CALIFORNIA GOLD MINING INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2018 AND 2017

The following management discussion and analysis ("MD&A") of financial results is dated December 20, 2018 and reviews the business of California Gold Mining Inc. (the "Company" or "California Gold"), for the year ended August 31, 2018, and should be read in conjunction with the accompanying audited annual consolidated financial statements and related notes for the year ended August 31, 2018 (the "Financial Statements"). This MD&A and the accompanying Financial Statements for the year ended August 31, 2018 have been reviewed by the Company's Audit Committee and approved by the Company's Board of Directors. All figures shown are in Canadian dollars unless otherwise stated.

This MD&A contains certain forward-looking statements, such as statements regarding potential mineralization, resources and research results, and future plans and objectives of the Company, that are subject to various risks and uncertainties. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements. Readers are cautioned not to place undue reliance on these forward-looking statements. Forward-looking statements contained herein are made as of the date of this MD&A and the Company disclaims, other than as required by law, any obligation to update any forward-looking statements whether as a result of new information, results, future events, circumstances, or if management's estimates or opinions should change, or otherwise.

HIGHLIGHTS

During the year ended August 31, 2018, the Company continued with its corporate and project activities. It is management's objective to ensure that fiscal 2018 delivers an uptrend in exploration activities at the Company's key projects. Highlights for the year ended August 31, 2018 and current period include:

- During the first quarter of fiscal year 2018, the Company completed two private placements for gross proceeds of $3.2 million. The first private placement was completed on September 21, 2017 and the second on November 20, 2017. The proceeds from these two private placements were used for working capital and the new resource expansion drill program announced on December 6, 2017;
- On March 12, 2018 and April 27, 2018, the Company completed two tranches of a private placement by issuing 6,660,000 units at a price of $0.25 per unit, for gross proceeds of $1,665,000 with each unit comprised of one common share and one-half of one common share purchase warrant;
- On December 6, 2017, the Company provided an update on the expansion drill program for the Fremont Project. The main objective of the drill program is to generate a second mineral resource on the Property covering the newly identified Queen Specimen mineralized zone. This zone is located in the north-west portion of the Property, and constitutes roughly 750m of strike length, out of the total four kilometers strike of the Mother Lode shear zone (the "Shear Zone") on the Property. It would consist of 50 to 60 HQ-sized (2.5" diameter) diamond drill holes, totalling approximately 10,000m of drilling, with an average drill hole length of 180m; and
- Drill results from the current resource drilling program at Queen Specimen were announced in press releases published on February 8, 2018, February 21, 2018, March 5, 2018, April 3, 2018, April 9, 2018, May 2, 2018 and November 5, 2018. Each press release includes assays and geological interpretation from several drill holes. The results released to-date indicate the continuation of the

near-surface gold mineralization along the strike of the Shear Zone and support management's thesis that there is potential to significantly expand the current open pit-constrained mineral resource at Pine Tree-Josephine along strike at Queen Specimen.

- On August 14, 2018 and August 30, 2018, the Company completed two tranches of a private placement by issuing 5,202,000 units at a price of $0.25 per unit, for gross proceeds of $1,300,500 with each unit comprised of one common share and one-half of one common share purchase warrant;

A. COMPANY OVERVIEW

California Gold is a junior mineral exploration company engaged in the acquisition, exploration and development of mineral resource properties. The Company is currently not generating revenue from its mineral properties since it is in the mineral exploration stage.

From February 9, 2010 through April 12, 2013 the Company's common shares traded on the TSX Venture Exchange under the symbol "UCC". Effective as of April 15, 2013, the Company's common shares have traded under the symbol "CGM". Effective as of September 2, 2014, the Company's common shares have traded on the OTCQX marketplace under the symbol "CFGMF".

The principal asset of the Company is the Fremont Property, located in Mariposa County, California. Prior to its acquisition of the Fremont Property, the Company's only material property was the "Dingman Property" that includes eight mining claims and related surface rights agreements in Hastings County near Madoc, Ontario. The Company completed its first mineral resource estimate for the Fremont Property which was reported on November 1, 2016, and the accompanying NI 43-101 Technical Report was filed on SEDAR on December 15, 2016 (the "**Technical Report**").

