DALRADIAN
RESOURCES

Management's Discussion and Analysis

For the three months ended March 31, 2017
and March 31, 2016

May 4, 2017

TABLE OF CONTENTS

Caution Regarding Forward-Looking Information

This MD&A contains "forward looking information" which may include, but is not limited to, statements with respect to the future financial or operating performance of the Company and its subsidiary and its mineral project, the future price of metals, test work and confirming results from work performed to date, the estimation of mineral resources and mineral reserves, the realization of mineral resource and mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital, operating and exploration expenditures, costs and timing of the development of new deposits, costs and timing of future exploration, requirements for additional capital, government regulation of mining operations, environmental risks, reclamation expenses, title disputes or claims, limitations of insurance coverage, the timing and possible outcome of pending regulatory matters and the realization of the expected production, economics and mine life of the Curraghinalt gold deposit. Often, but not always, forward looking statements can be identified by the use of words and phrases such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative variations) of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "might" or "will" 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 are based on various assumptions, which may include but are not limited to, the continued political stability in Northern Ireland, that permits required for Dalradian's operations will be obtained on a timely basis in order to permit Dalradian to proceed on schedule with its planned exploration and mine development, construction and production programs, that skilled personnel and contractors will be available as Dalradian's operations commence and continue to grow towards production and mining operations, that the price of gold will be at levels that render Dalradian's mineral project economic, that the Company will be able to continue raising the necessary capital to finance its operations and realize on mineral resource and mineral reserve estimates and current mine plans, that the assumptions contained in the Company's Technical Report FS (as defined herein) are accurate and complete, that the results of the ESIA will be positive and that a permitting application for mine construction will be approved.

Forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Dalradian to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, general business, economic, competitive, political and social uncertainties; the actual results of current and future exploration activities; the actual results of reclamation activities; conclusions of economic evaluations; meeting various expected cost estimates; changes in project parameters and/or economic assessments as plans continue to be refined; future prices of metals; possible variations of mineral grade or recovery rates; the risk that actual costs may exceed estimated costs; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; political instability; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, as well as those factors discussed in the section entitled "Risk Factors" in this MD&A. 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 to differ from those anticipated, estimated or intended. Forward looking statements contained herein are made as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results, except as may be required by applicable securities laws. 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. Accordingly, readers should not place undue reliance on forward-looking statements.

HIGHLIGHTS

Table 1: Highlights of 2017 and Subsequent Period	
April 26, 2017	Dalradian intersects 1.72 metres at 28.23 g/t gold at Curraghinalt in first results from new drill program
March 21, 2017	Dalradian noted the possible offer for Minco plc
February 6, 2017	Warrant exercise brings in proceeds of $7.2 million

NOTES

All references to the "Company" or "Dalradian" refer to Dalradian Resources Inc., including its subsidiaries, unless the context requires otherwise.

This management's discussion and analysis ("MD&A") should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements and related notes for the three months ended March 31, 2017 and March 31, 2016 (the "Consolidated Financial Statements"), and the audited consolidated financial statements and related notes for the years ended December 31, 2016 and December 31, 2015, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. This MD&A should also be read in conjunction with the Company's 2016 Annual Information Form ("AIF") dated March 23, 2017, which is available on SEDAR at www.sedar.com.

Eric Tremblay, P.Eng., Chief Operating Officer, and Greg Hope, MAIG, Exploration and Geology Manager with Dalradian are the qualified persons, as defined under the guidelines of National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101") of the Canadian Securities Administrators, and have reviewed and approved the technical information contained in this MD&A.

For additional details on the Curraghinalt high-grade lode gold deposit ("Curraghinalt"), please refer to the Company's technical report titled "NI 43-101 Feasibility Study Technical Report on the Curraghinalt Gold Project Northern Ireland" (the "Technical Report"), dated January 25, 2017 and prepared by Garett Macdonald, P.Eng., Michael Makarenko, P.Eng., Indi Gopinathan, P.Eng. and Stacy Freudigmann, P.Eng., all of JDS Energy & Mining Inc., and Jean-François Couture, P.Geo., Bruce Murphy, P.Eng., Cam Scott, P.Eng., all of SRK Consulting (Canada) Inc., and William Harding, C.Geol., of SRK Consulting (UK) Ltd., all of whom are independent Qualified Persons as defined by NI 43-101. The Technical Report is available on the Company's website and on SEDAR at www.sedar.com.

All amounts are in Canadian dollars unless otherwise noted.

This MD&A is dated May 4, 2017.

The Company is developing the Curraghinalt gold deposit while continuing to explore for other mineral deposits at its properties in Northern Ireland. The Company is subject to a number of risks and uncertainties which are not discussed in this MD&A. To properly understand such risks, readers are directed to the Company's AIF for the year ended December 31, 2016 under the heading "Risk Factors", which is incorporated by reference into this MD&A. The AIF is available on SEDAR (www.sedar.com).

Q1 2017 SUMMARY

In January 2017, Dalradian published the Technical Report on a positive feasibility study ("FS") for an underground mine at the Curraghinalt Gold Project producing an average of 130,000 ounces per year at all-in sustaining costs ("AISC", as defined by the World Gold Council) of US$674 per ounce. At a gold price of US$1,250 per ounce, the after-tax net present value was US$301 million (at a 5% discount rate) with an after-tax internal rate of return of 24.4%.

The 2017 work program on Curraghinalt is underway in support of further enhancing the project. The program includes infill, step-out and geotechnical drilling (approximately 40,000 metres in total), geotechnical studies and ore-sorting tests. Environmental, permitting and stakeholder relations activities will continue in support of the Planning Application. Regional exploration will continue across all of the licence areas.

During Q1 2017, the work program progressed by:

- Commencement of an underground drill program (infill and geotechnical);
- Initial review and program planning by the new geotechnical third-party consultant; and
- Continuation of ore-sorting test work, with results expected during Q2 2017.

During Q1 2017, nearly 15,000 tonnes of mineralized material from underground exploration development was shipped to a mill for processing. Subsequent to March 31, 2017, Dalradian received and reported positive results from this processing. The overall recovery was 95.9%, compared to an expected recovery of 94.3% in the FS.

During Q1 2017, work continued toward producing an environmental and social impact assessment ("ESIA") report that, along with a Project Description based on the FS, will form the basis of a planning (permitting) application ("Planning Application") to build a mine, expected to be submitted during 2017. Substantially all of the land required for the proposed processing plant and associated facilities has been secured.

While moving Curraghinalt toward production is the Company's primary goal, Dalradian also continues to explore on its extensive land package of 122,000 hectares. The Company added two new licence areas in 2016 so the focus continues to be on sampling extensively in streams and soils across all of its licence areas in order to have a good baseline of data for future work.

DESCRIPTION OF BUSINESS

Incorporated on March 27, 2009, pursuant to the provisions of the *Business Corporations Act* (Ontario), Dalradian is involved in the acquisition, exploration, evaluation and development of mineral properties in Northern Ireland. The Company is listed on the Toronto Stock Exchange ("TSX") under the stock symbol "DNA" and the AIM Market of the London Stock Exchange ("AIM") under the symbol "DALR". The Company's head office is in Toronto, while operations are focused on Dalradian's Curraghinalt Gold Project in Northern Ireland.

The Company, through its wholly-owned subsidiary, Dalradian Gold Limited ("DGL"), holds a 100% interest in option agreements and prospecting licences, subject to royalties as described below, covering approximately 122,000 hectares, consisting of six contiguous areas (DG1, DG2, DG3, DG4, DG5 and DG6), located in counties Tyrone and Londonderry, Northern Ireland, United Kingdom. This approximately 122,000-hectare area is collectively known as the "Northern Ireland Properties". There are two elements comprising this interest for each of the six licence areas:

- the option agreements for mining leases entered into with the Crown Estate Commissioners ("CEC") for gold and silver (the "CEC Mining Lease Option Agreements"); and
- the prospecting licences entered into with the Department for the Economy ("DfE", formerly known as the Department of Enterprise, Trade and Investment) for base metals (the "DfE Prospecting Licences").

