.. The Company anticipates that it will need to obtain additional financing in late 2016 or early 2017 to fund planned exploration work at CDS.

## **Commodity Price Risk**

The Company's ability to raise capital to fund exploration or development activities is subject to risk associated with fluctuations in the market price of gold. The Company does not have any properties in production and therefore has no sales revenue or cash flow from operations. Nor does it undertake any hedging or other commodity price management techniques.

The international price of gold has historically fluctuated widely and is affected by numerous factors outside of the Company's control, including, but not limited to, levels of worldwide production, short-term changes in supply and demand, industrial and retail demand, central bank lending, the relative strength of the US dollar vis a vis other currencies, the monetary policies of governments and forward sales by producers and speculators. The Company does not actively manage its gold price risk.

## **Interest Rate Risk**

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In respect of financial assets, the Company's policy is to invest cash at variable rates of interest in cash equivalents, in order to maintain liquidity, while achieving a low risk market return. The Company is exposed to interest rate risk on its short-term investments which are included in cash and cash equivalents. The short-term investment interest earned is based on prevailing one to 90 days market interest rates which may fluctuate. The Company has not entered into any derivative contracts to manage this risk.

## **Currency risk**

The Company operates in United States of America, Canada, and Brazil. As a result, the Company has foreign currency exposure with respect to items not denominated in United States dollars. The three main types of foreign exchange risk of the Company can be categorized as follows:

### Transaction exposure

The Company operates and incurs costs in three main currencies; the US dollar, the Canadian dollar and the Brazilian real. This creates exposure at the operational level, which may affect the Company's profitability as exchange rates fluctuate. The Company has not hedged its exposure to currency fluctuations.

### Translation exposure

A strengthening of the U.S. dollar by 10% against the Canadian dollar and the Brazilian Real at September 30, 2016, with all other variables held constant would have decreased the Company's before tax net loss by approximately \$425,000 (at September 30, 2015 would have decreased the Company's before tax net loss by approximately \$188,000) as a result of a change in value of the financial assets and liabilities denominated in those currencies.

### Exposure to currency risk

The Company is exposed to currency risk through the following assets and liabilities denominated in currencies other than the United States dollar: cash and cash equivalents, accounts receivables, prepaid expenses, accounts payables and other liabilities, provisions and warrants liability. The currencies of the Company's financial instruments and other foreign currency denominated liabilities, based on notional amounts, were as follows:

	September 30, 2016		December 31, 2015	
	Canadian dollar	Brazilian Real	Canadian dollar	Brazilian Real
Cash and cash equivalents	\$ 1,126,105	\$ 11,857	\$ 568,754	\$ 11,905
Accounts receivable	37,131	6,920	3,213	1,629
Prepaid expenses	16,715	440	8,022	3,015
Accounts payable and accrued liabilities	(66,798)	(43,271)	(48,072)	(31,407)
Provisions	-	(305,513)	-	(218,313)
Warrants liability	(4,992,384)	-	(1,512,370)	-
<b>Net balance sheet exposure</b>	<b>\$ (3,879,231)</b>	<b>\$ (329,567)</b>	<b>\$ (980,453)</b>	<b>\$ (233,171)</b>

### Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices other than those arising from interest rate risk, financial market risk or currency risk. As at September 30, 2016, the Company has negligible other price risk.

### Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values are determined directly by reference to published price quotations in an active market, when available, or by using a valuation technique that uses inputs observed from relevant markets.

The fair value hierarchy categorizes into three levels the inputs to valuation techniques used to measure fair value.

- Level 1 inputs are unadjusted quoted prices in active markets for identical, unrestricted assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly (for example, interest rate and yield curves observable at commonly quoted interval and volatility measurements used to value option contracts), or inputs that are derived principally from or corroborated by observable market data or other means.
- Level 3 inputs are prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

As at September 30, 2016, the Company's assets and liabilities measured at fair value on a recurring basis were as follows:

	Level 1	Level 2	Level 3
<b>Assets</b>			
Cash and cash equivalents	\$ 1,677,396	\$ -	\$ -
<b>Liabilities</b>			
Warrants liability	-	4,992,384	-
	<b>\$ 1,677,396</b>	<b>\$ 4,992,384</b>	<b>\$ -</b>

The following table provides the carrying value and the fair value of financial instruments at September 30, 2016:



	<b>Carrying Amount</b>	<b>Fair Value</b>
<b>Financial assets</b>		
Cash and cash equivalents	\$ 1,677,396	\$ 1,677,396
Accounts receivable	23,340	23,340
	<u>\$ 1,700,736</u>	<u>\$ 1,700,736</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	\$ 125,600	\$ 125,600
<b>Derivative instruments</b>		
Warrants liability	\$ 4,992,384	\$ 4,992,384

### **Commitments and Contingencies**

The Company leases offices in Houston, Texas and Scottsdale, Arizona and Belem, Brazil, with expiry dates ranging between December 2016 and August, 2017 for an estimated cost of \$6,200 per month.