B. MINERAL PROPERTIES

The Company's primary focus is the exploration and development activities at its Fremont Property. Exploration expenditures of the Company for the year ended August 31, 2018 were $1,971,300 which includes expenses incurred from the start of the new resource expansion drill program announced on December 6, 2017.

As of August 31, 2018, the Company had incurred $15,408,955 of acquisition, improvement, exploration and development costs on the Fremont Property and $3,467,082 of acquisition, improvement, exploration and development costs for the Dingman Property. The Company expenses exploration and evaluation expenditures and capitalizes property acquisition costs as incurred. Properties are reviewed for impairment on an annual basis. As of August 31, 2018, the Company's acquisition costs only include US$4,810,000 for the Fremont Property, and these costs were capitalized.

Costs incurred by the Company on each of the Fremont Property and the Dingman Property for the year ended August 31, 2018 and year ended August 31, 2017 are set out below:

	Fremont	Dingman	Total Mineral Interests
Accumulated costs incurred as of August 1, 2016			
Acquisition costs	$ 5,872,691	$ 2,139,055	$ 8,011,746
Property improvement costs	13,210	–	13,210
Exploration costs	6,991,954	1,273,969	8,265,923
Development costs	128,122	30,561	158,683
Total as of August 31, 2016	$ 13,005,977	$ 3,443,585	$ 16,449,562
Costs incurred for the year ended August 31, 2017			
Exploration costs			
Drilling	107,166	–	107,166
Exploration geologists	83,863	–	83,863
Analysis and laboratory	10,210	–	10,210
Geophysics	49,876	-	49,876
Storage	376	4,000	4,376
Core logging	8,167	-	8,167
Technical Studies	172,020	12,914	184934
Total costs incurred for the year ended	$ 431,678	$ 16,914	$ 448,592
Accumulated costs incurred:			
Acquisition costs	$ 5,872,691	$ 2,139,055	$ 8,011,746
Property improvement costs	13,210	–	13,210
Exploration costs	7,423,632	1,290,883	8,714,515
Development costs	128,122	30,561	158,683
Total as of August 31, 2017	$ 13,437,655	$ 3,460,499	$ 16,898,154
Costs incurred year ended August 31, 2018			
Exploration costs			
Drilling	1,157,543	–	1,157,543
Exploration geologists	86,460	–	86,460
Analysis and laboratory	159,900	–	159,900
Geophysics	329,289	-	329,289
Storage	42,437	2,700	45,137
Professional fees	185,206		185,206
Technical studies	10,465	3,883	14,348
Total costs incurred for the period ended	$ 1,971,300	$ 6,583	$ 1,977,883
Accumulated costs incurred:			
Acquisition costs	$ 5,872,691	$ 2,139,055	$ 8,011,746
Property improvement costs	13,210	–	13,210
Exploration costs	9,394,932	1,217,527	10,612,459
Development costs	128,122	110,500	238,622
Total as of August 31, 2018	$ 15,408,955	$ 3,467,082	$ 18,876,037

NI 43-101 Mineral Resource Estimate - Freemont Property.

On December 15, 2016, the Company filed its first NI 43-101 compliant mineral resource estimate for the Freemont Property. The mineral resource consists of the Pine Tree-Josephine zone only, which covers a strike length of roughly one kilometre, out of a total strike of four kilometres over which the Mother Lode shear zone is interpreted to extend on the Freemont Property.

This resource estimate compared favourably to the historical open pit resource at Pine Tree-Josephine. California Gold has a vast trove of historical assay data from deep mineralization at Pine Tree-Josephine that indicates extension of the mineralized zone well below the depth of the above resource estimate.

Management would like to note that roughly 60% of the total mineral resource is in the Indicated category. This, together with the successful exploratory drilling of new zones this past year, including the Queen Specimen zone, strongly suggests that the potential for resource expansion is high.