On March 11, 2016, DGL finalized renewals of DG1-DG4 CEC Mining Lease Option Agreements, using a new standard form of CEC agreement, each with a commencement date of January 1, 2016 and an initial expiry date of December 31, 2021. On March 11, 2016, DGL also entered into initial CEC Mining Lease Option Agreements for DG5 and DG6 with a commencement date of January 1, 2016 and expiry date of December 31, 2021. The CEC Mining Lease Option Agreements have a six-year term, with an option to extend the term for up to an additional four years (together, the "Option Period"). An extension will only be granted if there is satisfactory evidence that DGL has made significant progress towards obtaining and/or has submitted an application for the requisite planning permission for the exploration and mining of gold and silver (and including access to and from the surface land) within the mining area (the "Planning Permission"). Pursuant to the terms of the CEC Mining Lease Option Agreements, DGL can exercise its option and require the CEC to grant a mining lease (in a form as agreed and appended to the CEC Mining Lease Option Agreements) (the "Mining Lease") over the relevant part of the licence area, provided that either of the following have been obtained: (i) the grant of a Planning Permission or (ii) confirmation by the Department for Infrastructure that it intends to grant Planning Permission subject only to the finalization of planning obligations or conditions or the execution of a planning agreement. The Mining Lease, will, among other things, set out the terms, conditions, obligations and certain rent and royalty payments to be made in connection with DGL's right to discover, extract and sell gold and silver from the relevant areas.

The DfE Prospecting Licences for DG1 and DG2 were issued in 2013 and are currently in their first two-year extension term which runs from January 1, 2016 to December 31, 2017. They are eligible for one more two-year extension. The DfE Prospecting Licences for DG3 and DG4 completed their second two-year extension term on April 23, 2017 and the Company's applications for new Prospecting Licences on those areas are being processed by DfE. On June 23, 2016, DGL was granted DfE Prospecting Licences for DG5 and DG6 with a commencement date of June 1, 2016 and expiry date of May 31, 2022. A DfE Prospecting Licence cannot be extended beyond six years from the date of grant; however, at the end of the second two-year extension, DGL may apply for a new DfE Prospecting Licence over the same area. Applications for new DfE Prospecting Licences will be required for DG1 and DG2 in 2019 and for DG5 and DG6 in 2021.

Pursuant to a royalty agreement dated December 13, 2004 (the "Royalty Agreement"), between DGL and Minco plc ("Minco"), a 2% net smelter return royalty on a portion of the Northern Ireland Properties (as defined in the Royalty Agreement) is payable by DGL to Minco plc, or its nominee.

As provided in the CEC Mining Lease Option Agreements, a 4% royalty will be payable to the CEC upon production of gold and/or silver from the Northern Ireland Properties.

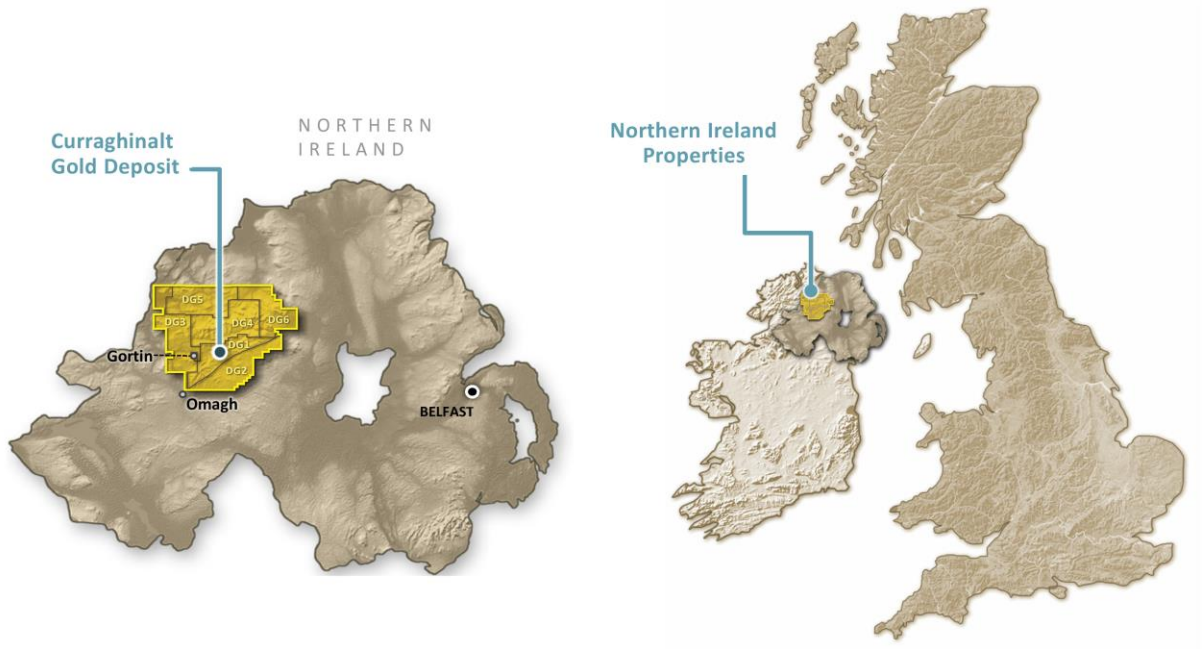
Within the Northern Ireland Properties, the Company's main focus is on Curraghinalt, where it has completed an FS and is in the process of completing an ESIA in support of a Planning Application to build a mine. See "Northern Ireland Properties – Curraghinalt Gold Project", below.

NORTHERN IRELAND PROPERTIES

Overview

Central to DGL's Northern Ireland Properties is the Curraghinalt gold deposit, a lode gold system consisting of a series of structurally controlled, high-grade gold bearing quartz-carbonate veins. Dalradian's work during Q1 2017 focused primarily on the deposit, including infill drilling, ore-sorting testing, delivery of the full technical report for the FS and advancement of the studies for the ESIA.

Figure 1: Location of the Curraghinalt gold deposit within the Northern Ireland Properties



Curraghinalt Gold Project – Feasibility Study

On December 12, 2016 Dalradian announced the results of an independent FS prepared in accordance with NI 43-101 for the Curraghinalt Gold Project. The FS was prepared under the direction of JDS Energy & Mining Inc. ("JDS"), an international engineering firm with extensive experience in both the construction and operation of mining projects. The study was supported by SRK Consulting, and was summarized into the Technical Report and filed on SEDAR on January 26, 2017. Results of the FS demonstrate that the Curraghinalt Gold Project warrants development due to its positive, robust economics. The FS has highlighted several opportunities to increase mine profitability and project economics and reduce identified risks.

All of the information in this section, "Curraghinalt Gold Project – Feasibility Study", is sourced from the Technical Report.

FS Highlights

- Net Present Value ("NPV") of US$301 million (CDN$402 million) after tax (at a 5% discount rate) and Internal Rate of Return ("IRR") of 24.4% after tax, at an assumed gold price of US$1,250/ounce
- Proven & Probable Mineral Reserves of 1.44 million ounces of gold and 0.66 million ounces of silver (5.24 million tonnes at 8.54 g/t Au and 3.9 g/t Ag), a subset of the Measured and Indicated Resources of 2.10 million ounces of gold (5.61 million tonnes at 11.61 g/t Au). The FS excludes Inferred Resources of 2.31 million ounces of gold (7.13 million tonnes at 10.06 g/t Au)

- Life of mine ("LOM") production of approximately 1.36 million ounces of gold and 0.38 million ounces of silver over an initial 10.5 year mine life using an average overall gold recovery of 94.3%
- Average annual gold production of 130,000 ounces in the first 10 years with an average LOM total cash cost of US$556/oz and a LOM AISC of US$674/oz
- Estimated initial capital cost, including contingency, of US$192.0 million with payback of 4.0 years, and LOM sustaining capital costs of US$165.1 million
- At year 5, production increases above 150,000 oz/yr, with peak production achieved in year 7, at 170,000 ounces. There is potential to maintain this higher rate of production beyond year 7 with conversion of existing Inferred Mineral Resources

Combined results from three test stopes completed in 2016 demonstrated a 50%-plus improvement in gold ounces recovered compared to the resource model on the V-75 vein (see news releases of September 14, 2016 and December 8, 2016 for details). This is a direct result of a higher than expected grade in those areas. At a broader scale, the resource table below shows that tighter drill spacing results in higher grade with gold grades increasing from 10.1 g/t in Inferred, to 11.5 g/t in Indicated to 27.0 g/t in Measured. The FS sensitivities demonstrate considerable potential for grade upside, such that a 20% grade improvement increases after-tax NPV by 64% and after-tax IRR by 39%.

