

**GRANDVIEW GOLD INC.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE THREE AND SIX MONTHS ENDED**

**NOVEMBER 30, 2014**

## **Introduction**

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations of Grandview Gold Inc. ("Grandview" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the three and six months ended November 30, 2014. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three and six months ended November 30, 2014, in addition to the audited annual consolidated financial statements of the Company for the year ended May 31, 2014, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results for the interim periods presented are not necessarily indicative of the results that may be expected for any future period. Information contained herein is presented as at January 21, 2015, unless otherwise indicated. The Company's unaudited condensed interim consolidated financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations can be obtained from the offices of the Company or on SEDAR at [www.sedar.com](http://www.sedar.com).

## **Special Note Regarding Forward-Looking Information**

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

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Forward-looking statements	Assumptions	Risk factors
The Company expects to identify suitable assets or businesses to acquire or merge with, with a view to maximizing value for shareholders	The Company expects that market conditions will be favourable and the Company will be able to identify suitable assets or businesses and negotiate terms acceptable to the Company	The Company's inability to identify suitable assets or businesses or market conditions not being favourable for the completion of corporate transactions
The Company expects to meet its working capital needs at the current level for the twelve-month period ending November 30, 2015	The operating activities of the Company for the twelve-month period ending November 30, 2015, and the costs associated therewith, will be consistent with the Company's current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions are favourable to the Company	Changes in debt and equity markets; timing and availability of external financing on acceptable terms; increases in costs; regulatory compliance and changes in regulatory compliance and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic conditions

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. Please also make reference to those risk factors referenced in the "Risks and Uncertainties" section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements, whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

### **Description of Business**

Grandview is a mineral exploration company focused on creating value for shareholders by exploring and, if warranted, developing properties of merit for the mining of precious metals.

Grandview was incorporated in 1945 and was primarily engaged in the mineral exploration and resource sector up to 1987, when trading of the Company's securities ceased. In November 1998, Grandview invested in Navitrak International, a company involved in high-technology products for global positioning systems.

Grandview decided to return to mineral exploration and mining during 2004, after putting a new management team in place and identifying an exploration property of merit with a geological report in accordance with National Instrument 43-101.

On June 4, 2013, the Company completed the initial step of filing a Form 15 with the United States Securities and Exchange Commission ("SEC"). The Form 15 filing allows the Company to cease being a reporting issuer with the SEC, commonly known as "Going Dark". Going Dark allowed the Company to cut administrative expenses for auditors, accountants and legal counsel.

## **Overall Performance**

### **Highlights**

- Management is actively pursuing financing, including alternative funding options, needed to meet the Company's ongoing requirements. The financial market climate has been very difficult for junior mining companies such as Grandview. To meet the challenges of the current climate in the financial markets, the Company is minimizing its expenditures.

### **Financial**

- As of November 30, 2014, the Company's exploration and evaluation property interests remain impaired due to market conditions for junior mining companies. During the three and six months ended November 30, 2014, the Company incurred \$nil exploration expenditures, compared to \$nil during the three and six months ended November 30, 2013. See "Exploration and Evaluation Property Interests" below.
- At November 30, 2014, the Company had a working capital deficit of \$259,458 (May 31, 2014 – working capital deficit of \$202,477). The Company had a nominal cash balance of \$847 (May 31, 2014 - \$13). The decrease in working capital during the three and six months ended November 30, 2014, was primarily due to general and administration expenditures.
- Management believes that additional funding will be required to fund the Company's general and administrative expenses as it searches for suitable assets or businesses to merge with or acquire. The Company expects to be funded in the short-term by shareholder loans. However, there can be no assurance that shareholder loans will be available or on terms acceptable to the Company. As of November 30, 2014, included in advances payable is a loan of \$40,025 which is non-interest bearing, unsecured and repayable on demand. The loan is due to a shareholder of the Company.

## **Outlook**

For fiscal 2015, the Company plans to continue to search for suitable assets or businesses to acquire or merge with, with a view to maximizing value for shareholders.

## **Exploration and Evaluation Property Interests**

### **Red Lake Properties – Loisan, Dixie Lake and Sanshaw-Bonanza in Ontario, Canada**

Grandview has a 100% interest in eight mining claims, covering approximately 60 hectares, located in Red Lake, Ontario, Canada.

Grandview has an option agreement with Newmont Mining Corporation (formerly Fronteer Gold Inc.) under which it has earned a 67% interest in the 1,664 hectare Dixie Lake property located in the Red Lake Mining District, Ontario, Canada.