The mineral resource estimate, effective as of October 31, 2016, broken down by mineralized domains at the Pine Tree-Josephine zone, is outlined in the following table:

Classification	Domain	Tonnes (x1000)	Gold Grade (g/t)	Contained Ounces (x1000)
Indicated	Foot Wall Vein	323	2.39	25
	Hanging Wall Vein	731	2.30	54
	Mariposa Formation	465	1.45	22
	Melange	5,589	1.62	291
	Serpentinite	157	1.30	7
	Stringer Zone	2,097	1.74	117
	Total Indicated	**9,362**	**1.71**	**515**
Inferred	Foot Wall Vein	82	1.97	5
	Hanging Wall Vein	321	1.50	15
	Mariposa Formation	1,293	1.30	54
	Melange	3,298	1.64	174
	Serpentinite	1,877	0.89	54
	Stringer Zone	978	1.95	61
	Total Inferred	**7,850**	**1.44**	**364**

Notes: CIM definitions were followed for classification of Mineral Resources. Mineral Resources are estimated at a cut-off grade of 0.5 g/t Au. Mineral Resources are estimated using a gold price of US$1,400 per ounce. The resources are constrained by a Whittle pit shell. Numbers may not add due to rounding.

Mr. Vishal Gupta, the Company's President & CEO has reviewed and approved the information in this report. Mr. Gupta is a P.Geo. registered with the Association of Professional Geoscientists of Ontario (APGO), and a Qualified Person (QP) as defined under National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101").

The resource estimate was completed by Tudorel Ciuculescu, M.Sc., P.Geo., of Roscoe Postle Associates Inc. ("RPA") of Toronto, Ontario, an Independent Qualified Person as defined by NI 43-101 in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") Standards on Mineral Resources and Mineral Reserves, adopted by the CIM Council, as amended. The estimation methods used to generate the resource estimate are summarized below.

The resource estimate is based on results from 25,970.30 metres of drilling in 162 drill holes. Of this, 16,339.90 metres of drilling is attributable to 113 historical reverse circulation ("RC") drill holes, and 9,630.40 metres of drilling is attributable to 49 diamond drill holes drilled by California Gold since the acquisition of the Freemont Property by the Company in March 2013. Quality Assurance & Quality Control ("QA/QC") data generated during the various drill programs were independently verified by RPA as part of the project review.

The six mineralized domains, in stratigraphic sequence from top to bottom, are: Serpentinite, Hanging Wall Vein, Melange, Foot Wall Vein, Stringer Zone and Mariposa Formation. The resource model consists of a detailed three-dimensional geological model including lithological, structural, and gold domains derived from 30 metre-spaced sections. Blocks measuring 5 metres by 5 metres by 5 metres were generated to populate the block model. Gold assay data were reviewed statistically and visually to determine appropriate grade capping levels by domain. Specific gravity measurements were used for 1,045 samples, determined on drill core pieces, generally 10 cm to 20 cm in length. Gold grades were interpolated using inverse distance to the third power in two passes. Ordinary kriging was also used as a check for estimating the block grades. Vertical sections and plan views were visually inspected, and swath plots of the various interpolation methods and composites were analyzed for block model validation.

For the Hanging Wall vein, the Melange, the Foot Wall vein and the Stringer Zone domains, the blocks interpolated in the first pass were subjected to a second numerical filtering stage, requiring the presence of two drill holes within an oriented search ellipse of 40 metres by 20 metres by 8 metres. In addition, a manual contour drawn on an inclined longitudinal section was used to discard patches of blocks that were not contiguous, thereby reflecting a wider drill spacing. Blocks retained inside the manual contour were classified as Indicated. The remaining blocks interpolated in pass one and two were classified as Inferred. For the Serpentinite and Mariposa domains, blocks interpolated in the first pass were classified as Inferred.

Fremont Property – Current Activities Fiscal 2019

On November 5, 2018 the Company released new assay results from the continuing resource drilling program at the Queen Specimen zone at its flagship Fremont property in Mariposa county, California. Assays for the previously drilled holes from the current program at Queen Specimen were announced in separate press releases dated Feb. 8, 2018, Feb. 21, 2018, March 5, 2018, April 3, 2018, April 9, 2018, and May 2, 2018, respectively as reported below under Activities Fiscal 2018.

These new results provide additional data in support of a second shallow mineral resource on the property covering the newly identified Queen Specimen mineralized zone. This zone is located in the northwest portion of the property and constitutes roughly 750 metres of strike length out of the total four-kilometre strike of the Mother Lode shear zone on the property. The three holes discussed in this press release were drilled as part of the resource drilling campaign at the Queen Specimen mineralized zone that commenced on Dec. 2, 2017.

