



RED EAGLE MINING CORPORATION

Management's Discussion and Analysis

For the three months ended March 31, 2015

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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, 2015 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, 2015. Consequently, the following discussion of performance and financial condition should be read in conjunction with the unaudited interim condensed consolidated financial statements for the three months ended March 31, 2015 and the notes thereto. All amounts presented in this MD&A are in Canadian dollars unless otherwise indicated. The Company has prepared its financial statements in accordance with IFRS as issued by the IASB since inception on January 4, 2010.

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 June 1, 2015.

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 27 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 ("Exchange") on June 28, 2011. The Company is also listed on the OTCQX under the symbol "RDEMFB". The Company is engaged in exploration and development of mineral properties located in Colombia.

QUALIFIED PERSONS

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

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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. All mineral property exploration expenditures are expensed as incurred. A breakdown of expenditures is provided below in the section "Mineral Properties". Further information on the mineral properties can be found in the consolidated financial statements for the three months ended March 31, 2015.

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. Of this, US \$9,150,000 (\$9,402,956) has been paid with the remaining US \$450,000 (\$568,890) due on June 25, 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 (\$935,508) is due upon title transfer, which is expected after 2015. As at March 31, 2015 the outstanding balance relating to these acquisitions was US \$1,190,000 (\$1,504,398).

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, ("Liberty") a 19.9% common 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. Liberty also has a participation right to maintain Liberty's then current share ownership interest in the Company.

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. Liberty'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, as follows:

Condition	Amount (\$USD)
Within 10 days of execution of contract (paid)	25,000
Upon title transfer (paid April 2015)	100,000
March 18, 2016	125,000
March 18, 2017	125,000
	375,000

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MINERAL PROPERTIES (continued)

Santa Rosa Gold Project (continued)

The Company paid the initial US \$25,000 and has recorded the balance as a provision, discounted at the risk free rate of 1%. The fair value of total payments is \$397,548 representing the initial \$26,150 (US \$25,000) and \$371,398 relating to the outstanding US \$342,268 (nominal value is US \$350,000), and this has been recorded as an increase in capitalized mineral properties. As at March 31, 2015 the mineral property obligation relating to this acquisition was \$436,630, which represents the discounted value of the US\$350,000 remaining to be paid. The Company has recorded an interest expense of \$1,067 relating to the accretion of the discount on the obligation in three months ended March 31, 2015.

Pavo Real Project

As Red Eagle Mining terminated its option agreement with Miranda Gold Corp. on the Pavo Real Project, the Company's 70% interest in Rovira Mining Limited was transferred to Miranda Gold Colombia I Ltd. on December 31, 2014 for no consideration. The Pavo Real Project was dropped as exploration results to date did not merit further work and the Company is focused on developing the Santa Rosa Gold Project.

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MINERAL PROPERTIES (continued)

Following is the breakdown of mineral property expenditures incurred during the three months ended March 31, 2015:

For the three months ended March 31, 2015 (in Canadian dollars)	Santa Rosa	Pavo Real	Total
Field and camp	\$ 638,641	\$ -	\$ 638,641
Salaries and consulting	627,740	-	627,740
Geological and geochemical	298,791	-	298,791
Legal and office administration	87,283	-	87,283
Technical studies	81,438	-	81,438
Travel and transportation	69,596	-	69,596
Depreciation	67,990	-	67,990
Metallurgical	38,940	-	38,940
Training	33,880	-	33,880
Concession fees	8,490	-	8,490
Assays and sampling	7,866	-	7,866
Exploration costs for the three months ended March 31, 2015	\$ 1,960,655	\$ -	\$ 1,960,655
Cumulative exploration costs as at March 31, 2015	\$ 29,488,527	\$ -	\$ 29,488,527