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On April 28, 2010, Grandview acquired the final 40% interest in ten (10) unpatented mining claims, located in Red Lake, Ontario (the "Sanshaw-Bonanza Property") from joint venture partner EMCO Corporation S.A. ("EMCO"), and eliminated all net smelter royalties previously due to EMCO under the terms of the original agreement. Grandview now has a 100% interest in the claims. The Company negotiated the acquisition of two (2) additional unpatented mining claims and two (2) patented mining claims, and reduced the net smelter royalty on the Sanshaw-Bonanza Property to 0.375%.

On May 31, 2013, the Company decided not to continue with exploration on the Red Lake Gold Camp properties and wrote off \$4,884,427 of project expenditures.

The Company does not have expenditures budgeted or planned as of the date of this MD&A.

**Selected Quarterly Information**

Three Months Ended	Total Revenue (\$)	Profit or Loss	
		Total (\$)	Per Share (Basic and Diluted) (\$) <sup>(9)</sup>
2014-November 30	-	(36,939) <sup>(1)</sup>	(0.00)
2014-August 31	-	(20,042) <sup>(2)</sup>	(0.00)
2014-May 31	-	(33,192) <sup>(3)</sup>	(0.00)
2014-February 28	-	(18,952) <sup>(4)</sup>	(0.00)
2013-November 30	-	(19,649) <sup>(5)</sup>	(0.00)
2013-August 31	-	(43,160) <sup>(6)</sup>	(0.00)
2013-May 31	-	187,049 <sup>(7)</sup>	0.00
2013-February 28	-	(5,330,907) <sup>(8)</sup>	(0.07)

Notes:

1. Net loss of \$36,939 consisted of professional fees of \$31,749; investor relations, business development and reporting issuer costs of \$4,219 and office and administration of \$971.
2. Net loss of \$20,042 consisted of professional fees of \$11,246; investor relations, business development and reporting issuer costs of \$2,603 and office and administration of \$6,193.
3. Net loss of \$33,192 consisted of professional fees of \$8,192; management and consulting services of \$19,200; investor relations, business development and reporting issuer costs of \$2,680 and office and administration of \$3,120.
4. Net loss of \$18,952 consisted of professional fees of \$12,296; management and consulting services of \$3,000; investor relations, business development and reporting issuer costs of \$2,141 and office and administration of \$321. The Company also incurred property carrying costs of \$1,194.
5. Net loss of \$19,649 consisted of professional fees of \$10,773; management and consulting services of \$4,500; investor relations, business development and reporting issuer costs of \$2,928 and office and administration of \$1,448.
6. Net loss of \$43,160 consisted of professional fees of \$33,709; management and consulting services of \$4,500; investor relations, business development and reporting issuer costs of \$4,632 and office and administration of \$319.
7. Net income of \$187,049 consisted of investor relations, business development and reporting issuer costs of \$7,833; management and consulting services of \$4,500; professional fees of \$24,312; office

and administration of \$76, income tax recovery of \$225,000; and impairment of exploration and evaluation property interests of \$1,230.

8. Net loss of \$5,330,907 consisted of investor relations, business development and reporting issuer costs of \$7,158; management and consulting services of \$24,500; professional fees of \$17,798; office and administration of \$5,813; uncollected Peruvian valued added taxes of \$41,027; and impairment of exploration and evaluation property interests of \$5,234,611.
9. Per share amounts are rounded to the nearest cent, therefore aggregating quarterly amounts may not reconcile to year-to-date per share amounts.

### **Results of Operations**

#### Six months ended November 30, 2014, compared with six months ended November 30, 2013

The Company's net loss totaled \$56,981 for the six months ended November 30, 2014, with basic and diluted loss per share of \$0.00. This compares with net loss of \$62,809 with basic and diluted loss per share of \$0.00 for the six months ended November 30, 2013. The decrease of \$5,828 in net loss was principally because:

- No revenue was recorded in either period.
- The Company had a decrease in general and administration expenses of \$5,828 in comparison to same period of last year primarily as a result of the Company reducing its expenses as much as possible to meet its current cash flow challenges. The Company's expenses included costs to keep the Company compliant with its public company reporting and disclosure obligations and for the investigation and negotiation of prospective merger and acquisition opportunities.

