



MANAGEMENT'S DISCUSSION AND ANALYSIS OF OPERATING RESULTS FOR THE THREE MONTH PERIOD AND YEAR ENDED DECEMBER 31, 2013

This management's discussion and analysis ("MD&A") has been prepared based on information available to Crown Gold Corporation ("Crown" or the "Company") as at April 4, 2014. The MD&A of the operating results and financial condition of the Company for the three month period and year ended December 31, 2013, should be read in conjunction with the Company's audited consolidated financial statements and the related notes for the years ended December 31, 2013 and 2012. The accompanying audited consolidated financial statements have been prepared by management and are in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in Canadian dollars unless otherwise noted. Other information contained in this document has also been prepared by management and is consistent with the data contained in the financial statements. Additional information relating to the Company can be found on SEDAR at www.sedar.com.

Cautionary Note Regarding Forward Looking Statements

This Management's Discussion and Analysis includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of Management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. Such risks and uncertainties include, but are not limited to, risks associated with the mining industry (including operational risks in exploration; delays or changes in plans with respect to exploration projects or capital expenditures; the uncertainty of resource and reserve estimates; the uncertainty of estimates and projections in relation to the exploration activities, costs and expenses; the uncertainty surrounding the ability of the Company to obtain all permits, consents or authorizations required for its operations and activities; and health safety and environmental risks), the risk of commodity price and foreign exchange rate fluctuations, the ability of the Company to fund the capital and operating expenses necessary to achieve the business objectives of the Company, the uncertainty associated with commercial negotiations and negotiating with foreign governments and risks associated with international business activities, as well as those risks described in public disclosure documents filed by the Company. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in securities of the Company should not place undue reliance on these forward-looking statements. Statements in relation to "resources" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the resources described can be profitably produced in the future.

Readers are cautioned that the foregoing lists of risks, uncertainties and other factors are not exhaustive. The forward-looking statements contained in this management's discussion and analysis are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements herein, or in any other documents filed with Canadian securities regulatory authorities, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws. The forward-looking statements are expressly qualified by this cautionary statement.



OVERVIEW

Company Highlights

- Company announced initial resource estimates, compliant with the requirements of National Instrument 43-101 (“NI 43-101”), for its 100% controlled Superior Project located in northeast California, USA, comprised of the Superior and Engles deposits. Highlights included an inferred mineral resource of 54 million metric tonnes at an average grade of 0.41% total copper with 487 million pounds of contained copper in the Superior Deposit and an inferred mineral resource of 2.6 million metric tonnes at an average grade of 1.05% total copper with 60 million pounds of contained copper in the Engles Deposit.
- On November 15, 2013, the Company completed a convertible debenture financing for gross proceeds of \$120,000 (the “Debentures”). The debentures will mature in 3 years from the date of closing of and will bear interest at a rate of 20% per annum payable annually (or on conversion) in cash or common shares at the sole option of the Company. Each debenture was priced at a 4% discount, namely at \$960 per \$1,000 of the principal amount thereof.
- Effective June 28, 2013, the Company purchased a 100% interest in 132 unpatented mining claims and a lease on 36 patented claims in Plumas County, California, known as the Superior Project for \$50,000.
- In July 2013, the Company elected to drop its option on the Mora Property in the Caldas province of Colombia and not proceed with the previously announced merger with Pasofino Gold Corporation.
- On June 13, 2013, the Company completed an agreement to sell the remaining 20% interest in its Chester/Yeo property. Under the terms of the agreement, Crown received a one-time payment of \$130,000.
- On February 28, 2013, the Company completed a private placement of 2,600,000 units at a price of \$0.05 per unit for proceeds of \$130,000. Each unit consisted of one common share and one common share purchase warrant, each whole warrant entitling the holder to purchase one common share for \$0.10 for two years.
- The Company declared on September 7, 2012 and paid on September 25, 2012 a dividend of \$0.04/share or \$3,650,000 total dividend payment as a result of the sale of the Monte Cristo property to a subsidiary of Hecla Mining Company (“Hecla”).

The Company does not currently have a producing property. Recovery of the cost of mining assets is subject to the discovery of economically recoverable reserves, the ability to obtain the financing required to pursue the exploration and development of its properties, and profitable future production or the proceeds from the sale of its properties. The Company must periodically obtain new funds in order to pursue its activities. While it has always succeeded in doing so to date, it is not possible to predict whether financing efforts will be successful and management cannot provide assurance that it will be able to obtain the required financing.

