

Management's Discussion and Analysis ("MD&A") is intended to help the reader understand Highway 50 Gold Corp.'s (the "Company") financial statements. The information provided herein should be read in conjunction with the audited financial statements for the year ended December 31, 2012 and the unaudited interim condensed financial statements of the Company for the six months ended June 30, 2013. The following comments may contain management estimates of anticipated future trends, activities or results. These are not a guarantee of future performance, since actual results could change based on other factors and variables beyond management control.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls and to ensure that information used internally or disclosed externally, including the financial statements and MD&A, is complete and reliable. The Company's board of directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The board's audit committee meets with management quarterly to review the financial statements including the MD&A and to discuss other financial, operating and internal control matters.

The reader is encouraged to review Company statutory filings on [www.sedar.com](http://www.sedar.com) and to review general information.

## **DESCRIPTION OF BUSINESS AND OVERVIEW**

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The Company is an exploration stage company engaged principally in the acquisition and exploration of exploration and evaluation assets. The recovery of the Company's investment in its exploration and evaluation assets is dependent upon the discovery of economically recoverable mineral reserves and the ability to raise sufficient capital to finance this operation. The ultimate outcome of these operations cannot presently be determined because they are contingent on future matters.

The following is a summary of the significant milestones that have occurred since the beginning of the year:

- In February 2013, the Company filed a NI 43-101 technical report on its 100% owned Golden Brew and Porter Canyon properties.

## **MINERAL PROPERTY REVIEW**

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*This review has been prepared by the Company's geologic staff under the supervision of Gordon P. Leask, P.Eng., President, CEO and Director of the Company, and a Qualified Person ("QP") as defined by National Instrument 43-101 (Standards of Disclosure for Mineral Projects).*

The Company currently owns, or has the right to acquire an interest in, two projects located in Nevada (the Golden Brew Property and the Porter Canyon Project).

### **Porter Canyon Project**

The Company acquired the Porter Canyon claims in 2011 by staking. Porter Canyon comprises 201 unpatented claims located in Lander County, Nevada that cover the projected north-eastern terminus of the Eastgate volcanic trough under pediment cover outboard of the Quito Mine. Quito is a Carlin-type deposit hosted in lower-plate silty limestones from which 175,000 ounces of gold was produced between 1986 and 1989. Subsequent to staking, the Company executed gravity surveys which are interpreted to show several horsted blocks under a shallow westerly sloping pediment, west of the base of the Toiyabe Range. Initial drill targets consist of the intersection of a set of northwest trending structures which host auriferous jasperoids with antimony mineralization in the range and a set of north trending cut-off structures related to a major crustal feature referred to as the Western Nevada Rift. These intersections appear to be coincident with the structural edges of the aforementioned horst blocks. Subsequent to executing the gravity surveys over the property, the Company commissioned a CSAMT geophysical survey. Results of this work suggest the existence of a shallowly buried (less than 100 metres of cover) horst block located approximately 1.5 kilometres (1 mile) outboard of the range front. A series of south-east trending structures that bracket the target project directly back to the past-producing Quito Mine. A number of auriferous jasperoids, including those in the vicinity of the former Antimony King Mine, are located within this structural zone.

In 2011, the Company announced results from 980 metres of a proposed 1,500 metre reverse circulation drilling program. Holes PCT-11-01 and PCT-11-02, drilled to depths of 451 metres and 528 metres respectively, were lost in alluvium prior to encountering bedrock. The holes are located approximately 1 kilometre apart in the north-south direction with PCT-11-01 being the northernmost. The bottom 40 metres (130 feet) of PCT-11-01 exhibits significant enrichment in Carlin-type pathfinder elements, arsenic and antimony, as well as substantially elevated gold values. This is in contrast to PCT-11-02 which shows no such anomalous values. The 35 metre section in PCT-11-01 from 410 metres to 445 metres (110 feet) averaged 61 ppb Au with the two highest 1.5 metre (5 feet) samples returning 174 ppb Au and 83 ppb Au. Corresponding average arsenic and antimony values are 100 ppm As and 30 ppm Sb (up to 44 ppm Sb) over the same interval. Drillhole PCT-11-01 is located in the projected south-west corner of the Quito Lower-plate window, 1.5 kilometres outboard of the edge of the Toiyabe Mountain Range along the western extension of a series of north-west trending structures that bracket the past producing Quito gold mine (176,000 ounces of gold), four kilometres to the south east and the former Antimony King Mine, 3 kilometres to the south east.