For the three months ended March 31, 2014 (in Canadian dollars)	Santa Rosa	Pavo Real	Total
Field and camp	\$ 114,338	\$ 14,462	\$ 128,800
Salaries and consulting	426,274	32,663	458,937
Legal and office administration	52,003	4,871	56,874
Technical studies	282,074	-	282,074
Travel and transportation	43,154	2,408	45,562
Depreciation	25,330	6,104	31,434
Metallurgical	45,974	-	45,974
Assays and sampling	11,328	3,003	14,331
License and permits	21,152	-	21,152
Exploration costs for the three months ended March 31, 2014	\$ 1,021,627	\$ 63,511	\$ 1,085,138
Cumulative exploration costs as at March 31, 2014	\$ 22,908,816	\$ 4,948,287	\$ 27,857,103

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MINERAL PROPERTIES (continued)

A positive Feasibility Study for the Santa Rosa Gold Project was completed in October, 2014. The Technical Report is available on www.sedar.com and [Red Eagle's](#) website. The Feasibility Study was prepared by Lycopodium Minerals Canada Ltd. in accordance with the definitions in Canadian National Instrument 43-101. Highlights include (all amounts are expressed in US\$):

Table 1 – Summary of San Ramon Pre-Tax Economic Results by Gold Price

Pre-Tax	Alternative Case	Base Case	Alternative Case
Gold Price (ounce)	\$1,100	\$1,300	\$1,500
Net Cash Flow	\$99 million	\$172 million	\$244 million
Net Present Value (5%)	\$76 million	\$137 million	\$198 million
Internal Rate of Return	42%	64%	85%
Payback	1.6 years	1.3 years	1.0 years

Table 2 – Summary of San Ramon Post-Tax Economic Results by Gold Price

Post-Tax	Alternative Case	Base Case	Alternative Case
Gold Price (ounce)	\$1,100	\$1,300	\$1,500
Net Cash Flow	\$70 million	\$132 million	\$205 million
Net Present Value (5%)	\$52 million	\$104 million	\$165 million
Internal Rate of Return	32%	53%	74%
Payback	1.7 years	1.3 years	1.1 years

Project Mineral Reserves

The reserves outlined in the Feasibility Study are shown in Table 3 below and use an average cut-off of 2.00 grams gold per tonne and a minimum mining width of 2.5 metres. The average mining width is 3.0 metres. Proven and Probable reserves include dilution by Measured and Indicated resources below the mining cutoff grade inside of mineable areas with an average grade of 1.60 grams gold per tonne.

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MINERAL PROPERTIES (continued)

Table 3 –San Ramon Reserves Estimate

Reserves	Tonnes	Gold (g/t)	Gold (ounces)
Proven	429,000	5.93	82,000
Probable	1,995,000	5.04	323,000
Proven & Probable	2,425,000	5.20	405,000

Mining and Processing

The Feasibility Study is based on San Ramon being an underground mining operation using conventional shrinkage stoping mining methods with delayed backfill using dry filtercake process tailings and development waste. Colombian mining contractors will be utilised and mining costs are based on contractor proposals.

The ore will be processed incorporating single-stage crushing, SAG milling and flotation with concentrate re-grinding followed by conventional carbon-in-leach ("CIL") processing of the combined flotation tails and reground concentrate to produce gold doré on site. The leached tailings will be detoxified and filtered for use as mine backfill and dry stacking on surface. Expected metallurgical gold recovery is 96% with a total estimated 388,000 ounces of recoverable gold to be produced.