The shares of the Company are listed on the TSX Venture Exchange and are traded under the symbol CWM.



OVERALL PERFORMANCE

Over the last four years, the global financial and commodity markets were characterized by extreme volatility as market participants reacted and responded to uncertainty and pessimism over the depressed North American and international economies. These circumstances have had an impact on the Company's operations and, in particular, on the economics of its existing exploration and evaluation projects, its strategy to evaluate and, if attractive, complete potential acquisitions and otherwise its ability to pursue growth opportunities. In the short-term, the Company expects to focus its exploration activities on the recently acquired Superior property in California.

The Company will continue to evaluate its strategic options and potential acquisitions and may, if conditions are favourable, seek to raise additional funds through a private or public offering of securities or debt as required.

Trends

- The future performance of the Company is largely tied to the exploration and evaluation of its recently acquired Superior copper project in California.
- Financial markets continued to be volatile in Canada throughout fiscal 2011 through to fiscal 2013, reflecting ongoing concerns about the stability of the global economy and weakening global growth prospects. However, there appears to be a balancing out in the markets of gold, silver and copper. The Company does not foresee any significant difficulties in raising equity for the purposes of carrying out exploration and evaluation activities on its current properties or acquiring new assets in the near future. See "Risk Factors".

RESULTS OF OPERATIONS

SELECTED ANNUAL INFORMATION

The following tables summarize selected annual financial data of the Company for the three most recent years ended December 31, 2013, 2012 and 2011:

	December 31, 2013	December 31, 2012	December 31, 2011
	\$	\$	\$
Revenue	Nil	Nil	Nil
Operating Expenses	465,389	1,011,264	1,283,655
Net Loss	540,159	1,009,537	1,897,481
Loss Per Share	\$0.01	\$0.01	\$0.02
Total Assets	88,394	376,468	4,530,408
Liabilities	183,488	77,293	217,162
Total Dividends Paid	Nil	3,650,000	Nil



SELECTED QUARTERLY INFORMATION

The following tables summarize selected quarterly financial data of the Company for the eight most recent quarters ended:

	Q4 Dec 2013	Q3 Sep 2013	Q2 Jun 2013	Q1 Mar 2013
	\$	\$	\$	\$
Expenses	116,026	126,986	54,265	168,112
Net loss	(135,136)	(126,986)	(115,925)	(162,112)
Net loss per share (basic and diluted) \$	(0.001)	(0.001)	(0.001)	(0.002)

	Q4 Dec 2012	Q3 Sep 2012	Q2 Jun 2012	Q1 Mar 2012
	\$	\$	\$	\$
Expenses	262,828	497,920	92,722	157,794
Net income (loss)	(538,525)	44,812	(358,030)	(157,794)
Net income (loss) per share (basic and diluted) \$	(0.006)	0.001	(0.004)	(0.002)

OPERATIONAL REVIEW & RESULTS OF OPERATIONS

THREE MONTH PERIOD ENDED DECEMBER 31, 2013

Net loss for the three month period ended December 31, 2013 was \$135,136 as compared to a loss of \$538,525 in 2012. The decrease in net loss is attributable to a decrease in exploration activities on its properties by \$139,809 to \$66,008 (2012 – \$205,817) and an impairment of investments of \$7,670 (2012 – \$289,083).

Promotion and travel costs were \$11,718 in the period as compared to \$11,885 in 2012. Promotion and travel costs decreased as the Company looked to preserve its current cash balance while still promoting its current properties in an effort to raise additional financing through the issuance of equity or sale of its current mineral properties. These costs are expected to decrease in the upcoming quarter.

The Company's management and consulting fees for the three month period ended December 31, 2013 were \$15,000 as compared to \$15,000 in 2012. These costs are expected to be consistent with the upcoming quarters.

The Company's professional fees for the three month period ended December 31, 2013 decreased by \$5,614 to \$15,647 (2012 – \$21,261). Professional fees decreased as a result of the Company completing more services internally with its management team. These costs are expected to remain consistent in the upcoming quarters.

The Company's premises and office, general and administration for the three month period ended December 31, 2013 were \$3,300 and \$1,896 respectively as compared to \$5,495 and \$6,105 in 2012. These costs are expected to be consistent in the upcoming quarters.