Given the level of gold values in alluvium immediately above buried major known Carlin-type gold deposits in Nevada, management considers these results to be evidence of mineralized material shedding from a possible bedrock source nearby and provides impetus for follow-up drilling. The Company is currently permitting 5 additional drill sites on BLM lands and 12 drill sites on U.S. Forest Service lands. During the quarter, the Company's consultants, Enviroscientists, Inc. of Reno, Nevada, completed the required biological survey necessary for the permitting process. The archeological survey is scheduled to commence shortly. Clearance to drill is expected to take an additional 90 days after submission of the required studies.

### Golden Brew Property

The Golden Brew claims ("Golden Brew") comprises 153 claims prospective for Carlin-style gold mineralization which has only been superficially explored by previous owners, including eight shallow drill holes totaling 2,885 feet completed in 1989. To date, gold mineralization at Golden Brew consists of a zone of gold bearing jasperoid measuring 2,500 feet long and up to 200 feet wide, hosted in thin bedded platy Cambrian-aged carbonates. Wherever sampled, the jasperoid is anomalous in all Carlin-type gold deposit pathfinder elements, with gold grades ranging from anomalous to 4 grams/tonne. The zone is exposed on the western slope of the Toiyabe Mountain Range and is truncated on the west by a north-south trending range front fault. West of the rangefront fault is an area of gravel cover where the company conducted gravity and CSAMT geophysical surveys. These surveys were designed to locate the gold bearing structure within the favourable host rocks at reasonable exploration depths beneath the gravel cover. The geophysical program was successful in locating an uplifted horst block with a potential gold bearing structure extending through it.

The Company has completed four holes of its initial eight hole, +10,000 foot reverse circulation drill campaign at Golden Brew. A total of approximately 8,800 feet of drilling was performed. The Company intends to complete the remainder of the drilling based on permitting and financing. The geophysically-interpreted uplifted carbonate horst block was encountered in three of the first four holes with thick intersections of favourable carbonate host rock stratigraphy. Geophysical modeling has been completed and will be used to target drill holes for the upcoming drill program. Assay results show a 150 foot interval of anomalous arsenic (to 290 ppm) and antimony (to 24 ppm) in drill hole GB-3. These levels are higher than the anomalous soils peripheral to the auriferous jasperoid at the rangefront 7500 feet to the east.

The following are summary logs of the first four holes on a north-south section spanning 7 kilometres (2.75 miles).

Golden Brew Drill Results				
Drill Hole #	Location	Interval	Length	Description
GB-1		0 to 2,145 ft 2,145 to 2,200 ft	2,145 ft 55 ft	Alluvium Volcanic tuffs
GB-2	6,000' south of GB-1	0 to 2,060 ft 2,060 to 2,160 ft 2,160 to 2,180 ft	2,060 ft 100 ft 20 ft	Alluvium Volcanic tuffs Thin-bedded limey siltstones
GB-3	4,000' south of GB-2 and 7,000' WNW of the large auriferous jasperoid at Golden Brew	0 to 1,380 ft 1,380 to 2,100 ft 2,100 to 2,200 ft	1,380 ft 720 ft 100 ft	Alluvium Thin-bedded limey siltstones Carbonaceous phyllites
GB-4	3,000' south of GB-3	0 to 1,685 ft 1,685 to 2,200 ft	1,685 ft 515 ft	Alluvium Thin bedded limey siltstones

As predicted by a previously executed gravity survey, the drill holes confirm an uplifted horst block around hole GB-3. The magnitude of the uplift is 800 feet. Gravity data suggests that this location is not necessarily the shallowest area of the horst block. The northern flank of the horst block is approximately coincident with the southern edge of the Eastgate Volcanic Trough. Based upon the drilling, the structural intersection between the southeastern terminus of the Eastgate Volcanic Trough and projected extension of the Golden Brew jasperoid is now interpreted to be proximal to, and east of drillhole GB-2. This area is a priority target for follow-up drilling.

Based upon the confirmation of a strong structural architecture in juxtaposition with favourable host rocks and geochemical evidence that the Carlin-type system exposed one mile east of the horst block extends under pediment to the west, management believes further drilling is warranted. The Company completed a 3-D inversion of the gravity data plus an additional 3 lines of CSAMT. This work further refines the structural interpretation of the property. The Company has engaged Envirosientists, Inc. of Reno, Nevada who are currently in the process of permitting six new drill sites on the Golden Brew property. Three of these locations are on BLM lands and three are on Forest Service managed lands. The Company recently filed a NI 43-101 report recommending a further 5 drill holes (10,000 ft) at Golden Brew.

