RED EAGLE MINING CORPORATION

Management's Discussion and Analysis

For the three months ended March 31, 2016

This management's discussion and analysis ("MD&A") focuses on significant factors that affected Red Eagle Mining Corporation and its subsidiaries ("Red Eagle" or the "Company") during the three months ended March 31, 2016 and to the date of this report. The MD&A supplements, but does not form part of, the unaudited interim condensed consolidated financial statements of the Company and the notes thereto for the three months ended March 31, 2016. This MD&A should be read in conjunction with the unaudited interim condensed consolidated financial statements for the three months ended March 31, 2016 and the audited consolidated financial statements for the year ended December 31, 2015 and the notes thereto which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts presented in this MD&A are in Canadian dollars unless otherwise indicated.

Additional information related to Red Eagle is available on SEDAR at www.sedar.com and on the Company's website at www.redeaglemining.com.

This MD&A contains information up to and including May 30, 2016.

FORWARD-LOOKING INFORMATION

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements. For more information on forward-looking information, please refer to page 22 of this MD&A.

CORPORATE OVERVIEW

The Company was incorporated under the *Business Corporations Act (British Columbia)* on January 4, 2010. The Company completed its initial public offering ("IPO") on June 24, 2011 and commenced trading its common shares under the symbol "RD" on the TSX Venture Exchange ("TSX-V") on June 28, 2011. The Company is also listed on the OTCQX under the symbol "RDEMF" and the Santiago Stock Exchange under the symbol "SSEV".

The Company is a gold exploration and development company that is focused on building shareholder value through discovering and developing gold projects with low costs and low technical risks in Colombia, a jurisdiction with prolific historic production but until recently limited modern exploration. The Company is primarily engaged in the development and construction of the San Ramon Gold Mine and Mill, where construction is underway with production expected to commence in the second half of 2016.

A positive feasibility study was completed in October 2014. Highlights include:

- Assuming US $1,300 per ounce gold: Net present value of US $104 million using a 5% discount rate, Internal rate of return of 53%, and payback period of 1.3 years;
- Proven and probable reserve estimate of 405,000 gold ounces at 5.20 grams per tonne;
- Estimated capital costs of approximately US $74 million;
- Sustaining capital for ongoing underground development budgeted at US $33 million throughout the eight year mine life;
- Mill throughput of 1,000 tonnes per day (built-in capacity to double throughput);
- Estimated metallurgical gold recovery of 96% with a total estimated 388,000 ounces of recoverable gold to be produced (Year 1 production – 68,000 oz and life of mine average – 48,500 oz per year); and
- Operating cash costs estimated at US $596/oz, with sustaining capital of US $74/oz, and all in sustaining cash costs of US $670/oz.

The Technical Report is available on www.sedar.com and the Company's website. The feasibility study was prepared by Lycopodium Minerals Canada Ltd. in accordance with the definitions in Canadian National Instrument ("NI") 43-101.

QUALIFIED PERSONS

The scientific and technical information contained in this MD&A has been reviewed and approved by Jeff Toohey, P.Eng., Vice President Exploration, who is a "Qualified Person" as defined under National Instrument 43-101.

COMPANY DEVELOPMENTS AND OUTLOOK

Development and Construction of the San Ramon Gold Mine and Mill

In March 2015, the Company was formally granted the environmental licence in full, which was the final permit required for the construction and mining of the San Ramon Gold Mine and Mill, located in the Department of Antioquia, Colombia. Additionally, Lycopodium Minerals Canada Ltd., a leading international project engineering, procurement and construction management ("EPCM") firm, was awarded the EPCM contract.

In August 2015, the Company commenced construction at its San Ramon Gold Mine and Mill. The construction of the San Ramon underground mine, processing facility and infrastructure is currently progressing on schedule, with staff, contractors and equipment on site. Production is expected to commence during the second half of 2016.

By March 31, 2016, overall the project was approximately 60% complete (based on physical completion) and approximately 55% complete (based on expenditures incurred), with all engineering design completed, approximately 90% of equipment delivered to the project site, and was within budget, and on schedule. By mid-May 2016, the overall project is approximately 70% complete (based on physical completion), with earthworks, concrete, platework, steelwork and mechanical equipment installation on schedule for 100% practical completion in July 2016. Piping, electrical and instrumentation installation would continue to completion during Q3 2016.

Project highlights include:

EPCM

Detailed engineering, drawings, and all 3D models for all structures are complete. The quantities and scope for unit rate construction contracts have been defined and awarded. The quantities, scope and prices achieved to date are all within budget. The EPCM contract has now shifted in focus to "CM" – construction management.

Earthworks

Bulk earthworks were largely completed by the end of 2015, allowing critical concrete foundations to be poured prior to the close of the year. All cut slopes have been hydro-seeded with natural grasses to mitigate environmental impact. As at mid-May 2016, all earthworks and grass hydro-seeding was complete, apart from the dry tailings and mine waste rock management facility; the construction of which is still proceeding.

Concrete

All critical concrete foundations were completed before the end of 2015. As at mid-May 2016, all major concrete foundations have been completed, and concrete works are approximately 90% complete.

Procurement and Logistics

By November 2015, the Company had placed all process and infrastructure equipment orders necessary to complete construction of the San Ramon Gold Mine and Mill. Deliveries of equipment commenced in January 2016 and by March 31, 2016, deliveries for the majority of all major equipment to site are complete.

COMPANY DEVELOPMENTS AND OUTLOOK (CONTINUED)

Development and Construction of the San Ramon Gold Mine and Mill (continued)

Structural Steel and Field Erected Tanks

Structural steel fabrication is well advanced and field erected tanks are fabricated and delivered to site and erection is in progress. As at mid-May 2016, welding and erection of major tanks were 100% complete, short of paintwork.