YEAR ENDED DECEMBER 31, 2013

Net loss for the year ended December 31, 2013 was \$540,159 as compared to \$1,009,537 in 2012. The decrease in net loss is attributable to a recovery in write-down of exploration and evaluation expenditures to \$Nil (2012 – \$129,800), a decrease in flow-through share premium recovery of \$6,000 (2012 - \$161,000) offset by a decrease in exploration activities on its properties by \$502,059 to \$245,118 (2012 – \$747,177) and decrease in impairment of investments of \$69,330 (2012 - \$289,083).

Promotion and travel costs were \$39,976 in the period as compared to \$40,661 in 2012. Promotion and travel costs decreased as the Company looked to preserve its current cash balance while still promoting its current properties in an effort to raise additional financing through the issuance of equity or sale of its current mineral properties.

The Company's management and consulting fees for the year ended December 31, 2013 were \$60,000 as compared to \$60,000 in 2012.

The Company's professional fees for the year ended December 31, 2013 decreased by \$10,420 to \$59,661 (2012 – \$70,081) as the Company significantly decreased its legal costs by performing more of the work by its current management staff.

The Company's premises and office, general and administration for the year ended December 31, 2013 were \$9,489 and \$34,191 respectively as compared to \$21,031 and \$49,927 in 2012.

FINANCINGS

Private Placements

2013

On November 15, 2013, the Company closed its non-brokered private placement of unsecured convertible debentures for gross proceeds of \$120,000. These Debentures were issued at a 4% discount to face value. Therefore, face value of these debentures issued was \$125,000. On the maturity date, each Debenture will be convertible into units of the Company at a price of \$0.05 per Unit. Each Unit consists of one common share in the capital of the Company and one Common Share purchase warrant. Each Warrant will entitle the holder thereof to purchase one Common Share at a price of \$0.05 per Common Share for a period of three years from the closing date subject to an acceleration clause entitling the Company to accelerate the Maturity Date on 30 days notice if the average closing price of the common shares on the TSXV is greater than \$0.10 per share over a period of 20 consecutive business days (following the expiry of the 4-month "hold period") or to the completion date of any take-over bid, amalgamation or plan of arrangement or other form of merger.

The rate of interest will be 20% per annum, payable annually from the closing date in cash or common shares, at the option of the Company. In the event the Company elects to pay the debenture interest in common shares the value assigned to such common shares will be the closing price of the previous day on the TSXV, subject to any minimum pricing policies of the TSXV.



On February 28, 2013, the Company completed a private placement of 2,600,000 units at a price of \$0.05 per unit for proceeds of \$130,000. Each unit consisted of one common share and one common share purchase warrant, each whole warrant entitling the holder to purchase one common share for \$0.10 for two years.

2012

On August 15, 2012, the Company completed a private placement totaling 4,763,333 flow-through shares at \$0.085 each for total proceeds of \$404,883. The flow-through shares were issued at a premium to the market price in recognition of the tax benefits accruing to subscribers.

On February 15, 2012, the Company completed a private placement of 2,000,000 units at a price of \$0.05 per unit for proceeds of \$100,000. Each unit consisted of one common share and one common share purchase warrant, each whole warrant entitling the holder to purchase one common share for \$0.10 until November 15, 2012.

MINERAL EXPLORATION PROPERTIES

None of the Company's properties are at or near production. As at April 4, 2014, the Company had the following mineral properties under exploration:

Superior

Effective June 28, 2013, the Company purchased a 100% interest in 132 unpatented mining claims and a lease on 36 patented claims in Plumas County, California for \$50,000. The Company has a right to purchase the leased patented claims and, if purchased, the leased patented claims will be subject to an annual royalty payment schedule.

On October 2, 2013, the Company announced initial resource estimates, compliant with the requirements of National Instrument 43-101 ("NI 43-101"), for its 100% controlled Superior Project located in northeast California, USA, comprised of the Superior and Engles deposits. Highlights included an inferred mineral resource of 54 million metric tonnes at an average grade of 0.41% total copper with 487 million pounds of contained copper in the Superior Deposit and an inferred mineral resource of 2.6 million metric tonnes at an average grade of 1.05% total copper with 60 million pounds of contained copper in the Engles Deposit.

The Company plans to continue to advance the development of the Superior project.

