# SAVANNAH GOLD CORP.

**(Formerly Mexigold Corp.**)

Interim MD&A - Quarterly Highlights
For the Nine Months Ended September 30, 2016 and 2015

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The Quarterly Highlights of Savannah Gold Corp. (the “Company” or “Savannah”, formerly Mexigold Corp.) provide a summary of the activities, results of operations and financial condition of the Company as at and for the nine months ended September 30, 2016. The Quarterly Highlights have been prepared by management as of November 24, 2016 and should be read in conjunction with the condensed consolidated interim financial statements and related notes thereto of the Company for the nine months ended September 30, 2016 and 2015, the audited consolidated financial statements and related notes thereto of the Company for the years ended December 31, 2015 and 2014, which were prepared in accordance with International Financial Reporting Standards (“IFRS”), and the annual Management Discussion and Analysis (“MD&A”) of the Company prepared by management as of April 22, 2016.

The Company was incorporated on August 19, 1998 under the laws of British Columbia. The Company is presently a “Venture Issuer”, as defined in NI 51-102. Effective July 9, 2015, the Company's listing was transferred to the NEX board of TSX-V (“NEX”) in accordance with TSX-V Policy 2.5 as the Company was not able to maintain the requirements for a TSX-V Tier 2 company. The Company is now listed on NEX under the symbol SAV.H.

On August 22, 2016, the Company changed its name from Mexigold Corp. to Savannah Gold Corp. and its stock symbol from MAU.H to SAV.H. The Company also consolidated its share capital on a ratio of one new post-consolidated common share for every two old pre-consolidated common shares.

In 2011, the Company was in the business of exploring 3 concession properties in Durango-Zacatecas, Mexico until it terminated its option agreement in 2012.

On March 1, 2011, the Company incorporated a wholly-owned Canadian subsidiary, 0904254 BC Ltd. (“0904254 BC”), and on March 4, 2011 the Company incorporated a Mexican subsidiary, Mexigold Resources SA de CV (“MAU Mexico”), whereby the Company owns 99% and 0904254 BC owns 1% of MAU Mexico.

The Company continues to identify and evaluate business opportunities in the resource sector and other industries. The appropriate announcements will be made once the Company has found one.

## **<u>Forward-looking statements</u>**

Certain statements contained in the following Quarterly Highlights constitute forward-looking statements. Such forward-looking statements include, but are not limited to statements regarding the Company’s ability to identify and pursue a suitable business opportunity and its ability to raise sufficient financing to continue its operations. These forward-looking statements involve a number of known and unknown risks, uncertainties and other factors including financial, operational, environmental and political risks, general equity and market conditions. The outcome of these factors may cause the actual results and performance of the Company to be materially different from any plans or results expressed or implied by such forward-looking statements. Readers are cautioned not place undue reliance on these forward-looking statements.

## Analysis of the Company's financial performance and conditions

*Nine months ended September 30, 2016*

During the nine months ended September 30, 2016, the Company reported a net loss of $37,598 compared to $102,738 during the same period in 2015, a decrease in loss of $65,140. The decrease in loss was primarily due decreases in management fees of $15,000 and professional fees of $50,898.

Management fees decreased by $15,000 as a result of the Company's new Management and Administrative Agreement with a reduced monthly management fee of $2,500 effective July 1, 2015.

Professional fees decreased significantly due to a recovery of accounting costs of $45,259, which resulted from credit notes received from a service provider in Mexico in the second quarter of 2016 with respect to trade payables outstanding from prior years, and a recovery of previously accrued unbilled legal fees of $6,950 from the Company's former legal advisor.

General and administrative expenses decreased by $5,430 primarily due to a decrease in office rental costs of $3,069.

Transfer agent and regulatory fees increased by $6,365 during the period as a result of regulatory filings and transfer agent services provided in connection with the Company's name change and consolidation of its share capital, and AGM related services. There were no similar costs recorded during the comparative period in 2015.

*Three months ended September 30, 2016*

During the three months ended September 30, 2016, the Company reported a net loss of $21,290 compared to a net loss of $25,875 during the third quarter in 2015, a decrease in loss of $4,585. The decrease in net loss in the comparative quarters was primarily due to a recovery of professional legal fees of $5,051.

During the current quarter, the Company recorded a recovery of previously accrued unbilled legal fees of $6,950 to the Company's former legal advisor, which was offset by legal fees of $1,899 for the services provided by its new legal advisor in connection with the Company's name change and consolidation of its share capital.