The same lithological sequence was observed in these drill holes, as with previously analyzed drill holes in the Queen Specimen deposit, and in the Pine Tree-Josephine deposit, including a sequence of metavolcanic mafic rocks overlying a melange of serpentinized ultramafic rocks. These are separated from the underlying metasedimentary rocks of the Mariposa formation by a zone of highly sheared and serpentinized phyllonite that is characteristic of the shear zone. In addition to the sequence stated herein, a zone of fault-emplaced sediments is apparent within the hangingwall mafic metavolcanic rocks. This stratigraphic repetition may be due to thrust faulting or folding associated with dextral movement along the shear zone that has been observed in airborne magnetic data acquired for the Fremont project in 2016.

For further information, please refer to the November 5, 2018 press release.

Fremont Property – Activities Fiscal 2018

The Company commenced a substantial resource expansion drill program at its flagship Fremont Property on December 2, 2017. The main objective of the drill program is to generate a second mineral resource on the property covering the newly identified Queen Specimen mineralized zone. This zone is located in the north-west portion of the property, and constitutes roughly 750m of strike length, out of the total four kilometers strike of the Mother Lode shear zone on the property.

The current drill program consisted of 50 to 60 HQ-sized (2.5-inch diameter) diamond drill holes, totaling roughly 10,000 m of drilling, with an average drill hole length of 180 m. For further information on the drill program, refer to the press release dated December 6, 2017.

Drill results from the current resource drilling program at Queen Specimen were announced in press releases published on February 8, 2018, February 21, 2018, March 5, 2018, April 3, 2018, April 9, 2018 and May 2, 2018. Each press release includes assays and geological interpretation from several drill holes. The results released to-date indicate the continuation of the near-surface gold mineralization along the strike of the Shear Zone and support management's thesis that there is potential to significantly expand the current open pit-constrained mineral resource at Pine Tree-Josephine along strike at Queen Specimen.

Dingman Property

The Company acquired its interest in the Dingman Property from Opawica Explorations Inc. ("Opawica") on January 29, 2010 pursuant to an option agreement dated July 31, 2009 between the Company and Opawica that transferred all of Opawica's interest in the Dingman Property to the Company, subject to an existing net smelter royalty. Concurrently with its acquisition of the Dingman Property, the Company also completed a financing and undertook other restructuring activities to focus the Company on the future development of the Dingman Property. No material work was completed on the Dingman Property during the year ended August 31, 2018.

C. SELECTED ANNUAL INFORMATION

The following table presents selected financial information in Canadian dollars ($), for each of the three most recently completed financial years and have been prepared in accordance with International Financial Reporting Standards.

	2018	2017	2016
	$	$	$
Revenues	-	-	-
Net loss before other items	(4,065,489)	(2,019,329)	(6,776,662)
Net comprehensive loss	(3,811,860)	(2,302,783)	(6,713,283)
Net loss per share	(0.09)	(0.06)	(0.24)
Total assets	7,578,014	6,391,730	6,531,507
Total long term liabilities	-	-	-
Cash dividends per share	-	-	-

Net loss before other items for the year ended August 31, 2018 increased to $4,065,489 from $2,019,329 for the year ended August 31, 2017. The increase in the loss for the year ended August 31, 2018 is due to the increase in exploration expenditures in the current period which was the result of raising the capital required to complete such a program. Exploration expenditures for fiscal 2018 at the Fremont Property totaled $1,971,300 (2017 - $431,678) which included the costs to complete the substantial resource expansion drill program as announced on December 2, 2017 and completed November 2019.

Net loss before other items for the year ended August 31, 2017 decreased to $2,019,329 from $6,776,662 for the year ended August 31, 2016. The decrease in the loss for the year ended August 31, 2017 is once again mainly due to the decrease in exploration expenditures in fiscal 2017. Exploration expenditures for fiscal 2017 at the Fremont Property totaled $431,678 and mainly included the costs to complete technical studies. Exploration expenditures for fiscal 2016 at the Fremont Property totaled $5,069,554 and mainly included the costs from the Phase III exploration expenditures incurred at the Fremont Property

D. RESULTS OF OPERATIONS

Revenues

The Company has no revenue or sources of recurring revenues at this time. Passive income from leasing of grass lands was earned in the prior year at the Fremont Property.