#### Three months ended November 30, 2014, compared with three months ended November 30, 2013

The Company's net loss totaled \$36,939 for the three months ended November 30, 2014, with basic and diluted loss per share of \$0.00. This compares with net loss of \$19,649 with basic and diluted loss per share of \$0.00 for the three months ended November 30, 2013. The increase of \$17,290 in net loss was principally because:

- No revenue was recorded in either period.
- The Company had an increase in general and administration expenses of \$17,290 in comparison to same period of last year primarily as a result of increased costs to keep the Company compliant with its public company reporting and disclosure obligations and for the investigation and negotiation of prospective merger and acquisition opportunities.

### **Liquidity and Financial Position**

The activities of the Company to date have been financed through equity offerings. During the three and six months ended November 30, 2014, no equity transactions occurred. Management is actively pursuing funding options, including alternative funding options, required to meet the Company's ongoing requirements. There is no assurance that these initiatives will be successful or sufficient. The financial market climate continues to be very difficult for junior mining companies such as Grandview. See "Risks and Uncertainties" below.

The Company expects to be funded in the short-term by shareholder loans and advances from other parties. However, there can be no assurance that shareholder loans and advances from other parties will be available or on terms acceptable to the Company. As of November 30, 2014, the advances payable consisted of a loan of \$40,025 which is non-interest bearing, unsecured and repayable on demand. The loan is due to a shareholder of the Company.

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At November 30, 2014, the Company had \$847 in cash (May 31, 2014 - \$13).

Accounts payable and accrued liabilities increased to \$227,110 at November 30, 2014, compared to \$200,019 at May 31, 2014 due to ongoing administrative costs which are required to be a reporting issuer in Canada.

The Company has no operating revenues and therefore must utilize its current cash reserves and other financing transactions to maintain its capacity to meet ongoing operating activities.

As of November 30, 2014 and to the date of this MD&A, all of the cash resources of Grandview are held with one Canadian chartered bank.

The Company has no debt, other than a shareholder loan of \$40,025 and its credit and interest rate risk is minimal. Accounts payable and accrued liabilities are short term and non-interest bearing.

The Company's use of cash at present occurs, and in the future is expected to occur, principally in two areas, namely, funding of its general and administrative expenditures and funding of its investment activities. Those investing activities include the cash components of the cost of acquiring and exploring its exploration properties, which is budgeted to be \$nil as of the date of this MD&A. The Company's operating expenses are estimated to average approximately \$100,000 for fiscal 2015. The \$100,000 covers reporting issuer costs, professional fees, consulting services, and office and administration expenses.

In order to meet future expenditures beyond November 30, 2014, the Company will need to raise additional financing. Although the Company has been successful in raising funds to date, there can be no assurance, and there is substantial doubt, that adequate funding will be available immediately and in the future, or available on terms favorable to the Company. Currently, the Company is deferring certain payments, to the extent possible, until additional financing is completed. The Company is unsure when the financing will be completed.

### **Related Party Transactions**

(i) For the three and six months ended November 30, 2014, \$nil (three and six months ended November 30, 2013 - \$nil) was paid to Doublewood Consulting Inc. for the services of Paul T. Sarjeant to act as the President and Chief Executive Officer ("CEO") of the Company. Included in accounts payable and accrued liabilities as at November 30, 2014, is \$44,226 (May 31, 2014 - \$44,226) owing to this corporation in relation to consulting services rendered.

(ii) Carmelo Marrelli, the former Chief Financial Officer ("CFO"), is the President of Marrelli Support Services Inc. ("Marrelli Support"). The amounts charged by Marrelli Support are based on what Marrelli Support usually charges its clients. Carmelo Marrelli resigned as the CFO of the Company on March 26, 2014. As at November 30, 2014, Marrelli Support was owed \$55,635 (May 31, 2014 - \$61,784) and this amount was included in accounts payable and accrued liabilities.

For the three and six months ended November 30, 2014, the Company expensed \$nil (three and six months ended November 30, 2013 - \$450) to DSA Corporate Services Inc. ("DSA") for filing fees. DSA is a private company controlled by Carmelo Marrelli, the former CFO of the Company. Carmelo Marrelli is also the corporate secretary and sole director of DSA. The amounts charged by DSA are based on what DSA usually charges its clients. As at November 30, 2014, DSA was owed \$63 (May 31, 2014 - \$nil) and this amount was included in accounts payable and accrued liabilities.

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There was no other remuneration of directors or key management personnel (determined to be the CEO and CFO) for the three and six months ended November 30, 2014 (three and six months ended November 30, 2013 - \$nil), except as noted above. The Board of Directors and select officers do not have employment or service contracts with the Company. Amounts payable to the related parties as disclosed above, are unsecured, non-interest bearing and are due on demand.