Timore

On October 8, 2009, the Company entered into an option agreement to acquire a 100% interest in patented claims covering 3 gold exploration properties near Timmins, Ontario and 1 gold exploration property near Red Lake, Ontario, for \$20,000 plus legal fees in cash (paid) and 1,500,000 shares (issued) of the Company valued at \$97,500. Under the terms of the agreement, the Company must incur \$1,000,000 in exploration expenditures in annual stages of \$300,000, \$300,000 and \$400,000 respectively over a three year period ending October 15, 2012. These expenditures have been completed and the Company has earned 100% of these claims. The vendor retains a 3% NSR, one half of which can be purchased for \$1,000,000.

The Timore properties are gold prospects that require healthier financial markets for continued exploration.



Black Warrior

On May 20, 2008, the Company acquired a 100% interest in 2 patented claims for US\$25,000.

The Company holds a 100% interest in 35 unpatented lode claims in Esmeralda County, Nevada. The vendors retained a 2% net smelter royalty (“NSR”) on the property, of which the Company has the option to purchase half for US\$1,000,000.

The Black Warrior properties are silver prospects that require healthier financial markets for continued exploration.

Byers

The Company holds a 100% interest in 1 unpatented mining claim in the Byers Townships in Ontario. The vendors retain a 2% NSR on the property, of which the Company has the option to purchase half for \$1,000,000.

The Byers properties are copper-nickel prospects that require healthier financial markets for continued exploration.

Warren Whiteside

On January 29, 2008, the Company acquired a 100% interest in 14 patented mining claims in Whiteside Township in Ontario (the “Warren Properties”) by a payment of a deposit of \$5,000 on December 18, 2007, the payment of \$45,000 and the issuance of 500,000 common shares of the Company valued at \$100,000. The vendors retain a 1.5% NSR on the Warren Properties, of which the Company has the option to purchase half for \$1,000,000.

On January 30, 2008, the Company acquired a 100% interest in 2 unpatented mining claims in Whiteside/Massey Township in Ontario (the “Lalonde-Whiteside Properties”) by issuance of 500,000 common shares of the Company valued at \$30,000. The vendors retain a 2% NSR on the Lalonde-Whiteside properties, of which the Company has the option to purchase half for \$1,000,000.

The Warren Whiteside properties are copper-nickel prospects that require healthier financial markets for continued exploration.

OBJECTIVES AND MILESTONES

The objectives of the Company are to find and advance high quality mineral properties. The Company is currently focused on the recently acquired Superior property in California.

The Company has selected the existing properties carefully. Nonetheless, the Company intends to continue to seek, evaluate and, if desirable, complete potential acquisitions. Properties that fail the good target criteria after further evaluation are discarded.

In conducting its search for additional mineral properties, the Company may consider acquiring properties that it considers prospective based on criteria such as presence of mineralization in favourable geological settings or exploration history, or a combination of these and other factors. Risk factors to be considered in connection with the Company’s search for and acquisition of additional mineral properties include the significant expenses required to locate and establish mineral resources; the fact that expenditures made by the Company may not result in discoveries



of commercial quantities of minerals; environmental issues; land title; competition; and the potential failure of the Company to generate adequate funding for any such acquisitions or exploration activities. See “Risk Factors”.

LIQUIDITY

Operating Activities

Cash flow used by operating activities during the year ended December 31, 2013 was \$407,049 compared to cash flow used of \$1,181,470 during the same period in 2012.

Financing Activities

During the year ended December 31, 2013, cash flow provided in financing activities was \$237,750 (2012 – used in \$3,184,653) mainly as a result of 2,600,000 (2012 - 2,000,000) units comprised of shares and warrants issued through private placements and 125 Debentures (2012 - Nil), offset by a dividend paid of \$Nil (2012 - \$3,650,000). These financings were completed to allow the Company to acquire and advance its mineral exploration projects. The dividend was paid as part of the requirements under the sale of the Monte Cristo property.

Liquidity Outlook

Crown had cash of \$55,907 available as at December 31, 2013, a decrease of \$125,176 from the balance of \$181,083 as at December 31, 2012. As at December 31, 2013, the Company had a working capital deficiency of \$100,074, a decrease of \$280,529 from working capital of \$180,455 at December 31, 2012, due to ongoing operating activities and exploration and evaluation expenditures on the Company’s mineral properties in the period.

The current cash will be used to continue exploration programs at Crown's recently acquired Superior property in California, as well as for general working capital purposes and other property commitments. The Company will look to complete private placement financings or the sale of mineral property assets or its investments to help fund ongoing operations in 2014.