The Company is party to a mining lease with Genesis Gold Corporation with an option to acquire a 100% interest in Golden Brew. The mining lease is for a term of fifteen years, and for so long thereafter as the Company is engaged in mineral development, mining or reclamation and closure activities on the property, subject to earlier termination by the parties in accordance with the mining lease agreement. The terms of the mining lease agreement include an initial payment to the optionor of US\$10,000 (paid) on execution of the mining lease agreement. The Company has also agreed to pay to the optionor lease payments (the "Lease Payments") of US\$15,000 (paid) on the first anniversary of execution of the mining lease agreement, US\$25,000 (paid) on the second and third anniversaries and escalating Lease Payments thereafter until production is achieved or the mining lease agreement has terminated. The Company has an option which may be exercised at any time during the mining lease agreement to acquire a 100% interest in the property for the purchase price of US\$2,000,000 (the "Purchase Price"), subject to a 2% net smelter returns royalty (the "Royalty"). The Company may not place the property into production without paying the optionor the Purchase Price in full. All Lease Payments made by the Company will be applied to the Purchase Price. The Royalty will be reduced to one percent of net smelter returns at such time as the Company has paid US\$4,000,000 to the optionor in royalty payments. The acquisition is an arm's length transaction.

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## QUARTERLY INFORMATION AND RESULTS OF OPERATIONS

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### *Summary of Quarterly Results*

The following is a summary of certain selected unaudited financial information for the most recent eight fiscal quarters. The private placements in 2010 enabled the Company to concentrate its exploration activities on existing properties in Nevada, and also to investigate and acquire additional exploration and evaluation assets. General and administrative expenses, which make up the majority of the losses reported in the tables below, have stabilized over each of the quarters of 2011 and 2012 and the first and second quarters of 2013 and will likely yield consistent results over the next quarters.

**Unaudited**  
**(Fiscal Quarter of the Fiscal Year ended December 31, 2013)**

All in \$1,000's except loss per share	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter
Working capital	\$ 501	\$ 425
Loss	\$ (59)	\$ (59)
Loss per share	\$ (0.003)	\$ (0.003)
Loss per share (fully diluted)	\$ (0.003)	\$ (0.003)
Total assets	\$ 2,286	\$ 2,270
Total liabilities	\$ 250	\$ 293
Deficit	\$ 2,036	\$ 2,115

**Unaudited**  
**(Fiscal Quarters of the Fiscal Year ended December 31, 2012)**

<b>All in \$1,000's except loss per share</b>	<b>1<sup>st</sup> Quarter</b>	<b>2<sup>nd</sup> Quarter</b>	<b>3<sup>rd</sup> Quarter</b>	<b>4<sup>th</sup> Quarter</b>
Working capital	\$ 859	\$ 795	\$ 661	\$ 599
Loss	\$ (73)	\$ (53)	\$ (64)	\$ (50)
Loss per share	\$ (0.004)	\$ (0.003)	\$ (0.003)	\$ (0.002)
Loss per share (fully diluted)	\$ (0.004)	\$ (0.003)	\$ (0.003)	\$ (0.002)
Total assets	\$ 2,429	\$ 2,423	\$ 2,352	\$ 2,313
Total liabilities	\$ 166	\$ 214	\$ 206	\$ 218
Deficit	\$ (1,830)	\$ (1,883)	\$ (1,947)	\$ (1,997)

**Unaudited**  
**(Fiscal Quarters of the Fiscal Year ended December 31, 2011)**

<b>All in \$1,000's except loss per share</b>	<b>3<sup>rd</sup> Quarter</b>	<b>4<sup>th</sup> Quarter</b>
Working capital	\$ 1,338	\$ 961
Loss	\$ (2)	\$ (173)
Loss per share	\$ (0.000)	\$ (0.009)
Loss per share (fully diluted)	\$ (0.000)	\$ (0.009)
Total assets	\$ 2,671	\$ 2,660
Total liabilities	\$ 162	\$ 324
Deficit	\$ (1,584)	\$ (1,757)

**Second Quarter and Year to Date ended June 30, 2013**

The Company's loss for the quarter ended June 30, 2013 totaled \$59,141, a loss of \$0.003 per share, as compared to a loss of \$53,473, a loss of \$0.003 per share, for the quarter ended June 30, 2012. General and administrative expenses for the quarter ended June 30, 2013 totaled \$74,360 (June 30, 2012 quarter - \$63,884). The increase included increases in investor relations and shareholder information (2013 - \$11,102, 2012 - \$Nil) and office and administration (2013 - \$19,406, 2012 - \$16,728).