The total ore mined includes 2,425,000 tonnes of Proven and Probable reserves and an additional 334,000 tonnes of internal dilution material that is included at zero grade. Total volume/tonnage dilution of 23% is included in the mineable material. The plant is designed to operate at a processing rate of 1,000 tonnes per day and a total of 2,759,000 tonnes of material will be mined over eight years at an average run of mine ("ROM") diluted mill feed grade of 4.57 grams gold per tonne. San Ramon's projected annual gold production is summarised below:

Table 4 –San Ramon Projected Eight Year Annual Gold Production

Year	Tonnes Milled	ROM Gold Grade (g/t)	Recoverable Gold (oz)
1	352,000	6.21	68,000
2	360,000	6.74	75,000
3	360,000	4.49	50,000
4	360,000	4.11	45,000
5	360,000	4.67	52,000
6	360,000	3.24	36,000
7	360,000	2.77	30,000
8	247,000	4.25	32,000
Years 1-8	2,759,000	4.57	388,000

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MINERAL PROPERTIES (continued)

Capital and Operating Costs

The estimated capital and operating costs for San Ramon are summarised below. Indirect costs include EPCM and owner's costs. Sustaining capital for ongoing underground development has been budgeted at \$33 million throughout the eight year mine life.

Table 5 –San Ramon Initial Capital Costs

Mine Underground	\$9,432,000
Processing	31,458,000
Total Direct Costs	40,890,000
Indirect Costs	17,584,000
Import Duties	399,000
Working Capital	4,014,000
Contingency	7,005,000
Total Capital Costs	69,892,000
Recoverable VAT	4,309,000
Total	\$74,201,000

Table 6 –San Ramon Operating Costs

	\$/Tonne	\$/Ounce
Mining	37	265
Processing	25	176
Other	11	75
Royalties	11	80
Cash Costs	\$84	\$596
Sustaining Capital	11	74
Taxes	12	93
AISC (All in sustaining costs)	\$107	\$763

The Secretary of Mines of Antioquia formally approved the Mining Technical Work Plan (Programa de Trabajo y Obras or "PTO"), which was submitted in November 2013, in Resolution 121146, dated August 12, 2014. This was the comprehensive approval required subject to receiving the Environmental License.

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MINERAL PROPERTIES (continued)

Corantioquia (Department of Antioquia Environmental Agency) formally approved the Environmental Impact Assessment ("EIA") including an Environmental Management Plan ("EMP"), which was submitted on February 20, 2014, in Resolution 160TH-1503-11577, dated March 9, 2015. The Resolution granted the Environmental License which was the final permit required for construction and mining of the San Ramon Gold Mine for the life of the mine.

OUTLOOK

Construction at Santa Rosa is planned to commence in 2015 with gold production in 2016.

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RESULTS OF OPERATIONS

THREE MONTHS ENDED MARCH 31, 2015 COMPARED TO THREE MONTHS ENDED MARCH 31, 2014

The Company recorded a loss of \$2,805,754 for the three months ended March 31, 2015, which is an increase of \$1,163,976 compared to the loss of \$1,641,778 for the three months ended March 31, 2014.

Following is an analysis of the significant movements in balances between the three month periods ended March 31, 2015 and March 31, 2014:

Canadian dollars

<i>For the three months ended</i>	March 31, 2015	March 31, 2014	
Mineral properties exploration costs	1,960,655	1,085,138	Increase due to engineering and construction activities
Office and administration	219,725	191,243	Increase due to an increase in stock option expense
Salaries and benefits	151,752	121,142	Increase due to an increase in stock option expense and salaries
Professional fees	139,906	114,520	Increase due to legal fees relating to equipment and construction contracts
Relations and business development	139,225	87,437	Increase due to increased profile
Foreign exchange loss	171,571	51,254	Increase due to US denominated mineral property obligations being translated at period end rate

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SUMMARY OF QUARTERLY RESULTS

Following is a summary of quarterly results since January 1, 2013. These results are taken from the interim and annual consolidated financial statements of Red Eagle Mining Corporation, which are prepared in accordance with IFRS as issued by the IASB. The results are presented in Canadian dollars, which is the functional currency of the parent company. The Colombian branches have a functional currency of the Colombian peso.