Notwithstanding success to date in acquiring equity financing on acceptable terms, there is no guarantee of obtaining future equity financings or on what terms any such equity capital may be available to the Company and, as such, alternative funding programs are also being pursued by the Company.

The Company must utilize its current cash reserves, funds obtained from the exercise of warrants, if any, and other financing transactions to maintain the Company’s capacity to meet working capital requirements, and ongoing discretionary and committed exploration programs, and to fund any further development activities. The Company anticipates that it will raise additional capital when and if the opportunity arises. See “Risk Factors”.

The Company believes that it will be able to raise funds in the short-term. Management will monitor the current market situation and make prudent business decisions as they are required. See “Risk Factors”.

On the date of this MD&A, the cash resources of the Company are held in cash with a major Canadian financial institution and trade and other receivables are comprised of sales tax receivables from the Government of Canada.



OFF STATEMENT OF FINANCIAL POSITION TRANSACTIONS

During the years ended December 31, 2013 and 2012, there were no off statement of financial position transactions. The Company has not entered into any specialized financial agreements to minimize its investment risk, currency risk or commodity risk.

PROPOSED TRANSACTIONS

There are currently no material proposed transactions.

DIVIDENDS

The Company declared on September 7, 2012 and paid on September 25, 2012 a dividend of \$0.04/share or \$3,650,000 in total dividend payments as part of the requirements under agreement regarding the sale of the Monte Cristo property to a subsidiary of Hecla.

The Company intends to retain its earnings, if any, to finance growth and expand its operations and does not anticipate paying any additional dividends on its common shares in the foreseeable future.

CONTINGENCIES AND COMMITMENTS

There were no outstanding contingencies or commitments as of the date of this MD&A.

RELATED PARTY TRANSACTIONS

Certain corporate entities and consultants that are related to the Company's officers and directors provide consulting and other services to Crown. All transactions were conducted in the normal course of operations and are measured as follows:

As at December 31,	<u>2013</u>	<u>2012</u>
Amount included in trade and other payables, due to a director and/or officer	\$ -	\$ 1,000
Amount included in trade and other payables, due to a law firm, of which a director and shareholder is a partner of the firm	<u>9,000</u>	<u>47,000</u>
	<u>\$ 9,000</u>	<u>\$ 48,000</u>

Amounts due to directors and officers are non-interest bearing and have no set terms of repayment.

Transactions during the year ended December 31,	<u>2013</u>	<u>2012</u>
Legal fees incurred to a law firm, of which a partner of the firm is a director of the Company as follows:		
Professional fees	4,000	14,000
Share issue costs	-	11,000
Exploration and evaluation expenditures	<u>1,000</u>	<u>135,000</u>
	<u>\$ 5,000</u>	<u>\$ 160,000</u>

Compensation of Key Management Personnel

Transactions during the year ended December 31,	<u>2013</u>	<u>2012</u>
Balances:		
Short-term benefits	\$ 108,000	\$ 100,000
Share based payments	<u>15,000</u>	<u>22,000</u>
Total compensation paid to key management	<u>\$ 123,000</u>	<u>\$ 122,000</u>



As at December 31, 2013, certain officers, directors or companies controlled by them hold Debentures with a face value of \$81,000 (2012 – \$Nil).

ADDITIONAL DISCLOSURE FOR VENTURE COMPANIES WITHOUT SIGNIFICANT REVENUE

Year Ended December 31,	2013	2012
Evaluation and exploration expenditures in the year		
Acquisition and staking costs	\$ 43,670	\$ 249,641
Sale of mineral property interests	(130,000)	-
Consulting	106,087	98,003
Taxes and annual lease payments	51,865	15,780
Travel, equipment rental and other	135,596	79,066
Technical reports	37,900	-
Drilling	-	267,280
Assaying	-	23,557
Labour	-	13,850
	\$ 245,118	\$ 747,177

DISCLOSURE OF OUTSTANDING SHARE DATA

The following table sets forth information concerning the outstanding securities of the Company as at April 4, 2014:

Common Shares of no par value	Number
Shares	93,850,000
Debentures	5,000,000
Warrants	2,600,000
Options	5,550,000

See Note 11 to the audited consolidated financial statements for the years ended December 31, 2013 and 2012 for more detailed disclosure of outstanding securities data.