Project Enhancement Opportunities

There are numerous opportunities to further enhance Curraghinalt project economics including:

- Enhancement of the deposit grade via tighter drill spacing.
- Mine life extension from (i) conversion of Inferred Resources to Measured and Indicated Resources and then into reserves with infill drilling and (ii) overall resource and reserve growth from step-out drilling along strike and at depth combined with exploring the potential for new veins parallel to the those already defined.
- Reduction of operating costs with additional geotechnical programs to maximize long-hole mining methods.
- Ore sorting technology to increase the grade, reduce the tonnage of material entering the processing plant and potentially reduce the cut-off grade, thereby increasing revenues. Test work is currently underway and shows positive preliminary results, with final results expected in Q2 2017.

Table 2 - NPV and IRR pre-tax and after-tax

	Pre-Tax	**After-Tax**
Net Present Value @ 5% discount rate (NPV_5)	US$371.7 M	US$301.3 M
Internal Rate of Return (IRR)	27.8%	24.4%
Payback (Years)	3.6	4.0

Note: All figures are reported on a 100% equity project basis valuation. Capital payback is calculated based on start of production.

Table 3 - Cash flow over the initial three years of production and LOM

US$M	Year 1	Year 2	Year 3	LOM
Total Revenue (Au & Ag)	120.2	164.2	172.9	1,700.5
Total Operating Costs	58.8	64.8	65.2	647.3
Transportation, Royalties & Refining	7.6	10.3	10.8	106.9
Operating Margin	53.9	89.1	96.8	946.4
Capital Costs	41.7	19.9	17.0	357.1
Working Capital	0.6	0.6	(0.4)	-
Corporate Taxes	0.7	7.6	9.7	96.7
Undiscounted After-tax Cash Flow	10.9	61.1	70.4	492.6

Note: the cash flow is based on assumed prices of US$1,250/ounce for gold and US$17/ounce for silver and exchange rates of $1.20 USD:GBP and $0.75 USD:CAD

Mineral Resources

The Curraghinalt gold deposit is an orogenic gold system consisting of a series of moderately to steeply dipping, structurally controlled, high-grade gold bearing quartz-carbonate veins. The deposit remains open in all directions. The Mineral Resource estimate incorporates information from 175 infill drill holes (51,215 metres) and underground samples from new and existing drifts along the T17, Sheep Dip, 106-16, V-75, Slap Shot and No. 1 Vein Zones. The Measured Mineral Resources are higher grade than the Indicated and Inferred Mineral Resources.

The current Mineral Resource estimate consists of 2.1 million ounces of contained gold in the Measured and Indicated categories (5.61 million tonnes at 11.61 g/t) and 2.3 million ounces of contained gold in the Inferred category (7.13 million tonnes at 10.06 g/t gold).

Table 4 - Mineral Resources, inclusive of Mineral Reserves (as set forth in Table 5 below) as at May 5, 2016

Mineral Resource Statement, Curraghinalt Gold Project, Northern Ireland SRK Consulting (Canada) Inc., May 5, 2016			
Resource Category (Cut-off Grade of 5.0 g/t)	**Million Tonnes**	**Contained Grade (g/t Au)**	**Gold (ounces)**
Measured	0.03	26.99	25,000
Indicated	5.58	11.53	2,069,000
Measured + Indicated	5.61	11.61	2,094,000
Inferred	7.13	10.06	2,306,000

Notes:
1. Mineral Resource Statement prepared by SRK Consulting (Canada) Inc. in accordance with NI 43-101 with an effective date of May 5, 2016 and the corresponding NI 43-101 technical report was filed on SEDAR.
2. Mineral Resources are not Mineral Reserves and have no demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, marketing, or other relevant issues. The Mineral Resources have been classified according to the CIM Definition Standards for Mineral Resources and Mineral Reserves (May 2014).
3. All figures have been rounded to reflect the relative accuracy of the estimates.
4. The Mineral Resources are reported at a cut-off grade of 5.0 g/t gold, based on a gold price of US$1,200 per ounce and 95% gold recovery.

Mineral Reserves and Mining

The estimated Mineral Reserves, presented by reserve class, are shown in the following table. The overall diluted gold grade of the mineralized material that would go to the mill is estimated at 8.54 g/t.

Table 5 - Probable Mineral Reserves as at December 12, 2016

	Diluted Tonnes	Au Grade	Au Ounces	Ag Grade	Ag Ounces
Category	**(t)**	**(g/t)**	**(oz)**	**(g/t)**	**(oz)**
Proven	28,000	18.93	17,000	10.0	9,000
Probable	5,211,000	8.48	1,421,000	3.9	655,000
TOTAL	**5,239,000**	**8.54**	**1,438,000**	**3.9**	**664,000**

Notes:

1. The Qualified Person for the Mineral Reserve estimate is Michael Makarenko, P. Eng., of JDS Energy & Mining Inc.
2. Mineral Reserves have an effective date of December 12, 2016. All Mineral Reserves in this table are Proven and Probable Mineral Reserves. The Mineral Reserves are not in addition to the Mineral Resources, but are a subset thereof.
3. Mineral Reserves were estimated using a US$1,200/oz gold price and gold cut-off grade of 5.0 g/t. Other costs and factors used for gold cut-off grade determination were mining, process and other costs of US$165/t, transport and treatment charges of US$6.00/oz Au. A royalty of US$71.50/oz Au and a gold metallurgical recovery of 94% were assumed.
4. Silver was not used in the estimation of cut-off grades but is recovered and contributes to the revenue stream.
5. Tonnages are rounded to the nearest 1,000 t, gold grades are rounded to two decimal places, and silver grades are rounded to one decimal place. Tonnage and grade measurements are in metric units; contained gold and silver are reported as thousands of troy ounces.
6. Rounding as required by reporting guidelines may result in summation differences.

The Curraghinalt deposit is expected to be accessed by the existing exploration adit and a new ramp to be developed adjacent to the proposed plant site. This new ramp will serve as the primary access to the mine for personnel, materials and haulage of mineralized material to the plant site. Annual ore production of up to 511,000 tonnes (1,400 tonnes per day) is planned from a combination of primary longitudinal long-hole retreat, with some cut and fill mining methods and development along the veins. Sub-levels are set at 18 metre intervals (floor to floor) with primary cross cuts spaced approximately 200 metres apart to access the 16 mineralized veins in the deposit. The 2016 test stoping program at Curraghinalt successfully demonstrated the long-hole mining method at vein dips ranging between 55-75 degrees with good control on dilution. In zones of more challenging ground conditions or shallow dip, methods including cut and fill and uppers retreat will be used.

Processing

Curraghinalt mineralization is expected to be processed using a crush, grind, flotation and leach flowsheet to recover gold and silver into doré. Extensive metallurgical test work has shown overall gold and silver recoveries of 94.3% and 57.9% can be expected over the LOM using a coarse primary grind size of approximately 80% passing 240 microns.

The process plant uses the industry standard $S0_2$/air treatment process to destroy the cyanide and directs the tailings to the paste backfill plant to be stored in the underground mine. Tailings from the flotation circuit (approximately 90% of the material that enters the plant), which will not have come into contact with cyanide, are expected to be filtered and placed as dry stack material in the mine waste storage facility and also used to complete the underground paste backfill requirement.

Capital & Operating Costs

The initial capital cost is estimated to be US$192.0 million. This capital cost was estimated under the assumption that any expenditures by the Company prior to the start of construction are a sunk cost and are not included in the estimate shown in Table 6. The sustaining capital is estimated to be US$165.1 million including reclamation and closure costs.