	For the three months ended			
	March 31, 2015			
Interest loss	\$	(916)		
Net loss		2,805,754		
Basic and diluted Loss per share		0.04		

	For the three months ended		For the three months ended		For the three months ended		For the three months ended	
	March 31, 2014		June 30, 2014		September 30, 2014		December 31, 2014	
Interest income	\$	8,956	\$	15,129	\$	8,308	\$	35,353
Net loss		1,641,778		2,599,184		2,135,629		2,566,539
Basic and diluted Loss per share		0.03		0.04		0.03		0.03

	For the three months ended		For the three months ended		For the three months ended		For the three months ended	
	March 31, 2013		June 30, 2013		September 30, 2013		December 31, 2013	
Interest income	\$	31,662	\$	20,365	\$	63,737	\$	11,364
Net loss		3,995,335		2,916,388		2,042,632		829,228
Basic and diluted Loss per share		0.07		0.05		0.03		0.01

The analysis provided in the "results of operations" section above provides information regarding the movements during the three month periods ended March 31, 2015 and March 31, 2014. 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 is most impacted by the nature of the drilling programme underway at the time, and whether or not there is a significant share based payment expense due to the granting of share purchase options. The net loss in the three months to December 2013 is significantly reduced due the gain on sale of the 1% NSR in December 2013.

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LIQUIDITY

As at	March 31, 2015	December 31, 2014	December 31, 2013
Working capital	\$ 2,814,117	\$ (303,768)	\$ 2,351,521
Total assets	6,149,162	1,484,794	5,578,368
Total liabilities	(3,807,535)	(2,253,096)	(2,137,930)
Share capital	43,060,788	37,163,964	32,665,403
Deficit	(41,605,916)	(38,826,730)	(32,203,324)

As at March 31, 2015, the Company had working capital of \$2,814,117 (December 31, 2014: \$303,768 - negative), including cash and cash equivalents of \$118,110 (December 31, 2014: \$427,290). Included in current liabilities are \$853,335 (US \$675,000) mineral properties obligations due within one year from the balance sheet date.

In March 2015, the Company signed a construction financing agreement with Orion Mine Finance ("Orion"), which included a private placement of common shares for gross proceeds of \$6,095,636 and a secured US \$60,000,000 credit facility.

The Company relies on equity financings and the exercise of options and warrants to fund its exploration activities and its corporate and overhead expenses. 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 and the sale of a royalty over a portion of the Santa Rosa property. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future. There is no guarantee that the Company will be able to secure additional financings in the future at terms that are favourable.

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OUTSTANDING SHARE DATA

Common shares

As at March 31, 2015 and the date of this MD&A the Company had 92,404,341 common shares issued and outstanding (December 31, 2014: 73,932,714).

During the three months ended March 31, 2015 the Company issued 18,471,627 common shares at \$0.33 per share for gross proceeds of \$6,095,636 (including share issue cost of \$198,812) in two tranches to Orion Mine Finance ("Orion"). As a result, Orion has become a 19.9% holder of the issued and outstanding shares of the Company and has a participation right to maintain Orion's then current share ownership interest in the Company.

The Company also executed a secured US \$60,000,000 credit facility (the "Credit Facility") with Orion on the following key terms:

- Draw down of the Credit Facility is subject to the Company completing an additional equity financing of at least US \$15,000,000;
- The Credit Facility will have a five year term with a principal holiday and capitalized interest for up to 18 months from the first advance;
- Advances under the Credit Facility will bear interest at LIBOR +7.5%;
- A Production Payment of US \$30 per ounce produced is payable on the first 405,000 ounces of gold produced;
- Granting of 5,000,000 warrants to purchase Shares to Orion exercisable for a five year term at a strike price determined in the context of the Equity Financing;
- Reimburse Orion US \$600,000 for legal and engineering due diligence costs if the Credit Facility is not drawn down.

Amounts outstanding under the Credit Facility, to which there are none as at both March 31, 2015 and June 1, 2015, will be secured against all of Red Eagle Mining Corporation's property and assets. The Company incurred \$249,484 of legal fees to execute the Credit Facility, which was recorded as deferred debt costs as at March 31, 2015.