General and administrative fees decreased by $4,467 during the current quarter as a result of a decrease in office expenses and foreign exchange losses recorded on currency translation of outstanding payables of MAU Mexico.

Transfer agent and regulatory fees increased by $5,069 as a result of regulatory filings and transfer agent services provided in connection with the Company's name change and consolidation of its share capital.

There were no changes in management, administration service fees or rent expenses in the comparative quarters.

The Company reported a working capital deficiency of $357,697 at September 30, 2016 compared to a working capital deficiency of $324,691 at December 31, 2015, representing a decrease in working capital of $33,006.

As at September 30, 2016, the Company had net cash on hand of $674 compared to cash on hand of $3,066 at December 31, 2015.

Current assets excluding cash as at September 30, 2016 consisted of GST recoverable of $13,989 (December 31, 2015 - $11,096) and prepaid expenses of $Nil (December 31, 2015 - $1,250).

Current liabilities as at September 30, 2016 consisted of trade payables and accrued liabilities of $109,510 (December 31, 2015 - $152,976) and due to related parties of $262,850 (December 31, 2015 - $187,127).

During the nine months ended September 30, 2016, the Company received loans from a related party totaling $22,500 (2015 - $17,500) to assist its short-term working capital needs.

In 2011 and 2012, MAU Mexico conducted exploration activities of the Durango-Zacatecas properties and paid the value added tax ("VAT") of approximately $245,000 (MXN 3,600,000) on qualified exploration expenditures. Management of the Company continues to communicate with its legal and accounting advisors in Mexico to re-apply to the Mexican tax authorities to claim the VAT recovery. As it is uncertain when the Company would be able to reclaim the VAT, the amount of the expected VAT recoverable has been written-off in 2013 and is not included in the consolidated statements of financial position of the Company at September 30, 2016.

The Company continues to identify and evaluate business opportunities in the resource sector and other industries. To pursue this opportunities and continue its business, the Company will be required to seek additional significant financing. Although the Company had been successful in raising funds in the past, there can be no assurance that the Company will have success in raising additional financing on terms acceptable to the Company in the future.

On July 22, 2016, the Company announced a non-brokered private placement for total gross proceeds of up to $750,000. The private placement will consist of up to 7,500,000 post consolidation units at $0.10. Each post consolidation unit will consist of one common share and one-half common share purchase warrant of the Company. Each whole warrant will entitle the holder, on exercise, to purchase one additional common share of the Company at a price of $0.20 per share for a period of two years from the closing of the private placement. The private placement is subject to regulatory approval.

The Company has not had a history of operations or earnings and the overall success of the Company will be affected by its current or future business activities.

The Company is exposed in varying degrees to a variety of financial instrument related risks, including high liquidity risk and market risks with respect to its ability to raise capital through equity markets under acceptable terms and conditions. Management monitors its activities and various factors that could impact the risks in order to manage risks and make timely decisions. For further discussion of financial risks, please refer to Note 8 of the condensed consolidated interim financial statements for the nine months ended September 30, 2016.

## Transactions with Related Parties

The Company entered into an agreement with Varshney Capital Corp. ("VCC"), a company controlled by two common directors, Praveen Varshney and Peeyush Varshney, to provide management and administrative services to the Company in exchange for a monthly fee of $5,000 and $3,000, respectively.

On July 1, 2015, the Company renewed its agreement with VCC for management and administrative services for a monthly fee of $2,500 and $3,000, respectively, for a term of 3 years. The agreement will automatically renew annually thereafter until notice is provided to the Company for termination.

During the nine months ended September 30, 2016, the Company incurred $22,500 (2015 - $37,500) for management fees and $27,000 (2015 - $27,000) for administrative fees to VCC.

As at September 30, 2016, $204,225 (December 31, 2015 - $152,250) was due to VCC for management and administrative fees and $56,000 (December 31, 2015 - $33,500) was due to VCC for an operating loan. The loan is unsecured, non-interest bearing and has no fixed terms of repayment.

As at September 30, 2016, $2,625 (December 31, 2015 - $1,312) was due to the CEO of the Company for reimbursement of regulatory filing fees. The amount was paid subsequent to September 30, 2016.

## Summary of outstanding share data as at November 24, 2016:

Authorized: Unlimited common shares without par value

Issued and outstanding (post-consolidated): 15,230,153

Additional disclosures pertaining to the Company's management information circulars, material change reports, press releases and other information are available on the SEDAR website at www.sedar.com.

On behalf of the Board of Directors, thank you for your continued support.

*"Praveen Varshney"*

Praveen Varshney, FCPA, FCA
Director