Table 6 - Capital Cost Summary

CAPEX	**Pre-Production**	**Sustaining**	**LOM**
	US$M	***US$M***	***US$M***
Mining incl. Paste Plant	45.9	142.6	188.5
Site Development	8.7	2.0	10.7
Crushing & Handling	6.5	1.4	7.9
Mineral Processing Plant	36.9	4.1	41.0
On-Site Infrastructure	28.9	-	28.9
Off-Site Infrastructure	4.9	-	4.9
Tailings Management	1.4	2.6	4.0
Indirect Costs	20.4	2.2	22.6
Owners Costs	13.2	-	13.2
Closure Assurance	7.5	(7.5)	-
Closure Net of Salvage	-	11.4	11.4
Contingency	17.6	6.4	24.0
Total	**192.0**	**165.1**	**357.1**

Note: some numbers may not sum correctly due to rounding.

The LOM operating cost ("OPEX") estimate is US$143.94 per tonne of mineralized material. The operating costs were estimated based on process design criteria, equipment lease rates (if applicable), labour, reagents, power, fuel, explosives, maintenance and other miscellaneous costs. All costs are in Q4 2016 dollars and noted in Table 7 below.

Table 7 - LOM Operating Cost by Area

OPEX	**LOM**	**Unit Cost**	
	US$M	***US$/tonne***	***US$/ payable Au oz***
Mining	442	84.44	326.43
Processing	146	*27.83*	107.60
General & Admin	59	11.27	43.57
Subtotal - On-Site OPEX	**647**	**123.54**	**477.60**
Refinement/Transport	5	0.93	3.60
Royalties	102	19.46	75.24
Subtotal - Off-Site OPEX	**107**	**20.39**	**78.84**
All-in OPEX	**754**	**143.94**	**556.44**

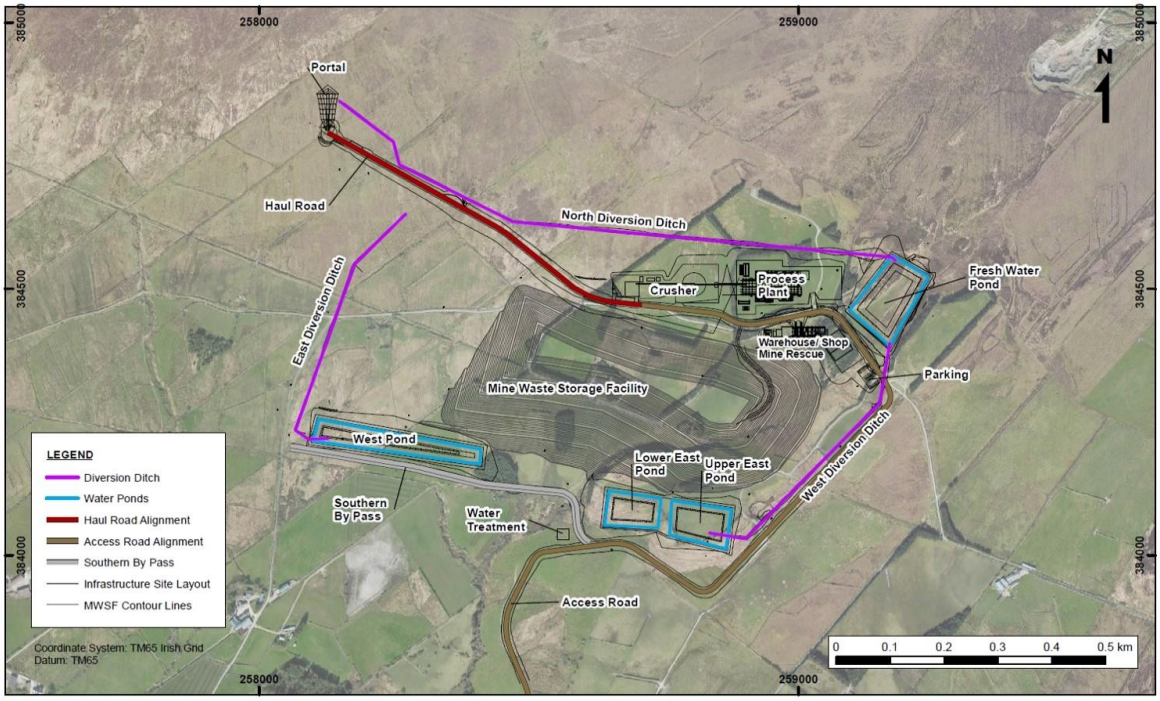
Note: all cash cost information is net of silver by-product credits of US$4.77/oz. Some numbers may not sum correctly due to rounding

Infrastructure

The Curraghinalt project has the advantage of being located approximately 100 km west of the City of Belfast and approximately 60 km south of Derry/Londonderry, both of which have port facilities. During 2015 and 2016, the Company purchased surface rights for a potential mine site processing plant and associated facilities in proximity to the Curraghinalt gold deposit. Substantially all of the required land has been secured. The proposed site is in a natural hollow surrounded by mature trees and near to the communities of Greencastle, Rouskey, Gortin and Omagh. The site is accessible by major highways with grid power and other services close by (see Figures 2 & 3 for infrastructure location). The power requirements are expected to be met by an extension to the regional high voltage transmission network. A single circuit 33 kV dedicated transmission line, approximately 40 km long, will be built to feed the Project.

Figure 2: 3-D image of processing plant and associated infrastructure

Figure 3: Site plan showing infrastructure



Next Steps

- Continuing stakeholder engagement
- ESIA completion
- Planning Application submission
- Ore sorting test program results
- Additional infill and geotechnical evaluation of deposit
- Drilling program to potentially increase the Measured & Indicated Mineral Resources and convert into reserves

Curraghinalt Gold Project – 2017 Work Program

The 2017 work program at Curraghinalt is aimed at further enhancing the project. The program includes infill, step-out and geotechnical drilling, geotechnical studies and ore-sorting tests.

The main objectives of the drill program totaling approximately 40,000 metres are to (i) augment ounces in the Indicated Resource category that can be included in the mine plan; (ii) increase the grade in the areas of infill drilling; and (iii) provide data to support geotechnical studies. The underground portion of the drill program commenced during Q1, with mainly infill and geotechnical holes planned. A surface drill program is planned for the summer. Drill results will be reported as they are received.

On April 26, 2017 results from the first 10 holes of the underground drilling were reported. Highlights included:

- 1.72 m of 28.23 g/t gold, including 0.50 m at 94.10 g/t gold, from the V75 vein in hole 17-CT-406b
- 2.27 m of 15.32 g/t gold, including 0.25 m at 128.00 g/t gold, from the V75 vein in hole 17-CT-403
- 0.62 m of 27.00 g/t gold from the No. 1 vein in hole 17-CT-417
- 1.73 m of 11.89 g/t gold from the Crow vein in hole 17-CT-417

The results included several longer intercepts from the V75 vein that demonstrate the positive effects of smaller veins and branches in the wall-rock surrounding the main vein. As a result, there may be a much wider area that can be mined because the overall grade is above the average diluted grade in the mine plan. Full details are available in the April 26, 2017 press release.

A small portion of the drilling is in support of geotechnical studies that began during Q1 2017, targeting areas of the deposit that were classified as having poor ground conditions but which management believes could be reclassified as having good ground conditions with more data. The reclassification should allow more of the deposit to be mined using lower-cost long-hole methods.

Ore-sorting tests are nearing completion, with initial results showing potential for this technology to reduce costs and increase the grade of material being sent to the mill. Results from the testing are anticipated during Q2 2017.

During Q1 2017, nearly 15,000 tonnes of mineralized material from underground exploration development was shipped to a mill for processing. Subsequent to March 31, 2017, Dalradian received and reported positive results from this processing. The overall recovery was 95.8%, compared to an expected recovery of 94.3% in the FS.