Operating expense: Operating expenses for the year ended:

	August 31, 2018	August 31, 2017
	$	$
Exploration expenses	**1,977,883**	448,592
Administrative expenses	**2,055,010**	1,569,690
Loss(gain) on foreign exchange	**29,974**	3,160
Loss before items below	**(4,062,867)**	(2,021,442)
Interest and other income	**(2,622)**	2,113
Net loss before other items for the year	**(4,065,489)**	(2,019,329)
Foreign exchange translation	**253,629**	(283,454)
Net comprehensive loss for the year	**(3,811,860)**	(2,302,783)

Net loss before other items for the year ended August 31, 2018 increased to $4,065,489 from a loss of $2,019,329 last year. The main reason for the increase in the loss for the year ended August 31, 2018 is due to the increase in amount of exploration work completed at the Fremont Property. Exploration costs were mainly focused on drilling and geophysics type of activities as explained in more detail in Section B. Administrative expenses increased as a result of supporting the increase in exploration activity and spending.

The majority of exploration costs were incurred on the Fremont Property, with minimal expenditures on the Dingman Property. Exploration costs expensed for the year ended August 31, 2018 increased to $1,971,300 from $431,678 in the same period last year. With respect to the Dingman Property, minimal costs were incurred during the year ended August 31, 2018 and for the year ended August 31, 2017 and were mainly core storage costs. Details of spending by property is noted in Section B.

General administration expenses for the year ended August 31, 2018 increased to $2,055,010 from $1,518,971 in the same period last year. General and administrative expenses incurred during the year ended August 31, 2018 consist of the following significant items:

- Non-management salaries and wages for the year ended August 31, 2018 decreased to $188,124 from $222,888 in the same period last year. These expenses are for the Company's employees located at its Fremont Property. Despite having an active drill program this year, expenses have decreased from the prior year as a result of reducing the number of employees on a full time basis when the there is no active drill programs. The number of employees typically increase at site in order to support the drill core logging activities and soil sampling activities.

- Investor relations expenses for the year ended August 31, 2018 significantly increased to $753,343 from $279,070 in the same period last year. These expenses vary greatly between periods, but for the year ended August 31, 2018 this expense increased as a result of new strategy by management regarding investor relations which started in at the beginning of fiscal 2018. Management attended investment conferences, with a renewed focus on increasing the number of presentations to new investor groups. In addition, investor relations expenses include costs associated with investor relations consultants, investor meetings and presentations, advertising and promotion.

- Professional fees for the year ended August 31, 2018 increased to $389,940 from $262,696 in the same period last year. The majority of the professional fees incurred relate to routine auditing fees, accounting fees, and legal fees. The increase in fees are primarily increase in legal fees due to settlement of claims and corporate strategy consulting costs.

- Interest and bank charges decreased to $19,029 for the year ended August 31, 2018 from $33,831 in the same period last year. In the current year the Company incurred interest charges on accounts payables and loans.

Other Comprehensive Gain or Loss

The functional currency of the Company's United States subsidiaries is the US Dollar while the parent company, California Gold has retained the Canadian dollar as its functional currency. Other comprehensive gain or loss is the result of the translation of the financial results of the Company's US subsidiaries into Canadian dollars for consolidation purposes. The cumulative effect of these translations is accounted for as part of the Company's equity. For the year ended August 31, 2018, the Company's other comprehensive gain was $253,629 (comprehensive loss for 2017 - $283,454).

E. LIQUIDITY & CAPITAL RESOURCES

The Company has historically not generated enough revenues to offset its expenses. Funding of the Company's exploration activities and administrative costs have been provided by equity offerings of the Company's securities.

The Company has in place a planning and budgeting process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis and its capital, development and exploration expenditures. The Company ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

Cash and cash equivalents as at August 31, 2018 were $825,051 compared to $218,493 as at August 31, 2017. Factors that could impact on the Company's liquidity are monitored regularly and include the market price of the Company's trading securities for the purposes of raising financing, exploration expenditures, and operating costs. As at August 31, 2018, the Company had working capital of $965,280 compared to a working capital deficit of $946,032 as of August 31, 2017.