Mechanical Piping, Platework, and Electrical Instrumentation

Mechanical platework fabrication is in progress. Major bins and chutes have been delivered to site. Mechanical installation is in progress with the main focus on the SAG mill and Filter presses installation. Electrical bulk procurement is progressing well. The vast majority of all instruments have been fabricated and are being shipped to site. As at mid-May 2016, the SAG mill is approximately 90% complete, and the filter presses are approximately 75% complete, with all components on site.

Underground Mine Development

The underground decline has been collared and tunneling activities are ongoing. Initial ground conditions are as predicted – weak weathered granodiorite (saprolite), requiring conventional steel support and shotcrete. As at mid-May 2016, the decline development was in line with the processing facility and infrastructure schedules to achieve production during the second half of 2016. Additionally, detailed ore production stope delineation drilling had commenced, in preparation for this schedule.

Community Relations and Corporate Social Responsibility ("CSR")

The Company continues to maintain positive relationships with and be involved with the local communities, keeping them informed of the advances during the construction of the mine, as well as its environmental and CSR related activities. To date, the Company has consistently received positive reception and support from local communities and stakeholders on the project.

Environmental Progress

The Company has strictly adhered to the terms of its Environmental License, and the associated Environmental Management Plan has been followed diligently – inspections and reports to date have all been positive and in good order.

The Company expects to achieve the upcoming major development and construction milestones:

- SAG mill and filter presses installation completed in June 2016;
- All mechanical platework installation completed in June 2016;
- Pre-commissioning to commence in Q3 2016;
- Mine and mill construction completion in Q3 2016;
- First gold pour to occur in the second half of 2016; and
- Commercial production by the end of 2016

Project Financing:

Based upon the Company's projections and estimated construction progress made as at April 30, 2016, the construction of the Company's 100% owned San Ramon Gold Mine and Mill is forecast to be funded through to full production. As at April 30, 2016, the Company has approximately US $25 million in cash, and has up to US $15 million available under the credit facility with approximately US $29 million of project costs left to incur.

COMPANY DEVELOPMENTS AND OUTLOOK (CONTINUED)

Equity Financing

In April 2016, the Company completed a private placement, in two tranches, for gross proceeds of $11,281,476, consisting of 29,688,095 common shares at a price of $0.38 per share. As part of this private placement, Liberty Metals and Mining Holdings LLC ("LMM") elected to exercise its participation right and purchased 9,500,000 shares resulting in LMM's ownership interest in the Company increasing from 18.0% to 19.9%. Proceeds will be used for exploration drilling of the Santa Rosa Gold Project and to fund CB Gold Inc.'s ("CB Gold") 2016 work program at the Vetas Gold Project. The financing was priced at market on the date the financing was agreed and the shares are subject to a four-month hold period from the date of issuance.

CB Gold Stake Increased

During the first quarter of 2016 and subsequent, the Company acquired an additional 140,505,405 shares of CB Gold, in a combination of private placements, open market purchases, and share issuances for settlement of CB Gold property obligations, for an aggregate of 248,033,377 shares of CB Gold, representing the Company's current ownership of approximately 71% of the issued and outstanding CB Gold Shares. In addition, as part of one of the private placements, the Company acquired 16,933,333 warrants exercisable into one share at $0.10 per share for a period of five years. Assuming exercise of these warrants, the Company would hold an aggregate of 264,966,710 CB Gold shares representing 72% of the then issued and outstanding CB Gold Shares. CB Gold has the right to call the warrants after one year from the date of issuance.

MINERAL PROPERTIES

The Company owns the Santa Rosa Gold Project, located in Antioquia, Colombia. All direct costs relating to the acquisition of mineral property interests are capitalized. Effective April 1, 2015, mineral property development expenditures have been capitalized as the Company has moved from the exploration to development phase. A breakdown of expenditures is provided below. During 2015, the Company also acquired a controlling interest in CB Gold, which owns the Vetas Gold Project. Further information on the mineral properties can be found in the Company's unaudited interim condensed consolidated financial statements for the three months ended March 31, 2016.

Santa Rosa Gold Project

On April 15, 2011, the Company acquired 100% of the Santa Rosa Gold Project in Antioquia, Colombia, for US $9,600,000 ($9,988,676), which was paid in full by September 30, 2015. The Company also agreed to acquire certain adjacent concession contracts for US $780,000, of which US $40,000 ($40,600) has been paid and US $740,000 ($959,854) is due upon title transfer, which is expected after 2016.

On October 22, 2012, concurrent with a private placement financing, the Company completed the sale of a 2% NSR royalty over the Santa Rosa property to Liberty Metals and Mining Holdings, LLC, ("LMM") a shareholder of the Company, for gross proceeds of $8,333,333. The Company had the option to sell an additional 1% royalty for $4,166,667 at any time until December 31, 2013 and on December 20, 2013, the Company exercised this option. These transactions were recorded as a credit to the mineral property asset class, reducing the value of the property to nil and the excess was reflected as a gain of $1,415,704 in the statement of comprehensive loss. The Company has the option to repurchase a 1% royalty for $8,333,333 at any time during the first two years of commercial gold production.

On October 24, 2012, the Company executed a purchase agreement with Bullet Holdings Corp. to acquire mineral concession contracts totaling 35,910 hectares adjacent to the Company's Santa Rosa Gold Project. The consideration for the transaction was the issuance of 905,000 common shares, reimbursement of current year concession fees and the granting of a 1.5% NSR royalty over the properties acquired. LMM's royalty does not cover these new properties.

On May 28, 2014, the Company executed a purchase agreement with AngloGold Ashanti Colombia S.A. ("AGAC"), to acquire 100% of contiguous mineral concession contracts totaling 1,673 hectares within the Company's Santa Rosa Gold Project. In consideration for the property, the Company has agreed to pay US $375,000 to AGAC and grant AGAC a 2% net smelter return royalty over the properties acquired. The cash payments completed and to be made, are as follows:

Condition	US $
Within 10 days of execution of contract (paid)	25,000
Upon title transfer (paid)	100,000
March 18, 2016 (paid)	125,000
March 18, 2017	125,000
	375,000

As at March 31, 2016 the mineral property obligation relating to this acquisition was $160,525, which represents the discounted value of the US $125,000 remaining to be paid.