Approximately 78% of the mineralized material was from development along the veins during underground exploration in 2015 and 2016. The remainder of the material came from the three test stopes on the V75 vein completed during the last half of 2016. Results from the development material returned grades that were 4% higher than predicted by the Resource Block Model. The Mineral Resource Estimate predicted approximately 6.80 g/t Au for a development width of 3.0 metres on average compared with the actual grade recovered of 7.10 g/t Au. The average recovery was also 1.7% higher than predicted in the FS. Test stoping results returned a grade of 15.71 g/t Au, which is slightly lower than the grade of 16.17 g/t Au predicted by muck sampling, but recovery was 1.5% higher than estimated in the FS. The milling results

confirm earlier positive reconciliation studies on the test stopes that estimated recovery of more than 50% additional ounces than predicted by the Mineral Resource Estimate (see news releases from September 14th and December 8th, 2016).

Expenditures on mineral property under development, net of expected receipt from processing of mineralized material, for the three months ended March 31, 2017 were $2.5 million compared with $8.8 million during the comparable period in 2016. During Q1 2017, spending on studies was lower since the FS was mostly completed in Q4 2016. Spending on drilling and underground development was $3.8 million lower in Q1 2017 than in Q1 2016 because a new drill program was just beginning and the only underground development was in preparation for drilling. By comparison, in Q1 2016, there was a high level of both underground development and drilling in support of the FS. During Q1 2017, the cost of processing the mineralized material from underground development was $4.4 million. This was offset by a receivable of $5.4 million from the processing. There was no equivalent cost or receivable during Q1 2016. Permitting costs were somewhat higher during Q1 2017 as preparation of the Planning Application progressed.

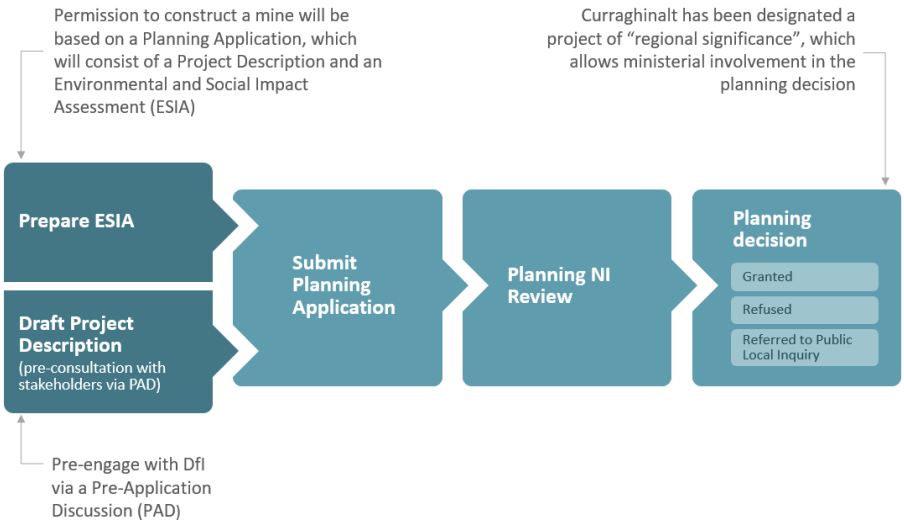
Curraghinalt Gold Project – Permitting

Three permits were required and obtained for the Underground Program: planning permission; a site discharge consent; and an explosives storage licence. As part of its planning permission, the Company submitted and received approval from Northern Ireland regulators for a number of management plans governing items such as water, noise, traffic and dust.

During the Underground Program, over 70 site inspections were completed by the various environmental and health and safety regulatory authorities. Dalradian has maintained an excellent record of zero non-compliance with the terms and conditions of its permits and had zero lost time injuries in Q1 2017.

In Q4 2014, Dalradian commenced an ESIA, to examine the potential impacts of a full mine build, as well as options for the elimination or mitigation of such impacts. SRK UK is the environmental consultant for preparation of the ESIA. The ESIA report, together with a project description which is a summary of the FS (the "Project Description"), will form the basis of a Planning Application for the full mine build anticipated to be submitted to the Department for Infrastructure during 2017. Dalradian does not currently have a permit for mining at Curraghinalt. During 2017, spending on permitting is expected to continue at a high level as the ESIA and Planning Application are being completed and numerous stakeholder consultations continue to take place.

Figure 4: Permitting process in Northern Ireland



Dalradian has completed environmental baseline studies and more detailed site-specific environmental studies that are being used in the preparation of an ESIA. Dalradian and SRK UK along with other consultants began stakeholder engagement for the ESIA in December 2015 with an initial meeting with the Department for Infrastructure (formerly the Department of the Environment) officials. This was followed by other government agency meetings and initial community consultations in January 2016. The purpose of these meetings was to receive government agency, community and other stakeholder feedback to input into the Project Description and ESIA. Since December 2015, Dalradian has had 37 meetings in total with various regulatory agencies to receive feedback on the proposed project.

Dalradian formally began the pre-application community consultation process on its proposal to build a mine at the Curraghinalt Gold Project in January 2016. Dalradian consulted on the early scope of the Environmental Impact Assessment at five public events in Greencastle, Gortin and Rouskey. However, these five consultations were prior to the statutory window. The statutory process began in August 2016 following submission of the Proposal of Application Notice to the Department for Infrastructure, and community engagement will continue beyond the submission of the Planning Application.

During this period, in excess of 450 individual comments or representations have been recorded in response to the Company's plans. Included within this figure are 189 responses to the online, postal or event feedback forms. A total of 74% of respondents are supportive, or neutral, to the Company's plans with controls and safeguards in place. A breakdown of the 189 responses is as follows: 123 (65%) 'supportive' with controls and safeguards in place, 11 (6%) 'undecided', 5 (3%) 'no comment' and 50 (26%) 'against'. The Company believes that ongoing engagement and consultation will help address many of the concerns articulated.

On November 19 and 21, 2016, as part of the formal pre-application community consultation, Dalradian held two public information events attended by more than 270 people. The events took place at the Company's current underground exploration site and allowed residents to access more information about the project and ask questions of the 30 Dalradian employees and consultants in attendance. More than 60 information boards/posters were on display, the majority of them relating to environmental impact and modelling, at 12 stations depicting various aspects of the proposed mine, with a scale model of the site and a 3-D animation to assist in visualizing the future site. To further promote understanding of the Curraghinalt Gold Project and transparency with respect to the Company's operations, Dalradian has also undertaken tunnel and site tours and face-to-face meetings with local residents, businesses and members of the wider public. Since the summer of 2016, more than 600 local residents and stakeholders have attended tunnel and site tours, which are ongoing.

Dalradian will continue to seek constructive dialogue and provide clarity and reassurance to local residents and the wider public about its plans. Throughout all of the Company's formal and informal consultations, it has sought to engage meaningfully and continues to communicate regularly with residents, and the wider public of West Tyrone and Northern Ireland.

Submission of the Planning Application is targeted during 2017.

Regional Exploration – Targeting additional discoveries

Dalradian has built up a large land package in Northern Ireland, encompassing 122,000 hectares held under licence. Numerous gold showings and anomalies have already been identified on the six contiguous licence areas. The objective of the ongoing regional exploration program is to build a consistent baseline of data across the licence areas.

Exploration expenditures during the three months ended March 31, 2017 were $243,000 compared with $228,000 for the comparable period of 2016. Costs were higher in 2017 because the number of licence areas being explored increased from four to six in early Q3 2016.

The regional exploration program includes soil and deep overburden sampling, panning and stream sediment sampling on all six licence areas. The end goals of this program are to both follow up on historic results and to have solid baseline data across all of the licence areas to inform future exploration. During

Q1 2017, 16 prospecting samples, 59 soil samples and 187 deep overburden samples were collected. Sampling activity is expected to increase in Q2 and Q3 during the drier months.