The Company has various property access agreements related to its projects at an estimated cost of approximately \$1,600 per month.

There are no known pending legal proceedings of a material nature to which the Company or any of its subsidiaries is a party or to which any of their properties are subject.

### **Related Party Transactions**

Key management personnel compensation comprised:

	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>September 30, 2016</b>	September 30, 2015	<b>September 30, 2016</b>	September 30, 2015
Short term employee salary and benefits:	<b>\$ 318,157</b>	\$ -	<b>\$ 658,786</b>	\$ -
Consulting fees	<b>76,155</b>	33,619	<b>145,107</b>	94,459
Stock-based compensation	-	-	-	166,868
	<u><b>\$ 394,312</b></u>	<u>\$ 33,619</u>	<u><b>\$ 803,893</b></u>	<u>\$ 261,305</u>

For the nine-month period ended September 30, 2016, the amounts of employee benefits received by key management personnel have been recorded in the salary expenses account in the Consolidated Statements of Comprehensive (Income) Loss.

During the three and nine month periods ended September 30, 2016, the Company paid consulting fees of \$76,155 and \$145,107 respectively (September 30, 2015: \$33,619 and \$94,459 respectively) to directors and officers for advisory services, and did not pay any directors' fees.

For the nine-month period ended September 30, 2016, consulting fees paid to key management personnel in Brazil in the amount of \$108,439 (September 30, 2015: \$94,459) were reported in Mineral properties and deferred expenditures under exploration cost for CDS.

The stock option compensation amounts received by key management personnel have been recorded as capital reserve on the Consolidated Statements of Financial Position. They were also included in the consulting and salaries expenses accounts in the Consolidated Statements of Comprehensive Income (Loss).

As of September 30, 2016, the total number of outstanding warrants and options held by directors and officers of the Company was 4,418,906 and 10,225,000, respectively (September 30, 2015: 4,823,000 and 5,275,000, respectively).

During the third quarter of 2016 directors and officers participated for a total of 3,955,679 units in the July private placement. In 2015, directors and officers participated for a total of 2,632,133 units in the July 2015 private placement

During the period ended September 30, 2016, a director exercised a total of 400,000 warrants.

During the period ended September 30 2016 the Company paid legal fees of \$321 to a company where a director has a partnership interest.(2015: \$ nil).

Related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties and the Board of Directors.

## Critical Accounting Estimates

The following are critical judgments and key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date that management has made in applying the Company's accounting policies which have the most significant effect on the amounts recognized in the consolidated financial statements and a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

### *Going concern*

Management considers whether there exists any event(s) or condition(s) that may cast doubt on the Company's ability to continue as a going concern. Considerations take into account all available information about the future including the availability of debt and equity financing as well as the Company's working capital balance and future commitments.

### *Functional currency*

The functional currency of each of the Company's entities is measured using the currency of the primary economic environment in which that entity operates. The functional currency of all entities within the group is the United States dollar. Functional currency of each of the entities was determined based on the currency that mainly influences sales prices for goods and services, labor, material and other costs and the currency in which funds from financing activities are generated.

### *Impairment of assets*

Management assesses each cash-generating unit at each reporting period to determine whether any indication of impairment exists. In addition, management assesses a cash-generating unit for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made which is considered to be the higher of the fair value less costs to sell and its value in use. These assessments require the use of estimates and assumptions such as future capital requirements and assessments of preliminary assay results. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's-length transaction between knowledgeable and willing parties.

### *Fair value of derivative financial instruments*

Management assesses the fair value of the Company's financial derivatives in accordance with the accounting policy stated in Note 4 to the consolidated financial statements. Fair values of warrants have been measured using the Black-Scholes model, taking into account the terms and conditions upon which the warrants are granted. These calculations require the use of estimates and assumptions. Changes in assumptions concerning volatilities, interest rates and expected life could have significant impact on the fair valuation attributed to the Company's financial derivatives. When these assumptions change or become known in the future, such differences will impact asset and liability carrying values in the period in which they change or become known.