The Company's cash and cash equivalents decreased by \$26,775 during the quarter ended June 30, 2013, as compared to a decrease of \$16,317 during the quarter ended June 30, 2012 (decrease of \$470,666 for the year ended December 31, 2012). Cash used in investing activities, totaled \$11,072 for the quarter ended June 30, 2013 compared to \$7,207 for the quarter ended June 30, 2012 (\$288,922 used in investing activities for the year ended December 31, 2012).

The Company's activities are focused on exploring its properties in Nevada as well as looking to acquire additional properties. The breakdown of material components of exploration and evaluation of assets as at June 30, 2013 and June 30, 2012 are as follows:

Highway 50 Gold Corp.  
Management Discussion & Analysis of Financial Results  
For the Six Months Ended June 30, 2013  
Containing information up to and including August 27, 2013

	Balance, Jun 30, 2013	Balance, Jun 30, 2012
Field operations	\$ 244,297	\$ 210,538
Assays	54,883	53,824
Administrative services	14,351	14,351
Drilling	612,338	612,338
Geology and mapping	165,834	157,906
Geophysics	168,556	168,556
Roads and line-cutting	45,047	45,047
Acquisition fees	694,688	606,119
Exploration tax credit	(23,714)	(23,714)
	1,976,280	1,844,965
Less: write-offs	(468,408)	(468,408)
	\$ 1,507,872	\$ 1,376,557

The breakdown of material components of general and administrative expenses for the quarters and years to date ended June 30, 2013 and June 30, 2012 are as follows:

	2013		2012	
	Quarter to Date	Year to Date	Quarter to Date	Year to Date
General & administrative expenses				
Accounting and audit	\$ 17,850	\$ 17,850	\$ 20,655	\$ 20,655
Bank charges and interest	132	269	(1,517)	3,474
Consulting fees	18,130	37,971	18,255	37,848
Investor relations and shareholder info	11,102	16,967		438
Legal	1,050	1,070	1,550	1,550
Office and administration	19,406	50,208	16,728	44,743
Rent	5,463	9,963	4,500	9,000
Transfer agent and listing fees	1,125	4,018	3,713	10,338
	\$ 74,258	\$ 138,316	\$ 63,884	\$ 128,046

### **Liquidity and Capital Resources**

Cash and cash equivalents at June 30, 2013 totaled \$713,455 compared to \$996,092 at June 30, 2012. Working capital at June 30, 2013 was \$425,166 compared to \$795,205 as at June 30, 2012. The Company has sufficient working capital to continue the exploration and development of the Company's properties in Nevada. The ability of the Company to continue as a going-concern depends upon its ability to develop profitable operations and to continue to raise adequate financing.

Cash used in operating activities during the quarter ended June 30, 2013 was \$15,703, compared to \$9,110 in the same period of 2012.

At the date of these unaudited interim consolidated financial statements, the Company has not been able to identify a known body of commercial grade ore on any of its exploration and evaluation assets. The ability of the Company to realize the costs it has incurred to date on these exploration and evaluation assets is dependent upon the Company being able to lever its property interests and cash, by way of exploration activities and option/joint ventures, into assets of greater value.

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

As at June 30, 2013 and August 27, 2013, the Company had 19,646,045 common shares issued and outstanding (December 31, 2012 – 19,646,045).

During the quarter ended June 30, 2013, there were no stock options granted or exercised. At June 30, 2013, there were 1,850,000 stock options outstanding. If exercised, the 1,850,000 stock options would increase the Company's available cash by \$784,000. Subsequent to June 30, 2013, there were no stock options granted or exercised.

During the quarter ended June 30, 2013, there were no warrants issued or exercised. As at June 30, 2013, there were 1,745,000 warrants outstanding at an exercise price of \$0.65 with an expiry date of November 19, 2013. If exercised, the 1,745,000 warrants would increase the Company's available cash by \$1,134,250.