Vetas Gold Project

On October 8, 2015, the Company acquired a controlling interest in CB Gold, which owns the Vetas Gold Project.

At March 31, 2016, pursuant to the Acquisition and Option Agreement for CB Gold's San Bartolo property, and following the Resolution 2090 of December 19, 2014 issued by the Ministry of Environment and Territorial Development, and the National Government delimitation of the Paramo Jurisdicciones-Santurbán-Berlín, the Company accrued the balance owing in mineral property obligation of $1,283,746 in the unaudited interim condensed consolidated statement of financial position.

During the three months ended March 31, 2016, CB Gold settled the following property obligations:

i) The Real Minera property is subject to a one-time royalty payment of US $5 per ounce of measured and indicated mineral resources as disclosed and published in one or more technical reports to be prepared in accordance with NI 43-101. The terms of the royalty payment with Real Minera were renegotiated by CB Gold in December 2015 and was paid January 15, 2016, which included a cash settlement of US $50,000 and 2,843,206 Red Eagle common shares. CB Gold issued 17,550,654 common shares to the Company as compensation on January 15, 2016.

ii) On January 15, 2016, CB Gold paid US $150,000 for the San Alfonso property.

iii) CB Gold renegotiated the acquisition price for the La Triada property, which was paid on February 29, 2016, which included a cash settlement of US $300,000 and 2,219,816 Red Eagle common shares. CB Gold issued 13,702,562 common shares to the Company as compensation on March 4, 2016.

MINERAL PROPERTIES (CONTINUED)

The following is a summary of the Santa Rosa and Vetas exploration costs:

For the three months ended March 31, 2016

(in Canadian dollars)	Santa Rosa	Vetas	Total
Salaries and consulting	$ 49,324	$ 110,406	$ 159,730
Legal and office administration	2,014	86,737	88,751
Geological and geochemical	-	81,079	81,079
License and permits	-	32,499	32,499
Travel and transportation	5,432	15,238	20,670
Field and camp	-	11,867	11,867
Depreciation	-	7,417	7,417
Concession fees	2,840	-	2,840
Total exploration costs	**$ 59,610**	**$ 345,243**	**$ 404,853**

For the three months ended March 31, 2015

(in Canadian dollars)	Santa Rosa	Vetas	Total
Salaries and consulting	$ 627,740	$ -	$ 627,740
Legal and office administration	87,283	-	87,283
Geological and geochemical	298,791	-	298,791
Travel and transportation	69,596	-	69,596
Field and camp	638,641	-	638,641
Depreciation	67,990	-	67,990
Concession fees	8,490	-	8,490
Technical studies	81,438	-	81,438
Metallurgical	38,940	-	38,940
Training	33,880	-	33,880
Assays and sampling	7,866	-	7,866
Total exploration costs	**$ 1,960,655**	**$ -**	**$ 1,960,655**

RESULTS OF OPERATIONS

THREE MONTHS ENDED MARCH 31, 2016 COMPARED TO THREE MONTHS ENDED MARCH 31, 2015

The Company recorded a loss of $198,822 for the three months ended March 31, 2016 compared to a loss of $2,805,754 for the three months ended March 31, 2015. As at October 8, 2015, the Company acquired a controlling interest in CB Gold. Accordingly, the consolidated results of operations for the three months ended March 31, 2016, include a loss of $821,058 related to CB Gold.

Following is an analysis of the significant movements in balances between the three month periods ended March 31, 2016 and March 31, 2015:

For the three months ended (in Canadian dollars)	**March 31, 2016**	**March 31, 2015**	
Mineral property exploration costs	**404,853**	1,960,655	Effective April 1, 2015 the Company commenced capitalization of direct development costs, resulting in an overall decrease in mineral properties exploration costs in the statement of comprehensive loss. Mineral property exploration costs include $345,243 of costs related to CB Gold
Office and administration	**748,064**	219,725	Increase due to an increase in service fees and insurance costs as the Company increases its profile into development and construction of the San Ramon Gold Mine. Additionally, increase due to $272,250 of costs related to CB Gold
Salaries and benefits	**592,965**	151,752	Increase due to an increase in non-cash stock option expense and personnel
Professional fees	**199,863**	139,906	Increase due to increase in audit fees and $44,084 of costs related to CB Gold, which were partially offset by a decrease in tax fees and legal fees
Foreign exchange (gain) loss	**(1,871,174)**	197,545	Non-cash foreign exchange gains and losses relate to fluctuations of foreign exchange rates between USD, COP, and CAD. Foreign exchange gain primarily relates to the strengthening of the CAD against the USD during Q1 2016 on USD denominated long-term debt

SUMMARY OF QUARTERLY RESULTS

Following is a summary of quarterly results for the eight most recently completed quarters. These results are taken from the interim and annual consolidated financial statements of Red Eagle, which are prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"). The results are presented in Canadian dollars.

	For the three months ended March 31, 2016	For the three months ended December 31, 2015	For the three months ended September 30, 2015	For the three months ended June 30, 2015
Interest (expense) income	$ 3,674	$ 13,385	$ 21,644	$ (6,250)
Net loss (income) attributable equity holders of the parent	(91,350)	2,431,296	646,079	580,654
Basic and diluted loss per share	0.00	0.01	0.00	0.01

	For the three months ended March 31, 2015	For the three months ended December 31, 2014	For the three months ended September 30, 2014	For the three months ended June 30, 2014
Interest (expense) income	$ (916)	$ 35,353	$ 8,308	$ 15,129
Net loss (income) attributable equity holders of the parent	2,805,754	2,423,387	2,134,709	2,584,049
Basic and diluted loss per share	0.04	0.04	0.03	0.04

The analysis provided in the "results of operations" section above provides information regarding the significant movements during the three months ended March 31, 2016 and March 31, 2015. Due to the nature of operations and the climate at the Company's locations in Colombia (little fluctuation in temperatures throughout the year) there is no significant seasonality in the business. The Company was incorporated on January 4, 2010 and has grown in its level of operations since that date. The loss per quarter has historically been most impacted by the nature of the drilling programme underway at the time, and whether or not there is a significant non-cash share based payment expense due to the granting of share purchase options. For the three months ended June 30, 2015 and September 30, 2015, the net loss was reduced as the Company commenced capitalization of direct costs associated with the development of the San Ramon Gold Mine and Mill as well as recognized VAT taxes receivable that will be recoverable against certain taxes payable in Colombia.