Figure 5: Map of the licence areas showing high priority targets

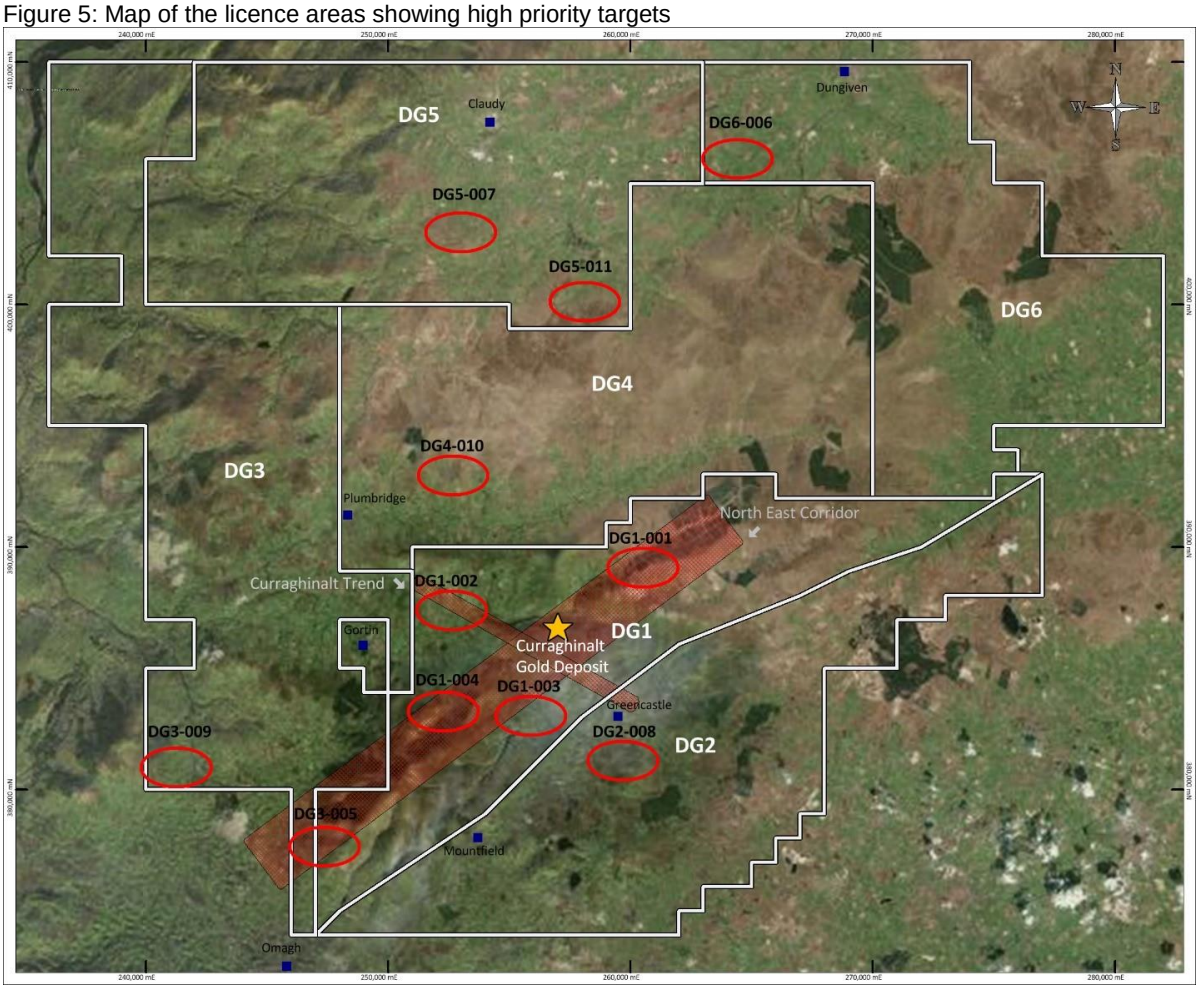


Table 8: Details of high-priority targets shown on Figure 5

Target	Target defined by	Significant Samples	Sample Type	Historical Drilling
DG1-001	EM, IP, and mineralized outcrop and float	Historical prospecting: 141.2 g/t Au from float Recent prospecting: 33.94 g/t Au from float Recent prospecting: 1.62 g/t Au from float	Trench and Prospecting	12 shallow drill holes
DG1-002	Historical drilling, mineralized outcrop and float	Historical shallow drill hole: 0.6 m at 61.43 g/t Au from 51.50 m to 52.10 m Recent relogging & resampling are ongoing	Drill hole	44 shallow drill holes
DG1-003	Au soil geochemistry and mineralized float	11.68 g/t Au from float 91.5 g/t Au from float Trench: Float during excavation 14.65 g/t Au; no bedrock mineralization encountered	Prospecting	None
DG1-004	Mineralized outcrop & float, Tellus EM, Drilling	Prospecting: 8.6 g/t Au, 7.7 g/t Au, 6.48 g/t Au, all from float 2013 Drilling: 0.11 m at 3.04 g/t Au, 0.50 m at 0.54 g/t Au	Prospecting, Drill hole	None
DG2-008	Historical drilling, mineralized outcrop and float	Historical results: Prospecting: 13.76 g/t Au in outcrop Drilling: 3.63 m at 30.12 g/t Au and 44.31 g/t Ag Recent results: Drilling: 0.39m at 9.44 g/t Au and 6 g/t Ag	Prospecting, Drill hole	21 historic holes, 2 recent

Target	Target defined by	Significant Samples	Sample Type	Historical Drilling
DG3-005	Au soil geochemistry, mineralized outcrop and float	Historical results: 1.63 g/t Au from graphitic pelite outcrop 1.88 g/t Au from outcropping quartz vein Recent results: 139.5 g/t Au in outcrop 168 g/t Au in outcrop 42.4 g/t Au in outcrop	Prospecting	3 shallow drill holes
DG3-009	Prospecting	Historical prospecting: 89.6 g/t Au in float Recent prospecting: 11.07 g/t Au in outcrop	Prospecting	None
DG4-010	Prospecting, Au soil geochemistry	Historical prospecting: 187 g/t Au in float	Prospecting	None
DG5-007	Panned concentrate	Historical results: 80 ppm Au in panned concentrates	Prospecting	Yes, for a base metal anomaly
DG5-011	Prospecting, Panned concentrate	Historical results: 26 g/t Au in outcrop >10 ppm Au in panned concentrates	Prospecting	None
DG6-006	Prospecting, Panned concentrate	Historical results: 5.7 g/t Au in float 187.8 ppm Au, 59.07 ppm Au, 29.56 ppm Au in panned concentrates	Prospecting	None

Breakdown of Mineral Property under Development

	Balance Dec. 31, 2016	Q1 2017	Balance Mar. 31 2017
Additions:			
Mineralized material processing, net	$ -	$ (1,014,656)	$ (1,014,656)
Underground development and surface works	25,117,759	1,036,799	26,154,558
Infill drilling	11,358,777	730,049	12,088,826
Studies	11,454,110	592,226	12,046,336
Permitting	9,855,780	715,391	10,571,171
Exploration	35,510,631	164,683	35,675,314
Administrative & other	5,509,216	486,025	5,995,241
Provision for reclamation	1,182,444	-	1,182,444
Capitalized depreciation	2,281,155	185,769	2,466,924
Share-based payments	1,287,025	53,459	1,340,484
Warrants	139,310	-	139,310
	$ 103,696,207	**$ 2,949,745**	**$ 106,645,952**

On December 12, 2016, the Company announced the results of the independent FS for its 100% owned Curraghinalt Gold Project in Northern Ireland. The Company determined the mineral property related to the DG1 license was technically feasible and commercially viable and consequently the property transitioned from the exploration and evaluation stage to the development stage for accounting purposes. Accordingly, the earlier periods are not presented in this table since they are not comparable.

During Q1 2017, a recovery of net $1.0 million was credited to property, plant and equipment as the $4.4 million cost of processing the mineralized material from underground development was offset by a receivable of $5.4 million from the processing.