To the knowledge of the directors and senior officers of the Company, as at November 30, 2014, no person or corporation beneficially owns or exercises control over common shares of the Company carrying more than 10% of the voting rights attached to all common shares of the Company other than as set out below:

<b>Major Shareholder</b>	<b>Number of Common Shares</b>	<b>Percentage of Outstanding Common Shares</b>
Gordon Charles Cooper	15,270,733	18.81 %

None of the Company's major shareholders have different voting rights than other holders of the Company's common shares.

#### **Off-Balance-Sheet Arrangements**

As of the date of this MD&A, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have a current or future effect on its results of operations or financial condition, including, and without limitation, such considerations as liquidity, capital expenditures and capital resources that would be considered material to investors.

#### **Proposed Transactions**

The Company continues to evaluate properties and corporate entities that it may acquire or form other joint ventures or similar arrangements with in the future.

#### **New Accounting Standards and Interpretations**

##### **Changes in accounting policies**

##### IAS 32 Financial Instruments: Presentation ("IAS 32")

IAS 32 was amended by the IASB in December 2011 to clarify certain aspects of the requirements on offsetting. The amendments focus on the criterion that an entity currently has a legally enforceable right to set off the recognized amounts and the criterion that an entity intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. On June 1, 2014, the Company adopted this amendment and there was no material impact on the Company's unaudited condensed interim consolidated financial statements.

##### IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39")

In June 2013, the IASB issued a narrow scope amendment to IAS 39. Under the amendment, there would be no need to discontinue hedge accounting if a hedging derivative was notated, provided that certain criteria are met. On June 1, 2014, the Company adopted this amendment and there was no material impact on the Company's unaudited condensed interim consolidated financial statements.

##### IFRIC 21 Levies ("IFRIC 21")

The IASB issued IFRIC 21, an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets ("IAS 37"), on the accounting for levies imposed by governments. IAS 37 sets out criteria for the



recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event ("Obligating Event"). IFRIC 21 clarifies that the Obligating Event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. On June 1, 2014, the Company adopted this pronouncement and there was no material impact on the Company's unaudited condensed interim consolidated financial statements.

### **Future accounting changes**

#### IFRS 2 Share-based Payment ("IFRS 2")

The amendments to IFRS 2, issued in December 2013 clarify the definition of "vesting conditions", and separately define a "performance condition" and a "service condition". A performance condition requires the counterparty to complete a specified period of service and to meet a specified performance target during the service period. A service condition solely requires the counterparty to complete a specified period of service. The amendments are effective for share-based payment transactions for which the grant date is on or after July 1, 2014. The Company is in the process of assessing the impact of this pronouncement.

#### IFRS 9 Financial Instruments ("IFRS 9")

IFRS 9 was issued by the IASB in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 will be effective as at January 1, 2018. Earlier adoption is permitted. The Company is in the process of assessing the impact of this pronouncement.

#### IFRS 13 Fair Value Measurement ("IFRS 13")

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. The amendments are effective for annual periods beginning on or after July 1, 2014. The Company is in the process of assessing the impact of this pronouncement.

#### IAS 24 Related Party Disclosures ("IAS 24")

The amendments to IAS 24, issued in December 2013, clarify that a management entity, or any member of a group of which it is a part, that provides key management services to a reporting entity, or its parent, is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. This replaces the more detailed disclosure by category required for other key management personnel compensation. The amendments will only affect disclosure and are effective for annual periods beginning on or after July 1, 2014. The Company is in the process of assessing the impact of this pronouncement.

### **Capital Management**

The Company considers its capital structure to consist of share capital, equity settled share based payments reserve and deficit. When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to achieve optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and development of its exploration and evaluation property interests. The Board of Directors

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does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management team to sustain the future development of the business.

The Company is currently in the exploration and evaluation stage. As such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration program and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts when economic conditions permit it to do so. Management has chosen to mitigate the risk and uncertainty associated with raising additional capital within current economic conditions by:

- i) minimizing discretionary disbursements;
- ii) reducing or eliminating exploration expenditures which are of limited strategic value; and
- iii) exploring alternative sources of liquidity.

In light of the above, the Company will continue to assess new properties and seek to acquire an interest in additional properties if it believes there is sufficient potential and if it has adequate financial resources to do so.

There were no changes in the Company's approach to capital management during the three and six months ended November 30, 2014. The Company is not subject to externally imposed capital requirements.

### **Financial Instruments**

The Company's financial instruments consist of:

<b>Description</b>	<b>November 30, 2014 \$</b>	<b>May 31, 2014 \$</b>
Cash	847	13
Accounts payable and accrued liabilities	227,110	200,019
Advances payable	40,025	11,025

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest and price rate risk).