As at October 8, 2015, the Company acquired a controlling interest in CB Gold. Accordingly, the consolidated results of operations for the three months ended December 31, 2015, include a loss of $495,556 related to CB Gold for the period from October 8, 2015 to December 31, 2015. Capitalization of direct costs associated with the development of the San Ramon Gold Mine and Mill and recognition of VAT taxes receivable were offset by a higher foreign exchange loss, during the three months ended December 31, 2015.

For the three month period ended March 31, 2016, net income attributable to equity holders of the parent was a result of a higher foreign exchange gain and the result of capitalization of direct costs associated with the development of the San Ramon Gold Mine and Mill.

LIQUIDITY AND CAPITAL RESOURCES

As at	March 31, 2016	December 31, 2015	December 31, 2014
Working capital	$ 16,851,611	$ (1,536,765)	$ (303,768)
Total assets	101,438,067	62,582,686	1,484,794
Total liabilities	(71,048,959)	(33,573,430)	(2,253,096)
Share capital	67,275,414	65,684,900	37,163,964
Deficit	(43,026,365)	(45,159,151)	(38,826,730)

As at March 31, 2016, the Company had working capital of $16,851,611 (December 31, 2015: ($1,536,765)), with cash and cash equivalents of $28,617,808 (December 31, 2015: $10,347,916). Current liabilities as at March 31, 2016 and due within one year of the balance sheet date are $13,275,074, which include $1,283,746 of mineral property obligations related to the Vetas Gold Project.

In March 2015, the Company secured a US $60,000,000 credit facility with Orion and LMM, of which US $45,000,000 has been drawn down as at March 31, 2016.

In April 2016, the Company completed a private placement, in two tranches, for gross proceeds of $11,281,476, consisting of 29,688,095 common shares at a price of $0.38 per share.

The Company relies on equity financings and the exercise of options and warrants to fund its exploration and development activities and its corporate and overhead expenses, and in addition a debt credit facility to fund construction of the San Ramon Gold Mine and Mill. Many factors influence the Company's ability to raise funds, including the health of the resource market, the climate for mineral exploration investment, the Company's track record, and the experience and caliber of its management and personnel. Actual funding requirements may vary from those planned due to a number of factors, including the progress and results of exploration activities.

The Company's operations to date have been financed by issuing common shares, the sale of a royalty over a portion of the Santa Rosa property, and the use of proceeds from the credit facility. The continuing operations of the Company are dependent upon its ability to execute the construction of the San Ramon Gold Mine and Mill on time and on budget, followed by the successful commencement of commercial production in the second half of 2016. To complete all of these activities, the Company has adequate available funding from cash on hand combined with the available debt credit facility. However, there is no guarantee that the Company will be able to continue to secure additional financings in the future at terms that are favourable, should the Company require additional funding.

With the cash position on hand, completed private placements and secured credit facility, the Company believes that it has sufficient amount of cash and cash equivalents available to meet business requirements for the next twelve months and anticipates that there is sufficient capital and liquidity to meet liabilities when due.

OUTSTANDING SHARE DATA

Common shares

The authorized capital of the Company is an unlimited number of common and preferred shares (nil outstanding) without par value.

As at March 31, 2016, the Company had 186,492,274 common shares issued and outstanding (December 31, 2015: 181,429,952). As at the date of this MD&A the Company had 218,180,369 common shares issued and outstanding.

On January 15, 2016, the Company issued 2,843,206 common shares to the shareholders of Real Minera Ltda ("Real Minera") pursuant to the agreement dated April 19, 2010 and amended on December 15, 2015 between CB Gold and Real Minera in order to meet CB Gold's property obligations with respect to the Vetas Gold Project.

On February 29, 2016, the Company issued 2,219,816 common shares to the titleholders of the La Triada concession ("La Triada") pursuant to the agreement dated March 28, 2012 as amended between CB Gold and La Triada in order to meet CB Gold's property obligations with respect to the Vetas Gold Project.

In April 2016, the Company completed a private placement, in two tranches, for gross proceeds of $11,281,476, consisting of 29,688,095 common shares at a price of $0.38 per share.

During April and May 2016, the Company issued 2,000,000 common shares at a price of $0.25 per share for consideration of $500,000, on the exercise of warrants.

Warrants

No warrants were issued during the three months ended March 31, 2016 and 2015.

The following summarizes the share purchase warrants outstanding as at March 31, 2016:

Expiry date	Warrants outstanding	Weighted average exercise price		Weighted average remaining contractual life (years)
June 28, 2016	3,375,000	$	0.25	0.24
July 16, 2020	5,000,000		0.28	4.30
	8,375,000	$	**0.27**	**2.66**

On February 12, 2015, 1,125,000 warrants expired unexercised.

During April and May 2016, 2,000,000 share purchase warrants were exercised at a price of $0.25 into 2,000,000 common shares for total proceeds of $500,000.

As at the date of this MD&A the Company had 6,375,000 warrants outstanding.

OUTSTANDING SHARE DATA (CONTINUED)

Options

The following summarizes information about share options outstanding and exercisable as at March 31, 2016:

Expiry date	Options outstanding	Options exercisable		Exercise price	Weighted average remaining contractual life (years)
December 6, 2017	1,920,000	1,920,000	$	0.55	1.68
April 9, 2019	2,005,000	2,005,000		0.33	3.02
May 6, 2020	3,140,000	2,645,000		0.33	4.10
October 7, 2020	7,300,000	5,875,000		0.275	4.52
February 24, 2021	250,000	62,500		0.375	4.91
	14,615,000	**12,507,500**	$	**0.33**	**3.86**

During the three months ended March 31, 2015, no options were granted, exercised or cancelled except for the expiration of 87,500 options on March 9, 2015.