CRITICAL ACCOUNTING ESTIMATES

The preparation of these financial statements using accounting policies consistent with IFRS requires management to make judgements and estimates and form assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Such estimates primarily relate to unsettled transactions and events as at the date of the financial statements. On an ongoing basis, management evaluates its judgements and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgements and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. The most significant estimates relate to valuation of deferred income tax amounts and the calculation of share-based payments and warrants. Significant estimates and judgments made by management in the preparation of these financial statements are outlined below:



Calculation of share based payments and warrants

The Black-Scholes option pricing model is used to determine the fair value for the share based payments and warrants and utilizes subjective assumptions such as expected price volatility and expected life of the option or warrant. Discrepancies in these input assumptions can significantly affect the fair value estimate.

Income taxes

Tax interpretations, regulations and legislation in the various jurisdictions in which the Company and its subsidiaries operate are subject to change and interpretation. As such, income taxes are subject to measurement uncertainty. The Company follows the liability method for calculating deferred taxes. Assessing the recoverability of deferred tax assets requires the Company to make significant estimates related to the expectations of future taxable income from operations and the application of existing tax laws. To the extent that taxable income differ significantly from estimates, the ability of the Company to realize the deferred tax assets and liabilities recorded at the statement of financial position date could be impacted. Additionally, changes in tax laws could limit the ability of the Company to obtain tax deductions in the future.

Decommissioning provisions

These are made based on the estimated settlement amounts. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed quarterly and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions on a quarterly basis. Actual rehabilitation costs will ultimately depend on actual future settlement amount for the rehabilitation costs which will reflect the market condition at the time of the rehabilitation costs are actually incurred. The final cost of the currently recognized rehabilitation provisions may be higher or lower than currently provided for.

Measurement of financial instruments under Level 1 of the fair value hierarchy

Management also are required to make judgments on whether marketable securities have sufficient trading volume and reasonable bid-ask spread to determine if they are active enough to be measured at Level 1 of the fair value hierarchy or if other levels are more appropriate.

Going concern assumption

Going concern presentation of the consolidated financial statements which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due.

Functional currency

The Company's management is required to make judgments as to the currency of the primary economic environment in which an entity operates to determine the functional currency of the entity. The Company has determined that the functional currency of the parent company and its Canadian subsidiary is the Canadian dollar and the US\$ is the functional currency for its US subsidiary.



Financial Instruments and other Instruments

Fair Value of Financial Assets and Liabilities

The Company's financial instruments comprise cash, marketable securities, accounts receivable and accounts payable and accrued liabilities.

The Company has designated its cash as FVTPL, which is measured at fair value. Investments are classified as available for sale, which are measured at fair value. Fair value of investments is determined based on bid-ask spread at each reporting date and is categorized as Level 1 measurement. Trade and other receivables are classified for accounting purposes as loans and receivables, which are measured at amortized cost which equals fair value due to their short-term nature. Trade and other payables and convertible debentures are classified for accounting purposes as other financial liabilities, which are measured at amortized cost which also equals fair value due to their short-term nature.

- Level one includes quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level two includes inputs that are observable other than quoted prices included in level one.
- Level three includes inputs that are not based on observable market data.

Financial Instrument Risk Exposures

It is management's opinion that the Company is not exposed to significant interest or credit risks arising from its financial instruments and that their fair values approximate their carrying value unless otherwise noted. Fluctuation in currency exchange rates, principally the Canadian/US dollar exchange rate, can impact the Company's earnings and cash flows.

Risks and Uncertainties

Political Risk

All of the Company's properties are located in Canada and the United States of America. Accordingly, the Company is subject to risks normally associated with exploration for and evaluation of mineral properties in these countries. The Company's mineral exploration activities could be affected in varying degrees by such political instability, aboriginal land claims and government regulation relating to foreign investment and the mining business. Operations may also be affected in varying degrees by terrorism, military conflict or repression, crime, extreme fluctuations in currency rates and high inflation.

Interest Rate Risk

The Company is not exposed to interest rate risk due to the short-term nature of its financial instruments.

Equity Price Risk

Market risk arises from the possibility that changes in market prices will affect the value of the financial instruments of the Company. The Company is exposed to fair value fluctuations on its investments. The Company's other financial instruments (cash, accounts receivable, accounts payable and accrued liabilities) are not subject to price risk.



Business Risk

There are numerous business risks involved in the mineral exploration industry, some of which are outlined below. The Company may not always own 100% of the mineral claims, concessions, rights or other interests. Similarly, any non-compliance with or non-satisfaction of the terms of an option agreement by the Company could affect its ability to exercise the option and earn its interest in the claims, concessions and assets relating to mineral properties.