Warrants

No warrants were issued during the three months ended March 31, 2015 and 2014. On February 12, 2015, 1,125,000 warrants expired unexercised. The following summarizes the share purchase warrants outstanding at March 31, 2015:

Expiry Date	Warrants Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in Years)
June 28, 2016	3,375,000	0.25	1.25
	3,375,000	\$ 0.25	1.25

Options

No options were issued, exercised or cancelled during the three months ended March 31, 2015. On March 9, 2015, 87,500 share purchase options that had been granted to an employee expired unexercised following his departure. The following summarizes information about share options outstanding and exercisable as at March 31, 2015:

	Options Outstanding	Options Exercisable	Exercise Price	Weighted Average Remaining Contractual Life (in Years)
December 6, 2017	2,155,000	2,155,000	\$ 0.55	2.69
April 9, 2019	2,105,000	1,790,000	0.33	4.03
	4,260,000	3,945,000	\$ 0.44	3.35

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TRANSACTIONS WITH RELATED PARTIES

Following is a list of subsidiaries including country of incorporation and percentage of ordinary shares and voting rights held:

Name	Country of incorporation	Principal activities	Per cent of ordinary shares held & voting rights
Red Eagle Mining de Colombia Limited	Canada	Development company	100%
REMDC Holdings Limited	Canada	Holding company	100%
Red Eagle Mining de Colombia S.A.S.	Colombia	Development company	100%
Red Eagle Finance Limited	British Virgin Islands	Finance company	100%

The aggregate value of key management compensation is as follows:

	Three months ended March 31, 2015	Three months ended March 31, 2014
Short-term employee salaries and benefits	\$ 137,666	\$ 115,815
Share option based payments	1,980	5,377
	\$ 139,646	\$ 121,192

The following table provides outstanding balances and the total amount of transactions, which have been entered into by the Company with related parties during the three month periods ended March 31, 2015 and 2014:

For the three months ended	March 31, 2015	March 31, 2014
Purchases during the three months		
Rent, salary and related costs recharged from a company controlled by certain directors in common	\$ 125,000	\$ 162,500
Legal fees to a partnership in which one of the directors of the Company is a partner	\$ 91,227	\$ 86,670
As at	March 31, 2015	December 31, 2014
Amounts owed to		
A partnership in which one of the directors of the Company is a partner	\$ 91,227	\$ 19,558
Consulting services from a company controlled by certain directors in common	\$ 12,500	\$ 15,821

Related party transactions are measured at the amounts agreed upon by the parties.

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CHANGES IN ACCOUNTING POLICIES

The following accounting standards were adopted effective January 1, 2015:

IFRS 2 Share-based Payment

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions, which are vesting conditions, including:

- A performance condition must contain a service condition;
- A performance target must be met while the counterparty is rendering service;
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group;
- A performance condition may be a market or non-market condition; and
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

Adoption of the standard had no impact on the consolidated financial position and consolidated financial results of the Company.

IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

FINANCIAL INSTRUMENTS

Refer to note 13 of the Company's unaudited interim condensed consolidated financial statements for the three months ended March 31, 2015 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, 2015. The Company's financial instruments consist of cash and cash equivalents, other financial assets, amounts receivable, accounts payable and the mineral property obligation. The Company does not hold any complex financial instruments or derivatives. The cash is held to fund ongoing exploration 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. The short term investment of \$70,000 is a 12 month (maturing February 18, 2016) 1% Guaranteed Investment Certificate placed on deposit at a major Canadian bank which is held as collateral for the Company's credit cards. Amounts receivable and accounts payable relate to regular working capital requirements.

Credit risk

The Company is exposed to credit risk with respect to its cash, cash equivalents and other financial assets. Other financial assets are short term investments that have been placed on deposit with major Canadian 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 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.