On February 24, 2016, the Company granted 250,000 incentive stock options exercisable at a price of $0.375 per share until February 24, 2021 to new employees.

On April 22, 2016, the Company granted 575,000 incentive stock options exercisable at a price of $0.57 per share until April 22, 2021 to new employees and consultants.

On May 19, 2016, 300,000 incentive stock options were cancelled.

As at the date of this MD&A the Company had 14,890,000 options outstanding.

TRANSACTIONS WITH RELATED PARTIES

The Company's executive management received the following salaries and benefits:

For the three months ended	March 31, 2016	March 31, 2015
Short-term employee salaries and benefits	$ 413,008	$ 137,666
Share option based payments	20,202	1,980
	$ 433,210	**$ 139,646**

The following table provides outstanding balances and the total amount of transactions by the Company with related parties during the three month periods ended March 31, 2016 and 2015:

For the three months ended	March 31, 2016	March 31, 2015
Purchases during the three months		
Rent, salary and related costs recharged from a company controlled by certain directors in common	$ 476,992	$ 125,000
Legal fees to Farris, Vaughan, Wills & Murphy LLP (previously Anfield Sujir Kennedy & Durno LLP) in which one of the directors is a partner	$ 53,154	$ 91,227
Mine development costs by Stracon GyM in which a director is the CEO and a shareholder	$ 3,424,291	$ -

As at	March 31, 2016	December 31, 2015
Amounts owed to		
A company controlled by certain directors in common	$ 226,992	$ -
Farris, Vaughan, Wills & Murphy LLP (previously Anfield Sujir Kennedy & Durno LLP) in which one of the directors is a partner	$ 38,680	$ 332,738
Stracon GyM in which a director is the CEO and a shareholder	$ 3,424,291	$ 1,071,949
Amounts due from		
A company controlled by certain directors in common for reimbursement of legal fees	$ 119,232	$ 106,109

Related party transactions are in the normal course of business and measured at the amounts agreed upon by the parties.

CHANGES IN ACCOUNTING POLICIES

The following accounting standards were adopted effective January 1, 2016:

IAS 1 Disclosure Initiative – Amendments to IAS 1
The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1;
- That specific line items in the statement(s) of profit or loss and other comprehensive income (loss) and the statement of financial position may be disaggregated;
- That entities have flexibility as to the order in which they present the notes to financial statements; and
- That the share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and other comprehensive income (loss).

The adoption of this standard did not have material impact on the interim condensed consolidated financial statements.

FINANCIAL INSTRUMENTS

Refer to Note 15 of the Company's interim condensed consolidated financial statements for the three months ended March 31, 2016 for disclosure regarding the Company's financial instruments. There has been no change in designation of financial instruments or nature of risks in the three months ended March 31, 2016. The Company's financial instruments consist of cash and cash equivalents, other financial assets, amounts receivable, accounts payable and accrued liabilities, mineral property obligations, reclamation provision and the long-term debt. The Company does not hold any complex financial instruments or derivatives. The cash is held to fund ongoing exploration and development work and head office costs and the cash equivalents are held to earn interest until they are needed to fund exploration work and head office costs.

Financial Risk Management

Credit risk

The Company is exposed to credit risk with respect to its cash and cash equivalents and other financial assets. Other financial assets are investments that have been placed on deposit with major Canadian or Colombian financial institutions. All cash and cash equivalents are on deposit with major Canadian or Colombian financial institutions. The short term investment recorded as other financial assets is a GIC with a 12 month maturity that has been placed on deposit with a major Canadian institution. The cash in trust related to the Empresas Publicas de Medellin, E.S.P., electrical installation contract, recorded in non-current other financial assets, was on deposit with a major Colombian institution.

The risk arises from the non-performance of counterparties of contractual financial obligations. The Company manages credit risk, in respect of cash and cash equivalents, by purchasing highly liquid, short-term investment-grade securities held at major Canadian financial institutions.

FINANCIAL INSTRUMENTS (CONTINUED)

Financial Risk Management (continued)

Interest rate risk

The Company has cash balances, investment-grade short-term deposit certificates issued by its banking institution and long-term debt under the credit facility. Interest income is not material to the Company. Advances under the credit facility will bear interest at the higher of LIBOR or 1% +7.5%. The Company manages this risk by monitoring fluctuations in LIBOR, which are not expected to be significant.

Foreign currency risk

The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars. The Company has not entered into any foreign currency contracts to mitigate this risk.

Certain of the Company's cash and cash equivalents, amounts receivable and accounts payable and accrued liabilities are in Colombian Peso ("COP"), while mineral property obligations and long-term debt are in US dollars; therefore, COP and US dollar amounts are subject to fluctuation against the Canadian dollar (CAD).

The Company also has transactional currency exposures. Such exposures arise from purchases in currencies other than the respective functional currencies, typically the US dollar. The Company manages this risk by matching receipts and payments in the same currency and monitoring the movements in foreign currency.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk. The Company is not exposed to significant other price risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company anticipates that there is sufficient capital and liquidity to meet liabilities when due.

CAPITAL COMMITMENTS AND OFF BALANCE SHEET ARRANGEMENTS

The Company has commitments related to capital expenditures for the development and construction of the San Ramon Gold Mine and Mill as at March 31, 2016 of $8,290,913. The Company has other operational commitments for $5,633,327, of which $5,597,270 relates to the San Ramon Gold Mine and Mill and $36,057 relates to the Vetas Gold Project. See table below and Note 14 to the unaudited interim condensed consolidated financial statements for capital commitments as at March 31, 2016.