On August 14 and August 30, 2018, the Corporation completed two tranches of a non-brokered private placement for a total of 5,202,000 Units at a price of $0.25 per Unit, for gross proceeds of $1,300,500. Each Unit is comprised of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable into one common share of the Corporation for a period of 24 months from the date of issue at an exercise price of $0.50.

On March 12 and April 27, 2018, the Corporation completed two tranches of a non-brokered private placement consisting for a total of 6,660,000 Units at a price of $0.25 per Unit, for gross proceeds of $1,665,000. Each Unit is comprised of one common share and one half of one common share purchase warrant. Each whole warrant is exercisable into one common share of the Corporation for a period of 24 months from the date of issue at an exercise price of $0.50.

The Company completed two private placements in the first quarter of fiscal year 2018. The first one was completed on September 21, 2017 which consisted of 8,000,000 Units at a price of $0.25 per unit, for gross proceeds of $2,000,000 with each unit comprised of one common share and one-half of one common share purchase warrant. The second private placement was completed on November 20, 2017 which consisted of a total of 3,002,500 units at a price of $0.40 per unit, for gross proceeds of $1,201,000 with each unit comprised of one common share and one common share purchase warrant.

For the year ended August 31, 2017 the Company completed two private placements, which consisted of issuing 1,855,806 Units for gross proceeds of $1,206,274. Each Unit comprised of one common share and one half of one common share purchase warrant.

F. QUARTERLY INFORMATION

Selected quarterly information for the eight most recently completed quarters is presented below in Canadian currency ($), and in accordance with International Financial Reporting Standards.

	2018 Q4 $000's	Q3 $000's	Q2 $000's	Q1 $000's	2017 Q4 $000's	Q3 $000's	Q2 $000's	Q1 $000's
Revenues	-	-	-	-	-	-	-	-
Loss before Comprehensive Income(loss)	(604)	(940)	(1,475)	(1,046)	(481)	(445)	(538)	(555)
Comprehensive loss	(487)	(928)	(1,520)	(877)	(946)	(321)	(541)	(495)
Loss per share	(0.01)	(0.02)	(0.04)	(0.02)	(0.02)	(0.01)	(0.01)	(0.02)

Fourth Quarter 2017

The Company's fourth quarter of 2018 continued with the same objectives and trends as the previous three quarters of fiscal 2018, except exploration expenditures were lower in the fourth quarter as a result of insufficient capital. The Company completed a private placement Financing by the end of August 2018 which allowed the Company to complete additional work at Fremont but is subsequent to the year end and not reflected in the amounts noted above. In the current fiscal 2018 period, the exploration expenditures related to the substantial resource expansion drill program at its flagship Fremont Property which was announced on December 2, 2017. In the prior fiscal period, the focus was on the completion of the resource estimate and technical studies. There were no substantive changes in administrative costs and were consistent with the previous quarters.

G. OFF-BALANCE SHEET ARRANGEMENTS

The Company currently has no off-balance sheet arrangements with any parties as at August 31, 2018.

H. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are set out in Note 10 to the Financial Statements.

I. CAPITALIZATION

The Company is authorized to issue an unlimited number of voting common shares, an unlimited number of non-voting first preferred shares and an unlimited number of non-voting second preferred shares.

As of August 31, 2018, the Company had the following capital stock position:

Common shares outstanding	55,043,449
Warrants outstanding	17,179,905
Broker warrants outstanding	531,265
Options outstanding	780,000

Basic common shares outstanding is 55,043,449. Fully diluted shares outstanding which includes all issued common shares, warrants, broker warrants and options totals 73,534,619.

On November 30, 2018, the Company announce that it granted 4,340,000 options to officers, directors, employees and consultants of the Company. Each option is exercisable into one common share at an exercise price of $0.50 and has a term of five years. Options to officers and director have a vesting provision over a period of 2 years.

For further information on the Company's capital please refer to the notes of the Financial Statements (Note 5 – Share Capital, Note 6 – Options, Note 8 –Broker Warrants, Note 9 – Warrants).