For the nine months ended September 30, 2016, the fair value of the Company's warrants were estimated using the Black-Scholes option-pricing model with the following assumptions:

Expected dividend yield	0%
Expected volatility	102.78-116.04%
Risk-free interest rate	0.57%
Expected life	3-21 months
Share Price	Can\$ 0.41

At September 30, 2015, the fair value of the Company's warrants were estimated using the Black-Scholes option-pricing model with the following assumptions:

Expected dividend yield	0%
Expected volatility	119.4%-124.6%
Risk-free interest rate	0.40%
Expected life	3-15 months
Share Price	Can\$ 0.16

#### Fair value of stock options

The Company provides additional compensation benefits to employees and non-employees through a stock-based compensation plan. Management assesses the fair value of stock options granted in accordance with the accounting policy stated in Note 4 to the audited consolidated financial statements for the year ended December 31, 2015. The fair value of the options granted is measured using the Black-Scholes model, taking into account the terms and conditions upon which the options are granted. Changes in assumptions concerning volatilities, interest rates and expected life could have significant impact on the fair valuation attributed to the Company's stock options.

The fair value of options granted for the three quarters ended September 30, 2016, were estimated as of the date of the grant using the Black-Scholes option-pricing model with the following assumptions:

Expected dividend yield	0%
Expected volatility	123.6- 125.04%
Risk-free interest rate	0.54-0.60%
Expected life	3.5 years
Share Price	Can\$0.305-Can\$0.32
Weighted average fair value of options granted	Can\$0.21

#### Provisions

Provisions recognized in the financial statements involve judgments on the occurrence of future events which could result in a material outlay for the Company. The provision recognized in the accounts of the Company represents a possible tax liability in Brazil relating to the termination of certain employees in Brazil. The Company cannot predict with any level of certainty the amount or timing of this contingent liability, if one exists. The changes in the provision reflects changes in foreign exchange rates as the ultimate liability, if any, would be payable in the Brazilian Real.

The following table presents the changes in the Provision:

	<u>Amount</u>
Balance at December 31, 2015	\$ 218,313
Change in provision estimate	87,200
<b>Balance at September 30, 2016</b>	<b>\$ 305,513</b>

### **New Accounting Standards and Accounting Standards Not Yet Effective**

The IASB and IFRIC have issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods.

IFRS 9, "Financial instruments" (2014). This is the finalized version of IFRS 9 which contains accounting requirements for financial instruments replacing *IFRS 39 Financial Instruments: Recognition and Measurement*. The new standard contains requirements in the following areas:

*Classification and measurement.* Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a "fair value through other comprehensive income" category for certain debt instruments. Financial liabilities are classified in a manner similar to that under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.

*Impairment.* The 2014 version of IFRS introduces an "expected credit loss" model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized.

*Derecognition.* The requirements for derecognition of financial assets and liabilities are carried forward from IAS 39. This standard is applicable to the Company for annual periods beginning on July 1, 2018. The Company is evaluating the impact of the adoption of this standard on its consolidated financial statements.

IFRS 15, "Revenue from Contracts with Customers" replaces IAS 18, *Revenue*, IAS 11, *Construction Contracts* and a number of related interpretations. IFRS 15 establishes a new control-based revenue recognition model, changes the basis for deciding when revenue is recognized at a point in time or over time, provides new and more detailed guidance on specific topics and expands and improves disclosures revenue. This standard is effective for reporting periods beginning on or after January 1, 2018. The Company is evaluating the impact of the adoption of this standard on its consolidated financial statements.

IFRS 16, *Leases* was published in January 2016 and supersedes IAS 17- *Leases*. IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard provides a single lease accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted if IFRS 15 has also been applied. The Company is evaluating the impact of the adoption of this standard on its consolidated financial statements.

## **Disclosure Controls and Procedures**

Disclosure controls and procedures are designed to ensure that information required to be disclosed by the Company is accumulated and communicated to management as appropriate to allow timely decision-making regarding required disclosures. The Company's CEO and CFO have concluded that information required to be disclosed in the Company's annual and quarterly financial statements and the annual and quarterly MD&A have been disclosed and fairly presented as at each reporting date and that processes are in place to provide them with sufficient knowledge to support such representation. However, a control system, no matter how well conceived and implemented can only provide reasonable, not absolute, assurance that the objectives of the control system are met.

## **Internal Control over Financial Reporting**

Internal control over financial reporting ("ICFR") is intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. ICFR should include those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of assets;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures are being made only in accordance with the Company's management and Board of Directors; and
- Provide reasonable assurance regarding the prevention or timely detection of unauthorized acquisition, use of, or disposition of assets that could have a material impact on financial statements.

ICFR cannot provide absolute assurance of achieving financial reporting objectives due to inherent limitations. ICFR is a process that involves human diligence and compliance and is subject to error, collusion, or improper override. Due to such limitations, there is risk that material misstatements may not be prevented or detected on a timely basis. It is possible to design into the Company's reporting process safeguards to reduce, but not entirely eliminate this risk.