OVERVIEW OF SELECTED INFORMATION FROM THE FINANCIAL STATEMENTS

The following table sets forth selected data for the fourth quarters and years ended March 31, 2017 and 2016:

	Quarter ended	
Operating expenses:	**Mar. 31, 2017**	**Mar. 31, 2016**
Salaries and related benefits	$ 484,246	$ 550,316
Professional fees and consulting	228,929	467,331
Share-based payments	244,940	156,497
Investor relations and travel	242,336	208,320
Office, regulatory and general	192,713	192,951
Interest and bank charges	3,517	4,223
Amortization	1,152	1,152
Foreign exchange loss (gain)	(54,121)	441,070
	1,343,712	2,021,860
Interest income and other	63,275	50,967
Loss and comprehensive loss for the period	$ (1,280,437)	$ (1,970,893)
Loss per share - basic and diluted	$ (0.01)	$ (0.01)

Results of Operations for the Three Months Ended March 31, 2017, compared to the Three Months Ended March 31, 2016

Salaries and related benefits expense for the three months ended March 31, 2017 of $484,246 decreased compared with the same period in 2016 of $550,316.

Professional fees and consulting expense for the three months ended March 31, 2017 of $228,929, decreased compared with the same period in 2016 of $467,331, primarily due to lower geological and mining consulting services and legal services.

Share-based payments expense for the three months ended March 31, 2017 of $244,940, increased compared with the same period in 2016 of $156,497, primarily due to a share-based payment expense for options granted in Q4 2016 being amortized in 2017.

Investor relations and travel expense for the three months ended March 31, 2017 of $242,336 increased compared with the same period in 2016 of $208,320, primarily due to a higher level of promotional activity and sponsorship.

Office, regulatory and general expense for the three months ended March 31, 2017 did not change significantly compared to the same period in 2016.

Foreign exchange gain for the three months ended March 31, 2017 was $54,121, compared to a loss of $441,070 for the same period in 2016 due to the strengthening of the pound sterling against the Canadian dollar during Q1 2017, as opposed to weakening of the pound sterling against the Canadian dollar in Q1 2016. In both periods the Company carried a similar bank balance in British pound sterling.

Summary of Quarterly Results

The following table sets forth selected consolidated financial information for each of the Company's eight most recently completed quarters:

	Three months ended			
	Mar. 31, 2017	**Dec. 31, 2016**	**Sept. 30, 2016**	**Jun. 30, 2016**
Interest income and other	$ 63,275	$ 66,846	$ 33,179	$ 37,182
Net loss	(1,280,437)	(3,007,671)	(1,415,006)	(1,426,880)
Net loss per common share (basic and diluted)	(0.01)	(0.01)	(0.01)	(0.01)
Cash and cash equivalents	36,447,366	35,719,242	43,108,509	22,711,757
Other current assets	6,439,567	1,172,951	986,888	1,358,534
Restoration deposit	1,040,866	1,032,135	1,063,230	1,072,413
Property, plant and equipment	121,810,457	118,988,157	13,961,336	14,145,921
Exploration and evaluation assets	4,020,845	3,943,077	102,870,245	97,651,601
Total Assets	$ 169,759,101	$ 160,855,562	$ 161,990,208	$ 136,940,226
Total shareholders' equity	$ 161,793,370	$ 154,920,398	$ 156,815,585	$ 132,020,873

	Three months ended			
	Mar. 31, 2016	**Dec. 31, 2015**	**Sept. 30, 2015**	**Jun. 30, 2015**
Interest income and other	$ 50,967	$ 73,893	$ 34,153	$ 68,964
Net loss	(1,970,893)	(2,796,331)	(2,062,801)	(1,199,727)
Net loss per common share (basic and diluted)	(0.01)	(0.01)	(0.01)	(0.01)
Cash and cash equivalents	31,130,975	43,322,899	24,367,464	36,134,380
Other current assets	2,355,932	2,230,042	1,946,088	2,360,975
Restoration deposit	1,160,525	1,268,930	1,257,218	1,218,093
Property, plant and equipment	14,300,203	12,096,928	4,225,102	429,314
Exploration and evaluation assets	91,644,910	82,356,346	72,832,046	64,143,252
Total Assets	$ 140,592,545	$ 141,275,145	$ 104,627,918	$ 104,286,014
Total shareholders' equity	$ 133,939,583	$ 97,310,062	$ 98,472,417	$ 99,343,124

As the Company is focused on advancing mineral properties with no revenues, fluctuations in quarterly results are mainly due to cycles of spending on properties and financing future activities. Cash balances rose in Q1 and Q4 2015 through financings and also during Q3 2016 and Q1 2017 through warrant exercises and were reduced quarterly depending on exploration and evaluation activities. Quarters with higher net losses typically involved a higher level of corporate activity, usually related to marketing the Company or higher share-based payments, with the exception of Q3 and Q4 of 2015, which included employment restructuring payments associated with a corporate downsizing.

FINANCIAL CONDITION, CASH FLOWS, LIQUIDITY AND CAPITAL RESOURCES

Capital Resources

The adequacy of the Company's capital structure is monitored on an ongoing basis and adjusted as necessary according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, adjusting spending, disposing of assets or acquiring debt.

The Company is dependent on issuing equity or other forms of financing to complete programs associated with its exploration and evaluation of properties. Dalradian is not in commercial production on its Northern

Ireland Properties and, accordingly, it does not generate cash from operations. Dalradian's only source of income has been interest earned from funds on deposit.

In the year ended December 31, 2016, the Company received approximately $27.4 million from the exercise of warrants and options, with most of the proceeds received during the month of September. During the period ended March 31, 2017, the Company received approximately $7.9 million from warrant exercises. Subsequent to the end of Q1 2017, the Company received additional proceeds of $0.6 million from warrant exercises.

Dalradian's cash and cash equivalents as at March 31, 2017 were $36.4 million, compared with $35.7 million as at December 31, 2016.

Liquidity

The Company primarily finances its activities by raising capital through the issuance of equity. The Company's ability to fund currently planned exploration, evaluation and development planning activities, acquire additional mineral properties, maintain operations and meet its existing obligations is conditional on its ability to secure financing when required.

While the Company has no source of revenue, management believes it has sufficient cash resources to meet its obligations and fund planned expenditures and administrative costs for at least the next twelve months. The Company will have to raise financing in the future to develop a mine and meet future expenditures and administrative costs. Although the Company has been successful in raising funds to date, as evidenced by proceeds raised from warrant exercises in 2016 and 2017, there can be no assurance that adequate financing will be available in the future or available under terms acceptable to the Company. Global commodity markets and, in particular, the price of gold, remain volatile and uncertain, which could lead to difficulties in raising funds.

Working Capital

	Quarter ended Mar. 31, 2017	Year ended Dec. 31, 2016	Change
Current Assets			
Cash and cash equivalents	$ 36,447,366	$ 35,719,242	$ 728,124
Amounts receivable	5,941,176	666,166	(126,330)
Prepaid expenses and advance payments	498,391	506,785	(8,394)
	$ 42,886,933	$ 36,892,193	$ 593,400
Current Liabilities			
Accounts payable and accrued liabilities	$ 6,930,331	$ 4,908,196	$ 2,116,110
Current portion of provision for reclamation	350,700	347,844	2,856
	$ 7,281,031	$ 5,256,040	$ 2,118,966
Working Capital[(1)]	$ 35,605,902	$ 31,636,153	$ (1,525,566)

[(1)] Working capital is not a recognized measure under IFRS (see Non-IFRS measures below).

The majority of accounts payable and accrued liabilities relate to trade payables incurred in the normal course of operations.

Contractual Obligations

At March 31, 2017, the Company had the following commitments for operating leases for the next five fiscal years:

	Total	2017	2018	2019	2020	2021
Operating leases	$ 749,502	$ 259,855	$ 317,303	$ 172,344	$ -	$ -

Operating leases represent lease agreements for office spaces in Toronto and Northern Ireland expiring on September 30, 2018 and September 30, 2019 respectively.

Contingent Liability

The Company may be subject to various contingent liabilities that occur in the normal course of operations.

The Company is disputing invoices with claims totalling £399,841 (equivalent to $682,489) from one organization related to underground development. Management is of the view that the claims are without merit and they will be contested to the full extent of the law. Accordingly, these claims have not been accrued and are considered to be a contingent liability.

Off-balance Sheet Arrangements

Dalradian does not have any off-balance sheet arrangements.