	Less than 1 year	1 - 5 years	More than 5 years	Total
Capital	$ 8,290,913	$ -	$ -	$ 8,290,913
Operational	840,857	2,409,563	2,382,907	5,633,327
	$ 9,131,770	**$ 2,409,563**	**$ 2,382,907**	**$ 13,924,240**

The Company has to make certain cash payments in order to meet the terms of the mineral property acquisition agreements as described in Note 7 in the unaudited interim condensed consolidated financial statements for mineral properties as at March 31, 2016.

CAPITAL COMMITMENTS AND OFF BALANCE SHEET ARRANGEMENTS (CONTINUED)

The Company may be involved in various claims or legal proceedings arising in the ordinary course of business. The Company does not believe that adverse decisions in any pending or threatened proceedings related to any matter, will have a material impact on the financial condition or future results of operations of the Company.

There are no other capital commitments, nor are there any off balance sheet arrangements.

RISKS AND UNCERTAINTIES

The risks and uncertainties described in this section are considered by management to be the most important in the context of the Company's business. The risks and uncertainties below are not inclusive of all the risks and uncertainties the Company may be subject to and other risks may exist. The Company is in the business of acquiring, exploring and developing mineral properties. It is exposed to a number of risks and uncertainties that are common to other mining companies. The industry is capital intensive at all stages and is subject to variations in commodity prices, market sentiment, inflation and other risks.

Mining

The Company is engaged in exploration, mine development and the mining and production of gold, and is exposed to a number of risks and uncertainties that are common to other companies in the same business. Unusual or unexpected geologic formations, formation pressures, seismic activity, fires, power outages, flooding, cave-ins, landslides and the inability to obtain suitable adequate machinery, equipment or labour are risks involved in the operation of mines and the conduct of exploration programs. These risks and hazards could result in damage to, or destruction of, mineral properties or producing facilities; personal injury or death; environmental damage; delays in mining; and monetary losses and possible legal liability. As a result, production may fall below estimated levels and the Company may incur significant costs or experience significant delays that could have a material adverse effect on the Company's financial performance, liquidity and results of operation. Although the Company maintains liability insurance in an amount which it considers adequate, the nature of these risks is such that liabilities might exceed policy limits, might not be insurable, or the Company might not elect to insure itself against such liabilities due to high premium costs or other reasons, in which event the Company could incur significant costs that could have a material adverse effect upon its financial condition.

Exploration for minerals is highly speculative in nature, involves many risks and frequently is unsuccessful. There is no assurance that any exploration activities of the Company will result in the development of an economically viable mine project. The economics of developing mineral properties are affected by many factors including the cost of operations, variations in the grade of ore mined, fluctuations in metal markets, costs of mining and processing equipment, government regulations, location of the orebody and its proximity to infrastructure such as roads and power, required metallurgical processes, regulatory permit requirements, prevailing metal prices, economic and financing conditions at the relevant time. Substantial expenditures are required to establish mineral resources and mineral reserves through drilling, to develop metallurgical processes to extract the metal from mineral resources, and in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Assuming discovery of an economic ore body, depending on the type of mining operation involved, several years may elapse from the initial phases of drilling until commercial operations are commenced and during such time the economic feasibility of production may change.

Mining (continued)

The development of the San Ramon Gold Mine and Mill will include the construction and operation of mines, processing plants and related infrastructure. As a result, the Company is and will continue to be subject to all of the risks associated with establishing new mining operations, including risks relating to the availability and cost of skilled labour, mining equipment, fuel, power, materials and other supplies; the ability to obtain all necessary governmental approvals and permits; potential opposition from non-governmental organizations, environmental groups or local residents; and the availability of funds to finance construction and development activities. Cost estimates may increase as more detailed engineering work is completed on a project. It is common for new mining operations to experience unexpected costs, problems and delays during construction, development, and mine start-up.

Country

The Company conducts exploration, mine development and other mining activities in Colombia, which is a developing country. This exposes the Company to certain jurisdictional risks including, without limitation, possible political instability, changes to applicable laws including those relating to government imposed taxes or royalties, impairment or loss of mining title or other mineral rights as well as risks associated with economic instability such as currency fluctuations and inflation.

Colombia has for decades sustained persistent violence stemming from with activities of left-wing guerilla and paramilitary groups associated with drug cartels. While the situation has improved significantly in recent years, the conflict continues in very localized areas and there can be no guarantee that the situation will not deteriorate once again. Any increase in kidnapping, gang warfare, homicide and/or terrorist activity in Colombia generally may disrupt supply chains and discourage qualified individuals from being involved with the Company's operations. Colombia's status as a developing country may also make it more difficult for the Company to attract additional investors or otherwise obtain additional financing for its mining projects.

Profitability; Costs

The Company has a history of losses and there can be no assurance that it will ever be profitable. The Company expects to continue to incur losses unless and until such time as it commences profitable mining operations on its properties. The development of the properties will require the commitment of substantial financial resources. The amount and timing of expenditures will depend on a number of factors, some of which are beyond the Company's control, including the progress of ongoing exploration, studies and development, the results of consultant analysis and recommendations, the rate at which operating losses are incurred and the execution of any joint venture agreements with any strategic partners, if any. There can be no assurance that the Company will ever generate revenues from operations or that the Santa Rosa Gold Project or any properties the Company may hereafter acquire or obtain an interest in will generate earnings, operate profitably or provide a return on investment in the future. There can be no assurance that the Company's cost assumptions will prove to be accurate, as costs will ultimately be determined by several factors that are beyond the Company's control.

Metal Price Volatility

The Company's business is strongly affected by the world market price of gold. Global metal prices fluctuate widely and are affected by numerous factors beyond the Company's control, including global demand and production levels; political and economic conditions; producer hedging activities; speculative activities; inflation; interest rates; central bank lending, sales and purchases of gold; the strength of, and confidence in, the U.S. dollar, the currency in which the price of gold is generally quoted; and currency exchange rates.