### **Related Party Transactions**

During the three months ended June 30, 2013, the Company entered into the following transactions with related parties:

- a) Paid or accrued fees in the amount of \$24,000 (2012 – \$24,000) for management services to Eagle Putt Ventures Inc. and Rangefront Exploration Corp., private companies controlled by Gordon P. Leask and John M. Leask respectively, directors of the Company. The Company owed \$10,559 to these private companies as at June 30, 2013 (2012 - \$14,332).
- b) Paid or accrued fees in the amount of \$12,923 (2012 - \$12,438) for management services, \$7,963 (2012 - \$9,000) for rent and \$33,336 (2012 - \$32,293) for office and administration costs to Cerro Rico Management Corp., a private company controlled by Megan M. Cameron-Jones, a director of the Company. The Company owed \$252,517 to this private company as at June 30, 2013 (2012 - \$170,629).

Amounts payable to related parties have no specific terms of repayment, are unsecured, and have no interest rate. The amounts charged to the Company for the services provided have been determined by negotiation among the parties. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

All transactions with related parties are in the normal course of operations and are measured at their fair value as determined by management. The amount owing in related party transactions is generally unsecured and has no fixed terms of interest or repayment.

### **Proposed Transactions**

The Company is not contemplating any other transactions which have not already been disclosed. The Company continues to look at other property acquisitions and to seek joint venture partners on its properties on a regular basis.

### **Investor Relations**

Investor relations activities are performed by directors and officers of the Company.

### **Financial and Capital Risk Management**

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's receivables, accounts payable and accrued liabilities and due to related parties approximate carrying value, which is the amount payable on the consolidated statements of financial position. The Company's other financial instruments, cash and cash equivalents, under the fair value hierarchy are based on level one quoted prices in active markets for identical assets or liabilities.

The Company is exposed to varying degrees to a variety of financial instrument related risks:

#### *Credit risk*

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company's cash and cash equivalents are held at a large Canadian financial institution in interest bearing accounts. The Company has no investment in asset backed commercial paper.

The Company's receivables consist mainly of Harmonized Sales Tax receivable from the government of Canada and interest on short-term investments held by the Company's bank.

#### *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company manages liquidity risk through its capital management as outlined below. Accounts payable relating to exploration and evaluation assets and other accounts payable and accrued liabilities are due within one year.

#### *Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

##### a) Interest rate risk

The Company has cash balances and interest-bearing investments. The interest earned on the investments approximates fair value rates, and the Company is not at a significant risk to fluctuating interest rates. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its financial institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As at June 30, 2013, the Company had a total of \$290,000 in investment-grade short-term deposit certificates.

The risk that the Company will realize a loss as a result of a decline in the fair value of the short-term investments included in cash and cash equivalents is minimal because of the short-term nature of these investments.

##### b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash and cash equivalents and accounts payable and accrued liabilities that are denominated in United States dollars ("US\$"). A 10% fluctuation in the US\$ against the Canadian dollar would affect net loss for the period by approximately \$41,000.

##### c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

#### *Capital management*

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and evaluation of its mineral properties, acquire additional exploration and evaluation assets and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes its cash and cash equivalent balances and components of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents and investments.

The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management.

*Forward Looking Statements*

Information set forth in this MD&A may involve forward-looking statements under applicable securities laws. Forward-looking statements are statements that relate to future, not past, events. In this context, forward-looking statements often address expected future business and financial performance, and often contain words such as “anticipate”, “believe”, “plan”, “estimate”, “expect”, and “intend”, statements that an action or event “may”, “might”, “could”, “should”, or “will” be taken or occur, or other similar expressions. All statements, other than statements of historical fact, included herein including, without limitation; statements about the size and timing of future exploration on and the development of the Company’s properties are forward-looking statements. By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the Company’s actual results, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following risks: the need for additional financing; operational risks associated with mineral exploration; fluctuations in commodity prices; title matters; environmental liability claims and insurance; reliance on key personnel; the potential for conflicts of interest among certain officers, directors or promoters with certain other projects; the volatility of the Company’s common share price and volume and other reports and filings with the TSX Venture Exchange and applicable Canadian securities regulations. Forward-looking statements are made based on management’s beliefs, estimates and opinions on the date that statements are made and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, except as required by applicable securities laws. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from our expectations are disclosed in the Company’s documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies the Company is bound. Investors are cautioned against attributing undue certainty to forward-looking statements.

The users of this information, including but not limited to investors and prospective investors, should read it in conjunction with all other disclosure documents provided including but not limited to all documents filed on SEDAR ([www.SEDAR.com](http://www.SEDAR.com)).