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

### **Credit Risk**

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company has more exposure to credit risk associated with cash. Cash is held with a reputable Canadian chartered bank, from which management believes the risk of loss to be minimal. HST receivable and prepaid expenses primarily consist of amounts due from the Canadian government. The Company's receivables are normally collected within a 60-90 day period. The Company has not experienced any

significant collection issues to November 30, 2014. The Company is exposed to credit risk with regards to debtors refusing payment and the government denying the Company claims filed. The Company's maximum exposure to credit risk as at November 30, 2014 is the carrying value of cash and HST receivable and prepaid expenses.

### **Liquidity Risk**

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at November 30, 2014, the Company had a cash balance of \$847 (May 31, 2014 - \$13) to settle current liabilities of \$267,135 (May 31, 2014 - \$211,044). All of the Company's financial liabilities other than its advances payable have contractual maturities of less than 30 days and are subject to normal trade terms. The Company's advances payable is due on demand. The Company is currently searching for financing alternatives.

In light of the Company's current cash levels, management is reducing its expenditures until financing events are realized.

In the short-term, the Company will rely on shareholder loans and other advances. However, there can be no assurance that shareholder loans and other advances will be available or on terms acceptable to the Company.

### **Market Risk**

Market risk is the risk of loss that may arise from changes in interest rates and commodity prices.

#### *(a) Interest Rate Risk*

The Company has cash balances and no interest-bearing debt and therefore is not subject to interest rate risk.

#### *(b) Price Risk*

The Company is not exposed to price risk with respect to commodity prices because it is in the exploration and evaluation stage and does not earn revenues. 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, as they relate to gold to determine the appropriate course of action to be taken by the Company in the future.

### **Sensitivity Analysis**

As of November 30, 2014, the carrying and fair value amounts of the Company's financial instruments are approximately equivalent due to their short term nature.

The sensitivity analysis shown in the notes below may differ materially from actual results.

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a 6 month period:

Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability of development depend upon the world market price of gold. Gold has fluctuated widely in recent years. There is no assurance that, even if commercial quantities of gold are produced in the future, a profitable market will exist for gold. A decline in the market price of gold may also require the Company

to reduce its exploration and evaluation property interests further, which could have a material and adverse effect on the Company's value. As of November 30, 2014, the Company was not a gold producer. Even so, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

### **Share Capital**

The Company is authorized to issue an unlimited number of shares. As of the date of this MD&A, the Company had outstanding 81,163,032 common shares.

### **Risks and Uncertainties**

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Only investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment should undertake such investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect the Company and its financial position. Please refer to the section entitled "Risks and Uncertainties" in the Company's MD&A for the fiscal year ended May 31, 2014, available on SEDAR at [www.sedar.com](http://www.sedar.com). There have been no significant changes to such risk factors since the date thereof.

### **Disclosure Controls**

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that (i) the unaudited condensed interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited condensed interim consolidated financial statements, and (ii) the unaudited condensed interim consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flow of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate filed by the Company does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing such certificate are not making any representations relating to the establishment and maintenance of:

(i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

(ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with the issuer's generally accepted accounting principles (IFRS).

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in such certificate.

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Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

**Additional Disclosure for Venture Issuers**

The Company's general and administration expenses consist of:

Description	Six Months Ended November 30, 2014 \$	Six Months Ended November 30, 2013 \$
Investor relations, business development, and reporting issuer costs	6,822	7,560
Professional fees	42,995	44,482
Management and consulting services	nil	9,000
Office and administration	7,164	1,767
	<b>56,981</b>	<b>62,809</b>

Description	Three Months Ended November 30, 2014 \$	Three Months Ended November 30, 2013 \$
Investor relations, business development, and reporting issuer costs	4,219	2,928
Professional fees	31,749	10,773
Management and consulting services	nil	4,500
Office and administration	971	1,448
	<b>36,939</b>	<b>19,649</b>

**Additional Information**

Additional information regarding the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

**Subsequent Events**

- (i) On December 9, 2014, 900,000 stock options with an exercise price of \$0.15 expired unexercised.
- (ii) On December 4, 5 and 11, 2014, the Company received an aggregate advance of \$5,904 from a private company. The amount is non-interest bearing and due on demand. Shares of the private company are held by the adult children of a shareholder (Gordon Charles Cooper)

who has advanced funds to the Company. This same shareholder of the Company is a director of the private company.