Non-IFRS Measures

The Company uses certain non-IFRS measures in this MD&A such as working capital, cash cost per ounce sold ("Cash Cost"), all-in sustaining cost per ounce sold ("AISC") and cost per metre of drilling. In the gold mining industry, these are common performance measures but may not be comparable to similar measures presented by other issuers as they have no standardized meaning under IFRS. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate the Company's performance, profitability and ability to generate cash flow. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

The Company calculates working capital as its current assets, less its current liabilities. Management uses working capital as an internal measure to better assess performance trends. Management understands that a number of investors and others that follow the Company's business assess performance in this way. For a calculation of the Company's working capital, please refer to the section entitled *Financial Condition, Cash Flows, Liquidity and Capital Resources.*

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Foreign currency risk

A variation in the exchange rates between the Canadian dollar and foreign currencies could affect the Company's operating and financial results. The Company is exposed to foreign currency risk as the Company holds cash in foreign currencies and has other financial assets and liabilities that are denominated in foreign currencies. The Company's management monitors the exchange rate fluctuations on a regular basis and does not use currency derivative instruments to manage its exposure to foreign currency fluctuations.

At March 31, 2017, the carrying amounts of Dalradian's foreign currency-denominated net financial assets are approximately as follows:

	Net financial assets (liabilities)	Effect of 10% change in exchange rate on loss
U.S. dollar	$ 3,171,256	$ 317,126
Pound sterling	2,049,811	204,981
Euro	(40,421)	4,042
Australian dollar	(27,123)	2,712

OUTSTANDING SHARE DATA

The following table summarizes the capitalization of the Company as at March 31, 2017:

	Number of Common Shares
Common Shares	250,242,747

Warrants

Expiry	Exercise Price	Number of Common Shares Issuable	Proceeds if fully vested and exercised[1]
Expiring July 31, 2017	$ 1.50	15,202,499	$ 22,803,749
Expiring October 7, 2017	1.04	25,594,721	26,618,510
Expiring January 1, 2018	$ 1.50	50,000	75,000
Total warrants		40,847,220	$ 49,497,259

Options

Expiry	Exercise Price	Number of Common Shares Issuable	Proceeds if fully vested and exercised[1]
Expiring June 30, 2017	$ 1.11	150,000	$ 166,500
Expiring August 7, 2017	1.11	550,000	610,500
Expiring August 28, 2017	0.98	300,000	294,000
Expiring August 28, 2017	1.02	500,000	510,000
Expiring July 9, 2018	0.71	250,000	177,500
Expiring February 14, 2019	0.85	300,000	255,000
Expiring June 25, 2019	0.98	1,300,000	1,274,000
Expiring September 25, 2019	0.71	140,000	99,400
Expiring March 2, 2020	0.78	750,000	585,000
Expiring April 1, 2020	0.87	33,333	29,000
Expiring April 8, 2020	0.92	200,000	184,000
Expiring August 20, 2020	0.90	500,000	450,000
Expiring August 21, 2020	0.91	100,000	91,000
Expiring December 18, 2020	0.67	2,108,333	1,412,583
Expiring May 13, 2021	1.14	175,000	199,500
Expiring December 14, 2021	1.30	125,000	162,500
Expiring December 16, 2021	1.19	1,400,000	1,666,000
Expiring February 1, 2022	$ 1.33	100,000	133,000
Total options		8,981,666	$ 8,299,483
Restricted Share Units ("RSUs")	-	1,375,000	
Deferred Share Units ("DSUs")	-	305,525	
Total fully diluted		301,752,158	

[1] Calculated as exercise price multiplied by number of common shares.

As at May 4, 2017, the Company has 250,789,372 common shares, 40,300,595 warrants, 8,981,666 options, 1,375,000 RSUs and 305,525 DSUs issued and outstanding. This amounts to 301,752,158 common shares outstanding on a fully-diluted basis.

FINANCIAL STATEMENTS – CRITICAL ACCOUNTING ESTIMATES

The Consolidated Financial Statements of the Company are prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*. The significant accounting policies of the Company are described in note 2 of the Company's audited consolidated financial statements for the year ended December 31, 2016.

The preparation of the Consolidated Financial Statements requires management to make estimates, judgments and assumptions. Measurement uncertainties are described in the Company's audited financial statement for the year ended December 31, 2016. There has been no change in the nature of critical accounting estimates from the year ended December 31, 2016.

RECENT ACCOUNTING PRONOUNCEMENTS AND ADOPTION OF NEW AND AMENDED IFRS STANDARDS

The following new IFRS standards are issued but not yet effective for the Company.

IFRS 9 *Financial Instruments*

On July 24, 2014, the IASB issued the completed IFRS 9, *Financial Instruments,* (IFRS 9 (2014)).

IFRS 9 (2014) includes finalized guidance on the classification and measurement of financial assets. The final standard also amends the impairment model by introducing a new 'expected credit loss' model for calculating impairment, and new general hedge accounting requirements. IFRS 9 is to come into effect on January 1, 2018 with early adoption permitted.

The Company intends to adopt IFRS 9 (2014) in its financial statements for the annual period beginning on January 1, 2018. The extent of the impact of adoption of the standard has not yet been determined.

IFRS 16 *Leases*

On January 13, 2016, the IASB issued IFRS 16, *Leases*.

The standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. IFRS 16 is to come into effect on January 1, 2019 with early adoption permitted.

The Company intends to adopt IFRS 16 in its financial statements for the annual period beginning on January 1, 2019. The extent of the impact of adoption of the standard has not yet been determined.

INTERNAL CONTROL OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS AND PROCEDURES

The Company has established and maintains disclosure controls and procedures ("DC & P") designed to provide reasonable assurance that material information relating to the Company is made known to the Chief Executive Officer and the Chief Financial Officer by others, particularly during the period in which annual filings are being prepared, and that information required to be disclosed in the Company's annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified by such securities legislation.

The Company also maintains a system of internal controls over financial reporting ("ICFR") designed under the supervision of the Company's Chief Executive Officer and Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS, however, due to inherent limitations, ICFR may not prevent or detect all misstatements and fraud. The Board of Directors approves the audited financial statements and ensures that management discharges its financial responsibilities. The Audit Committee, which is composed of independent directors, meets periodically with management and auditors to review financial

reporting and control matters and approves the interim financial statements with the Board of Directors approving the annual financial statements.

There have been no changes during the period ended March 31, 2017 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

INDUSTRY AND ECONOMIC FACTORS AFFECTING PERFORMANCE

Dalradian is a mineral development and exploration entity, whose activities include the selection, acquisition, exploration, evaluation and development of mineral properties. Its current focus is to develop the Curraghinalt gold deposit. The future performance of Dalradian is largely tied to the development of its property interests and other prospective business opportunities and the overall financial markets. Financial markets for mineral companies are currently volatile, reflecting ongoing concerns about the stability of commodity prices. The Company's financial success will be dependent upon the extent to which it can achieve milestones in determining the economic viability of the deposits in its portfolio or of any new discoveries that it may make. The development of such assets may take years to complete and the resulting revenue, if any, is difficult to determine with any certainty. To date, Dalradian has not produced any revenue. The sales value of any minerals discovered by Dalradian is largely dependent upon factors beyond its control, such as the market value of the commodities produced. There are significant uncertainties regarding the prices of precious metals and the availability of equity financing for the purposes of exploration and development. Global commodity markets remain volatile and uncertain which has contributed to difficulties in raising equity and borrowing funds. As a result, the Company may have difficulties raising equity financing for the purposes of exploration and development, particularly without excessively diluting the interests of existing shareholders. These trends may limit the ability of Dalradian to develop and/or further explore its current mineral exploration properties and any other property interests that may be acquired in the future.

RISK FACTORS

The Company is subject to a number of risks and uncertainties which are not discussed in this MD&A. To properly understand such risks, readers are directed to the Company's AIF for the year ended December 31, 2016 under the heading "Risk Factors", which is incorporated by reference into this MD&A. The AIF is available on SEDAR (www.sedar.com).

ADDITIONAL INFORMATION

Additional information regarding the Company, including the AIF, can be found at www.dalradian.com and www.sedar.com.