Metal Price Volatility (continued)

If the world market price of gold were to drop and the prices realized by the Company on gold sales were to decrease significantly and remain at such a level for any substantial period, the Company's future profitability and cash flow would be negatively affected. Gold prices can be subject to volatile price movements, which can be material and can occur over short periods of time and are affected by numerous factors, all of which are beyond the Company's control. Depending on the market price of gold, the Company may determine that it is not economically feasible to continue some or all of its operations or the development of some or all of its projects, as applicable, which could have an adverse impact on the Company's financial performance and results of operations. In such a circumstance, the Company may also curtail or suspend some or all of its exploration activities.

Regulatory

Mining activities are subject to extensive laws and regulations governing prospecting, development, production, exports, taxes, labor standards, occupational health and safety, water disposal, toxic substances, explosives, management of natural resources, environmental management and protection, mine safety, dealings with native groups, historic and cultural preservation and other matters. Compliance with such laws and regulations increases the costs of planning, designing, drilling, developing, construction, operating and closing mines and other facilities. Compliance with environmental regulations may require significant capital outlays on behalf of the Company and may cause material changes or delays in the Company's intended activities. Any breaches of environmental laws could materially and adversely affect the Company. Failure to comply with applicable laws and regulations may result in civil or criminal fines or penalties or enforcement actions, including orders issued by regulatory or judicial authorities enjoining or curtailing operations, requiring corrective measures or other remedial actions, any of which could result in the Company incurring significant expenditures. The Company may be subject to potential legal claims which, if determined adversely to the Company, could have a material effect on the Company and/or its financial condition. The Company may be required to compensate persons suffering loss or damage as a result of any infringement of applicable laws or regulations.

The Company may also be required to obtain certain other property rights to access, or use, certain of its properties in order to proceed with mining activities. There can be no assurance that all licenses, permits or property rights which the Company may require for any exploration or development of mining operations will be obtainable on reasonable terms or in a timely manner, or at all, that such terms will not be adversely changed, that required extensions will be granted, or that the issuance of such licenses, permits or property rights will not be challenged by third parties. Delays in obtaining or a failure to obtain such licenses, permits or property rights or extension thereto, challenges to the issuance of such licenses, permits or property rights, whether successful or unsuccessful, changes to the terms of such licenses, permits or property rights, or a failure to comply with the terms of any such licenses, permits or property rights that the Company has obtained, could have a material adverse effect on the Company by delaying or preventing or making more expensive exploration, development and/or production.

The process for establishing and preserving mining title and other mineral rights in Colombia is complex, and may be the subject of dispute with regulators. Changes to current laws, regulations and permits governing operations and activities of mining companies, including environmental laws and regulations which are evolving in Colombia, or more stringent enforcement thereof, could have a material adverse impact on the Company and increase costs, affect the Company's ability to expand or transfer existing operations or require the Company to abandon or delay the development of new properties.

There is risk that the decisions of the Colombian judicial system relating to preservation of the Paramos, Colombian's high-altitude ecosystem, as well as changes to or interpretations of other existing or future applicable laws and regulations relating thereto, may have a material adverse effect on or otherwise impact the Company's mineral tenure, mining rights and development plans for its mining properties.

Risks with Title to Mineral Properties

Title on mineral properties and mining rights involves certain risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the ambiguous conveyance history of many mining properties. Although the Company has, with the assistance of its Colombian legal advisors, diligently investigated and validated title to its mineral claims, there is no guarantee that the Company will not encounter challenges or loss of title to its assets. The Company does not carry title insurance. The Company is actively engaged in the process of seeking to strengthen the certainty of its title to its mineral concessions, which are held either directly or through its equity interest in its subsidiaries. The Company cannot give any assurance that title to properties it acquired individually or through historical share acquisitions will not be challenged or impugned and cannot guarantee that the Company will have or acquire valid title to these mining properties. Failure by the Company to retain title to properties which comprise its projects could have a material adverse effect on the Company and the value of its Common Shares.

Risks Associated with Potential Acquisitions

The Company may evaluate opportunities to acquire additional mining assets and businesses. These acquisitions may be material in size, may change the scale of the Company's business and may expose the Company to new geographic, political, operating, financial and geological risks. The Company's success in its acquisition activities depends on its ability to identify suitable acquisition targets, acquire them on acceptable terms and integrate their operations successfully with those of the Company. The Company may need additional capital to finance any such acquisitions. Debt financing related to acquisition would expose the Company to the risk of leverage, while equity financing may cause existing shareholders to suffer dilution. There is a limited supply of desirable mineral lands available for claim staking, lease or other acquisition in the areas where the Company contemplates conducting exploration activities. The Company may be at a disadvantage in its efforts to acquire quality mining properties as it must compete with individuals and companies which in many cases have greater financial resources and larger technical staffs than the Company. Accordingly, there can be no assurance that the Company will be able to compete successfully for new mining properties.

Personnel; Equipment

The ability to identify, negotiate and consummate transactions that will benefit the Company is dependent upon the efforts of the Company's management team. The loss of the services of any member of management could have a material adverse effect on the Company. The Company's future drilling activities may require significant investment in additional personnel and capital equipment. Given the current level of demand for equipment and experienced personnel within the mining industry, there can be no assurance that the Company will be able to acquire the necessary resources to successfully implement its business plan.

The Company is heavily dependent on its key personnel and on its ability to motivate, retain and attract highly skilled persons. If, for any reason, any one or more of such key personnel do not continue to be active in the Company's management, the Company could be adversely affected. There can be no assurance that the Company will successfully attract and retain additional qualified personnel to manage its current needs and anticipated growth. The failure to attract such qualified personnel to manage growth effectively could have a material adverse effect on the Company's business, financial condition or results of operations.

Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which effect capital and operating costs. Unusual or infrequent weather phenomena, terrorism, sabotage, community, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations, financial condition and results of operations.