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FINANCIAL INSTRUMENTS (continued)

Concentration of credit risk with respect to the Company's cash, cash equivalents and short-term investments is mitigated since the amounts are held at several major Canadian financial institutions. The Company's concentration of credit risk and maximum exposure thereto is as follows:

	March 31, 2015	December 31, 2014
Held at major Canadian financial institutions:		
Cash and cash equivalents	\$ 32,948	\$ 117,146
Other financial assets	70,000	160,000
	<u>\$ 102,948</u>	<u>\$ 277,146</u>
Held at major Colombian financial institutions:		
Cash and cash equivalents	85,162	310,144
Total cash, cash equivalents and short-term investments	\$ 188,110	\$ 587,290

The credit risk associated with cash, cash equivalents and short term investments is minimized by ensuring the majority of these Canadian financial assets are held with major Canadian financial institutions with strong investment-grade ratings by a primary rating agency. The amounts held in Colombia are with a major Colombian financial institution.

Interest rate risk

The Company has cash balances, investment-grade short-term deposit certificates issued by its banking institution and no interest-bearing debt. Interest income is not material to the Company. The Company is not exposed to significant interest rate risk.

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 properties obligations are in US dollars; therefore, COP and US dollar amounts are subject to fluctuation against the Canadian dollar (CAD).

The Company had the following balances in foreign currency as at March 31, 2015:

	USD	COP	CAD Equivalent
Cash and cash equivalents	\$ 121	\$ 169,699,401	\$ 84,872
Amounts receivable	-	82,596,000	41,234
Accounts payable and accrued liabilities	-	(1,104,622,869)	(551,462)
Mineral properties obligation	(1,535,380)	-	(1,941,028)
	<u>\$ (1,535,259)</u>	<u>\$ (852,327,468)</u>	<u>\$ (2,366,384)</u>

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FINANCIAL INSTRUMENTS (continued)

The Company's mineral property obligation is denominated in US dollars. Consequently the Company is exposed to the foreign exchange risk relating to this balance. The balance as at March 31, 2015 was US \$1,535,380 (\$1,941,028) (December 31, 2014: US \$1,534,269 (\$1,783,895)). As a result of the movement in exchange rates the Company has recorded a loss of 156,066 related to this obligation during the three months ended March 31, 2015 (2014: \$52,390).

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.

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.

During the first quarter of 2015, the Company completed common share equity placements for \$6,095,636. Management believes that the Company has sufficient amount of cash and cash equivalents to meet 2015 business requirements, including scheduled repayments of the mineral properties obligations of US \$675,000 (\$853,335).

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CAPITAL COMMITMENTS AND OFF BALANCE SHEET ARRANGEMENTS

The Company's capital commitments mostly relate to the mineral properties purchase agreements and option agreements. See table below and Note 11 to the unaudited interim condensed consolidated financial statements for capital commitments as at March 31, 2015. The Santa Rosa property payments are a contractual obligation, which have been capitalized and recorded as a liability. The total obligation in Canadian dollars as at March 31, 2015 is \$1,941,028 (US \$1,535,380) of which \$853,335 (US \$675,000) is due within the following 12 months.

In addition, there are also operating leases relating to the Colombian office, camp and rental equipment. There are no other capital commitments, nor are there any off balance sheet arrangements.

The following table shows the obligations as at the date of this MD&A (in Canadian dollars):

<i>Commitments</i>	<i>Payments Due by Period</i>		
	<i>Total</i>	<i>Less than 1 year</i>	<i>1 – 3 years</i>
<i>Santa Rosa obligations</i>	\$1,941,028	\$853,335	\$1,087,693
<i>Operating lease commitments</i>	\$84,066	\$84,066	-
<i>Total Commitments</i>	\$2,025,094	\$937,401	\$1,087,693

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RISKS AND UNCERTAINTIES

Exploration, Development and Operations

Exploration and development of mineral deposits involves a high degree of risk which even a combination of careful evaluation, experience and knowledge does not eliminate. Few properties which are explored are ultimately developed into producing properties. Any potential determination as to whether a mineral deposit will be commercially viable can be affected by such factors as: deposit size, grade, unusual or unexpected geological formations and metallurgy; proximity to infrastructure; metal prices which are highly cyclical; environmental factors; unforeseen technical difficulties; work interruptions; and government regulations, including regulations relating to permitting, prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted.