The Company's CEO and CFO have concluded, subject to the limitations noted in this MD&A, that as of the date of this report, that the Company has sufficient controls that meet the objectives of ICFR as stated above.

## **Management's Responsibility For Financial Statements**

The Company's interim condensed consolidated financial statements for the quarter ended September 30, 2016, have been prepared by management and are in accordance with IFRS as issued by IASB. Financial information contained in this MD&A has also been prepared by management and is consistent with the data contained in the Company's financial statements for the fiscal quarter ended September 30, 2016.

## **Off-Balance Sheet Arrangements**

As of the date of this report, the Company has no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the Company's financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

## **Proposed Transactions**

The Company does not currently have any proposed transactions approved by the Board of Directors. All existing transactions are fully disclosed in the Company's condensed consolidated interim financial statements for the fiscal quarter ended September 30, 2016.

## **Conflicts of Interest**

The Company's directors and officers may serve as directors and officers, or be associated with, other reporting companies or have significant shareholdings of other companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding on terms with respect to the transaction. If a conflict of interest arises, the Company will follow the provisions of the BC Business Corporations Act ("BCBCA") dealing with conflict of interest. These provisions state that where a director has such a conflict, that person must at a meeting of the Company's directors disclose his or her interest and refrain from voting on the matter unless otherwise permitted by the BCBCA. In accordance with the laws of the province of British Columbia, the directors and officers of TriStar Gold are required to act honestly, in good faith, and in the best interests of the Company.

## **Qualified Person**

Mr. Nicholas Appleyard B.Sc., MAusIMM (CP), a qualified person as defined in NI 43-101, has read and approved the technical portions of this Management's Discussion and Analysis.

## **Cautionary Note Regarding Forward-Looking Statements and Information**

Certain statements in the MD&A constitute forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following: general economic and business conditions; competition within the minerals industry to acquire properties of merit, and competition from other companies possessing greater technical and financial resources; success of operating initiatives; the success (or lack thereof) with respect to the Company's exploration and development operations on its properties; the Company's ability to raise capital and the terms thereof; the acquisition of additional mineral properties; changes in business strategy or development plans; exploration and other property write downs; the continuity, experience and quality of the Company's management; changes in or failure to comply with government regulations or the lack of government authorization to continue certain projects; the outcome of litigation matters, and other factors referenced from time to time in the Company's filings with securities regulators. The use in the following Management's Discussion and Analysis of such words as "believes", "plans", "estimates", "may", "could", "would", "might", "will", "anticipates", "expects", "intends" and similar expressions are intended to identify forward-looking statements, but are not the exclusive means of identifying such statements. Material factors and assumptions used to develop the forward-looking information include but are not limited to, the following: there will be adequate liquidity available to the Company to fund future operations; the Company will be successful in raising additional capital in this and future periods; the actual exploration results will be favorable; exploration and development costs will not exceed the Company's expectations; the Company will be able to retain and hire skilled staff, all required regulatory and government approvals will be obtained in a timely manner on terms acceptable to the Company, applicable geo-political conditions are favorable for future investment, gold and commodity price and foreign exchange rates remain favorable, no title disputes arise with respect to the Company's properties and the Company will remain in compliance with applicable regulatory and contractual obligations.

These forward-looking statements are based upon the beliefs, expectations, reasonable investigation and opinions of management on the date such statements are made. The success of the Company is dependent on the efforts of the Company, its employees and many other factors including, primarily, its ability to raise additional capital and establishing the economic viability of any of its exploration properties.

It is the Company's policies that all forward looking statements are based upon the Company's beliefs and assumptions which are based on and derived from information available to management at the time these assumptions are made. The forward looking statements contained herein are based upon information available as at the effective date of this MD&A and are subject to change after this date. The Company assumes no obligation and has no policy for updating or revising forward looking information or statements to reflect new events or circumstances except as may be necessary under applicable securities law. Although management believes that the expectations represented by such forward-looking information or statements are reasonable, there is significant risk that the forward looking information or statements may not be achieved and the underlying assumptions thereto will not prove to be accurate. Actual results or events could differ materially from the plans, intentions and expectations expressed or implied in any forward

looking information or statements, including the underlying assumptions thereto, as a result of the numerous risks, uncertainties and other factors such as those described above and discussed under Risks and Uncertainties.

### **Additional Information**

Additional Information related to TriStar including material change notices, certifications of annual and interim filings, and press releases are available for review under the Company's profile in SEDAR at [www.sedar.com](http://www.sedar.com), and the Company's website at [www.tristargold.com](http://www.tristargold.com).