J. RISKS AND UNCERTAINTIES

Title and access to properties
The Company’s principal activity is mineral exploration and development. Companies in this industry are subject to many and varied kinds of risks, including but not limited to, environmental, decisions and policies of governmental authorities, metal prices, political and general economic conditions. Although the Company has taken steps to verify the title to its mineral interests, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company’s title. Title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects. The Company is dependent on the cooperation of surface rights holders to provide timely access to the Dingman Property. The Company has had ongoing disputes with the surface rights owners of the Dingman Property and cooperation of the surface rights owners in facilitating access to the Dingman Property for the Company cannot be assured. The Company has no significant source of operating cash flow and no revenues from operations.

Business Risk
The preliminary economic assessment on the Dingman Property indicated that at a base gold price of US$1,500/oz or less, the Dingman Project was not expected to be economically feasible. The Fremont Property now has a mineral resource estimate, but neither the Fremont Property nor the Dingman Property has any mineral reserves (both as defined by NI 43-101). Substantial expenditures are required to be made by the Company to establish ore reserves. The Fremont Property and Dingman Property interests owned by the Company are in the exploration stage only, are without known bodies of commercial mineralization and have no ongoing mining operations. Mineral exploration involves a high degree of risk and few properties, which are explored, are ultimately developed into producing mines. Exploration of the Company’s properties may not result in any discoveries of commercial bodies of mineralization. If the Company’s efforts do not result in any discovery of commercial mineralization, the Company will be forced to look for other exploration projects or cease operations.

Conflicts of Interest of Directors
Certain of directors of the Company are associated with other companies involved in the mining industry. These associations may give rise to conflicts of interest from time to time. The Company’s policy on conflicts of interest complies with the procedures established in the *Business Companies Act* (Ontario), which sets out the necessity of full disclosure of any conflict of interest prior to the Board dealing with the subject matter giving rise to the conflict of interest and the interested party refraining from voting on such matter. The directors are further required to act honestly and in good faith with a view to the best interests of the Company and its shareholders.

Financing Risk
To fund future investments in its mineral properties the Company requires capital. The Company may not have sufficient internally generated cash flow and working capital and may have to access the capital markets. Subject to economic conditions at the time, there can be no assurance the Company would be able to raise additional debt or equity financing on acceptable terms. If the Company cannot finance its future

projects it could have a material and adverse effect on the Company's future cash flows, earnings, results of operations and financial condition.

The Company is Dependent on Key Officers and Employees

The Company is dependent on the efforts of key officers, including its Chief Executive Officer and Chief Financial Officer. The loss of the services of any of the Company's key officers and employees could have an adverse effect on California Gold, which could have a material adverse effect on the Company's future cash flows, earnings, results of operations and financial conditions. The Company does not have and currently has no plans to obtain key man insurance with respect to any of its key employees. In addition, the Company may need to recruit and retain other qualified managerial and technical employees to build and maintain its operations. If the Company requires such persons and is unable to successfully recruit and retain them, its development and growth could be significantly curtailed.

Gold Price

The ability of California Gold to raise capital is dependent on the price of gold. Gold prices fluctuate on a daily basis and are affected by a number of factors beyond the control of the Company, including the U.S. dollar exchange rate with other currencies, central bank lending and sales, producer hedging activities, global demand, production costs, confidence in the global monetary system, expectations of the future rate of inflation, the availability and attractiveness of alternative investment vehicles, the strength of the U.S. dollar (the currency in which the price of gold is generally quoted), interest rates, terrorism and war, and other global or regional political or economic events or conditions.

The future trend in the price of gold cannot be predicted with any degree of certainty. The market price of gold affects the economics of any potential development project and the viability of current operations, as well as having an impact on the perceptions of investors with respect to gold equities, and therefore, the ability of the Company to raise capital. A decrease in the market price of gold and other metals could affect the California Gold's ability to finance the exploration and development of the Company's properties could curtail further exploration or development due to lack of capacity to finance. There can be no assurance that the market price of gold will remain at current levels, that such prices will increase or that market prices will not fall.

Currency Risk

By virtue of the location of its exploration activities, the Company incurs costs and expenses United States dollar. Exchange rates have varied substantially in the last three years. Financings typically raise funds in Canadian dollars. The majority of exploration expenditures are incurred in U.S. dollars exposing the Company to potential significant foreign currency translation and transaction exposures, which could have a material and adverse effect on the Company's future cash flows, earnings, results of operations and financial condition. The Company currently does not hedge against other currencies and maintains the majority of its cash in Canadian dollars.