Mining claims, concessions or other interests may not include surface rights and there can be no assurance that the Company will be successful in negotiating long-term surface rights access agreements in respect of the properties. Failure to obtain surface rights could have an adverse impact on the Company's future operations.

The Company's current or future operations, including exploration and evaluation activities, are subject to environmental regulations which may make operations not economically viable or prohibit them altogether.

The success of the operations and activities of the Company is dependent to a significant extent on the efforts and abilities of its management, outside contractors, experts and other advisors. Investors must be willing to rely to a significant degree on management's discretion and judgment, as well as the expertise and competence of the outside contractors, experts and other advisors. The Company does not have a formal program in place for succession of management and training of management. The loss of one or more of the key employees or contractors, if not replaced on a timely basis, could adversely affect the Company's operations and financial performance.

Environmental and Permitting

All aspects of the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. These regulations, among other things, mandate the maintenance of air and water quality standards, land reclamation, transportation, storage and disposal of hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors, and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

Foreign Currency Risk

The Company's exploration and evaluation activities are substantially denominated in Canadian dollars and, to a lesser degree, in United States dollars. The Company's funds are predominantly kept in Canadian dollars, with a major Canadian financial institution.

Additional Capital

The exploration activities of the Company may require substantial additional financing. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration and evaluation of any of the Company's properties. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financings will be favourable to the Company. In addition, low commodity prices may affect the Company's ability to obtain financing.



Commodity Price Risk

The price of the common shares in the capital the Company, its financial results, exploration and evaluation activities have been, or may in the future be, adversely affected by declines in the price of gold and/or other metals. Gold, silver and other commodity prices fluctuate widely and are affected by numerous factors beyond the Company's control, such as the sale or purchase of commodities by various central banks, financial institutions, expectations of inflation or deflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, international supply and demand, speculative activities and increased production due to new mine developments, improved mining and production methods and international economic and political trends. The Company's revenues, if any, are expected to be in large part derived from mining and sale of precious and base metals or interests in properties related thereto. The effect of these factors on the price of precious and base metals, and therefore the economic viability of any of the Company's exploration projects, cannot accurately be predicted.

Acquisition

The Company uses its best judgment to acquire mining properties for exploration and evaluation. In pursuit of such opportunities, the Company may fail to select appropriate acquisition candidates or negotiate acceptable agreements, including arrangements to finance the acquisitions and evaluation, or integrate such opportunity and their personnel with the Company. The Company cannot assure that it can complete any acquisition that it pursues or is currently pursuing, on favourable terms, or that any acquisition completed will ultimately benefit the Company.

Competition

The mining industry is intensely competitive in all of its phases, and the Company competes with many companies possessing greater financial resources and technical facilities than the Company. Competition in the mining business could adversely affect the Company's ability to acquire suitable producing properties or prospectus for mineral exploration in the future.

Internal Control over Financial Reporting

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation.

OTHER INFORMATION

Additional information is accessible at the Company's website www.crowngoldcorp.com or through the Company's public filings at www.sedar.com.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company's financial statements are the responsibility of the Company's management, and have been approved by the Board. The consolidated financial statements were prepared by the Company's management in accordance with IFRS. The consolidated financial statements include certain amounts based on the use of estimates and assumptions. Management has established



these amounts in a reasonable manner, in order to ensure that the consolidated financial statements are presented fairly in all material respects.

The Company has designed appropriate internal controls over financial reporting (“ICFR”) for the nature and size of the Company’s business, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with IFRS.

The Company’s ICFR are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with applicable IFRS. ICFR should include those policies and procedures that establish the following inter-related, non-discrete results:

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

There have been no changes in ICFR during the year ended December 31, 2013 that have materially affected, or are reasonably likely to materially affect, the Company’s ICFR.

MANAGEMENT’S RESPONSIBILITY

Management is responsible for all information contained in this MD&A. The consolidated financial statements have been prepared in accordance with IFRS and include amounts based on management’s informed judgments and estimates. The financial and operating information included in this MD&A is consistent with that contained in the consolidated financial statements in all material aspects.

Management maintains internal controls to provide reasonable assurance that financial information is reliable and accurate and assets are safeguarded.

The Audit Committee has reviewed the audited consolidated financial statements with management. The Board of Directors has approved these audited consolidated financial statements on the recommendation of the Audit Committee.

Stephen Dunn
President and CEO
April 4, 2014