RISKS AND UNCERTAINTIES (CONTINUED)

Financing

Additional funding may be required to complete the proposed or future exploration and other programs on the Company's properties. There is no assurance that any such funds will be available. Failure to obtain additional financing, if required, on a timely basis, could cause the Company to reduce or delay its proposed operations. The majority of sources of funds currently available to the Company for its acquisition and development projects are in large portion derived from the issuance of equity. While the Company has been successful in the past in obtaining equity financing to undertake its currently planned exploration and development programs, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

Credit Facility

The Credit Facility entered into by the Company and Orion to fund its development of Santa Rosa includes several covenants that impose significant operating and financial restrictions on the Company and limit the Company's ability to undertake certain actions without consent of Orion. As a result of these restrictions, the Company may be limited in how it conducts its business, be unable to raise additional debt or equity financing to operate during general economic or business downturns, or be unable to compete effectively or to take advantage of new business opportunities. These restrictions may affect the Company's ability to grow in accordance with its business strategies. In addition, the Company's financial results and indebtedness could adversely affect the availability and terms of any future financings. In addition, the restrictive covenants in the Credit Facility require the Company to maintain specified financial ratios and satisfy other financial condition tests. The Company's ability to maintain such ratios and pass such tests may be impacted by factors beyond the control of the Company. A breach of the covenants or restrictions under the Credit Facility could result in an event of default thereunder. Such a default may allow the lenders to accelerate the debt, and may permits the lenders to terminate all commitments to extend further credit under the Credit Facility.

In addition, if the Company were unable to repay the amounts due and payable under the Credit Facility, those lenders could realize against the collateral granted to them to secure such indebtedness. The Company may not have sufficient assets to repay any indebtedness and the Company could be forced into bankruptcy, liquidation or restricting proceedings.

Currency Risk

The Company maintains its accounts in Canadian dollars and the market for gold is principally denominated in U.S. dollars. The Company's operations in Colombia make it subject to foreign currency fluctuations and such fluctuations may materially affect the Company's financial position and results. Colombia has a free and unrestricted supply and demand market. The Company is exposed to foreign exchange risk from the exchange rate of Colombian pesos relative to the Canadian and U.S. dollars. Foreign exchange risk is mainly derived from assets and liabilities stated in Colombian pesos. The Company limits its foreign exchange risk by the acquisition of short-term financial instruments and, when possible, minimizes its Colombian peso monetary asset positions.

Price Volatility of Publicly Traded Securities

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. The market for the Common Shares will be subject to market trends generally, notwithstanding any potential business of the Company. The value of the Shares will be affected by such volatility.

RISKS AND UNCERTAINTIES (CONTINUED)

Stress in the Global Economy

Reduction in credit, combined with reduced economic activity and the fluctuations in the United States dollar, may adversely affect businesses and industries that purchase commodities, affecting commodity prices in more significant and unpredictable ways than the normal risks associated with commodity prices. The availability of services such as drilling contractors and geological service companies and/or the terms on which these services are provided may be adversely affected by the economic impact on the service providers. The adverse effects on the capital markets generally make the raising of capital by equity or debt financing much more difficult and the Company is dependent upon the capital markets to raise financing. Any of these events, or any other events caused by turmoil in world financial markets, may have a material adverse effect on the Company's business, operating results, and financial condition.

INTERNAL CONTROL OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS AND PROCEDURES

As permitted, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basis Certificate with respect to the financial information contained in the financial statements and respective accompanying Management's Discussion and Analysis. In contrast to the certificates under National Instruments ("NI") 52-109 (Certification of disclosure in an Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting as defined in NI 52-109.

APPROVAL

The Audit Committee of the Board of Directors of the Company, to whom the authority was delegated by a resolution of the Board of Directors, has approved the disclosure contained in this MD&A on May 30, 2016. A copy of this MD&A is filed on SEDAR will be provided to anyone who requests it.

FORWARD-LOOKING INFORMATION

This MD&A contains "forward-looking information" (also referred to as "forward-looking statements") within the meaning of applicable Canadian securities legislation. Forward-looking statements are provided for the purpose of providing information about management's current expectations and plans and allowing investors and others to get a better understanding of the Company's operating environment. All statements, other than statements of historical fact, are forward-looking statements.

In this MD&A, forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company at this time, are inherently subject to significant business, economic and competitive uncertainties and contingencies that may cause the Company's actual financial results, performance, or achievements to be materially different from those expressed or implied herein. Some of the material factors or assumptions used to develop forward-looking statements include, without limitation, the uncertainties associated with: regulatory and permitting considerations, financing of the Company's acquisitions and other activities, exploration, development and operation of mining properties and the overall impact of misjudgments made in good faith in the course of preparing forward-looking information.

Forward-looking statements involve risks, uncertainties, assumptions, and other factors including those set out below, that may never materialize, prove incorrect or materialize other than as currently contemplated which could cause the Company's results to differ materially from those expressed or implied by such forward-looking statements. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, identified by words or phrases such as "expects", "is expected", "anticipates", "believes", "plans", "projects", "estimates", "assumes", "intends", "strategy", "goals", "objectives", "potential", "possible" or variations thereof or stating that certain actions, events, conditions or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of fact and may be forward-looking statements.

Numerous factors could cause actual results to differ materially from those in the forward-looking statements, including without limitation:

- regulatory risks relating to mineral tenure, permitting, environmental protection, taxation, and royalties;
- volatility of currency exchange rates, metal prices and metal production; and
- other risks normally incident to the acquisition, exploration, development and operation of mining properties.

This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements. Investors are cautioned not to put undue reliance on forward-looking statements, and investors should not infer that there has been no change in the Company's affairs since the date of this report that would warrant any modification of any forward-looking statement made in this document, other documents periodically filed with or furnished to the relevant securities regulators or documents presented on the Company's website. All subsequent written and oral forward-looking statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by this notice. The Company disclaims any intent or obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of assumptions or factors, whether as a result of new information, future events or otherwise, subject to the Company's disclosure obligations under applicable Canadian securities regulations. Investors are urged to read the Company's filings with Canadian securities regulatory agencies, which can be viewed online at www.sedar.com.