Government Regulation

The Company's mining operations and exploration and development activities are subject to laws and regulations governing health and worker safety, employment standards, exports, price controls, taxation, waste disposal, management and use of toxic substances and explosives, protection of the environment, mine development, protection of endangered and protected species, reclamation, historic and cultural preservation and other matters. Furthermore, the Company requires a number of different permits and licenses in order to carry on its business. Failure to comply with applicable laws, regulations and permits, even if inadvertent, may result in enforcement actions thereunder, including the forfeiture of claims, orders by regulatory or judicial authorities requiring operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or costly remedial actions, which could have a material and adverse effect on the Company's future cash flows, earnings, results of operations and financial condition. The Company may be required to compensate those suffering loss or damage by reason of its activities and may have civil or criminal fines or penalties imposed for violations of such laws, regulations and permits, which could have a material and adverse effect on the Company's future cash flows, earnings, results of operations and financial condition. It is possible that future changes in applicable laws, regulations, agreements or changes in their enforcement or regulatory interpretation could result in changes in legal requirements or in the terms and conditions of existing permits and agreements applicable to the Company or its properties, which could have a material and adverse effect on the Company's future cash flows, earnings, results of operations and financial condition. Where required, obtaining necessary permits can be a complex, time consuming process and the Company cannot assure that any necessary permits will be obtainable on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Company from proceeding with the development of an exploration project or the operation or further development of a mine, which could have a material and adverse effect on the Company's future cash flows, earnings, results of operations and financial condition. There can be no guarantee that the Company will be able to obtain or maintain all necessary licenses and permits that may be required to explore and develop its properties, commence construction or operation of mining facilities and or to maintain continued operations that economically justify the cost.

Operating Hazards and Risks
Mineral exploration involves many risks. The operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, any of which could result in work stoppages and damage to persons or property or the environment and possible legal liability for any and all damage. Fires, power outages, labour disruptions, flooding, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are some of the risks involved in the conduct of exploration programs.

Environmental Compliance
The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to permitting, property reclamation, discharge of hazardous material and other matters. These laws and regulations may change at any time prior to the granting of necessary approvals. The support of local politicians and/or communities may be required to obtain necessary permits and approvals and such support cannot be assured.

The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current properties that may result in material liability to the Company. Since acquiring the Fremont Property, the Company continues to be exposed to risks similar to those when developing the Dingman Property. However, the Fremont Property is located in California, United States, which has different, and in many cases more stringent, environmental and permitting requirements than Ontario, Canada. The Company's ability to complete exploration work within planned budgets and using financial resources on hand will be affected by movements in the Canadian Dollar-US Dollar exchange rate.

K. CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

These statements are subject to known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those implied by the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks as set forth herein.

This Management's Discussion and Analysis contains "forward-looking statements, within the meaning of applicable Canadian Securities legislation", that involve a number of risks and uncertainties. Forward looking statements include, but are not limited to, statements with respect to the future price of gold, the estimation of mineral reserves and resources, the realization of mineral estimates, the timing and amount of estimated future production, costs of production, capital expenditures, costs and timing of the development of new deposits, success of exploration activities, permitting time lines, currency exchange rate fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage and timing and possible outcome of pending litigation. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", or "might" be taken, occur or be achieved. Forward-looking statements are based on the opinions and estimates of management as of the date such statements are made, and they involve known and unknown risks, uncertainties and other factors which may cause the actual results, level of activity, performance or achievements of the Company to be materially different from any other future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others: risks relating to integration of acquisitions, the actual results, costs and timing of current exploration activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; failure of equipment or processes to operate as anticipated; accidents, labour disputes, disputes concerning property access rights, and other risks of the mining industry; delays in or inability to obtain governmental approvals or financing; and fluctuations in metal prices and foreign exchange rates. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The Company undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change. Accordingly, readers are cautioned not to place undue reliance on forward looking statements.

L. OTHER

The Corporate Office and mailing address of the Company is the Exchange Tower, 130 King Street West, Suite 1800, Toronto, Ontario, M5X 1E3.

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Additional information relating to the Company may be found on SEDAR at www.sedar.com.