The long term profitability of the Company's operations will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors. Substantial expenditures are required to establish reserves through drilling, to develop processes to extract the resources and, in the case of new properties, to develop the extraction and processing facilities and infrastructure at any site chosen for extraction. Although substantial benefits may be derived from the discovery of a major deposit, no assurance can be given that any such deposit will be commercially viable or that the funds required for development can be obtained on a timely basis.

Mining operations generally involve a high degree of risk. The Company's operations will be subject to all the hazards and risks normally encountered in the exploration, development and production of gold and copper, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, the mine and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although appropriate precautions to mitigate these risks are taken, operations are subject to hazards such as equipment failure or failure of structures which may result in environmental pollution and consequent liability. Even though the Company intends to obtain liability insurance in an amount which it considers adequate, the nature of these risks is such that liabilities might exceed policy limits, the liabilities and hazards 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.

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RISKS AND UNCERTAINTIES (continued)

Risks with Title to Mineral Properties

The Company's interest in the Santa Rosa Gold Project is subject to the Santa Rosa Purchase Agreement pursuant to which the Company must make a final cash payment of US \$450,000 on June 25, 2015 in order to retain its interest in the property. The Company has sufficient cash resources on hand and intends to make this payment. However, if the Company fails to make this payment, it may lose its interest in the property. Any 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.

The Company does not maintain insurance against title. Title on mineral properties and mining rights involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history of many mining properties. The Company has diligently investigated and continues to diligently investigate and validate title to its mineral claims; however, this should not be construed as a guarantee of title, nor does the Company carry title insurance. The Company is continuously in the process of establishing the certainty of the title of mineral concessions which it holds either directly or through its equity interest in its subsidiaries or will be seeking to consolidate those titles through a government-sanctioned process. 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.

Mineral Properties in Production or under Development

The Company currently has one mineral property under development. The development of the San Ramon Gold Mine will require 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:

- the timing and cost, which can be considerable, of the construction of mining and processing facilities;
- the availability and cost of skilled labour and mining equipment;
- the need to obtain necessary environmental and other governmental approvals and permits and the
- timing of the receipt of those approvals and permits;
- the availability of funds to finance construction and development activities;
- potential opposition from non-governmental organizations, environmental groups or locals;
- groups which may delay or prevent development activities; and
- potential increases in construction and operating costs due to changes in the cost of fuel, power, materials and supplies.

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RISKS AND UNCERTAINTIES (continued)

The costs, timing and complexities of developing the Company's projects may be greater than anticipated because the majority of such property interests are not located in developed areas, and, as a result, the Company's property interests may not be served by appropriate road access, water and power supply and other support infrastructure. Cost estimates may increase as more detailed engineering work is completed on a project. It is common in new mining operations to experience unexpected costs, problems and delays during construction, development and mine start-up. In addition, delays in the early stages of mineral production often occur. Accordingly, the Company cannot provide assurance that its activities will result in profitable mining operations at its mineral properties.

Metal Price Volatility

The Company's business is strongly affected by the world market price of gold. 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. Industry factors that may affect the price of gold include: industrial and jewellery demand; the level of demand for gold as an investment; central bank lending, sales and purchases of gold; speculative trading; and costs of and levels of global gold production by producers of gold. Gold prices may also be affected by macroeconomic factors, including: expectations of the future rate of inflation; the strength of, and confidence in, the U.S. dollar, the currency in which the price of gold is generally quoted, and other currencies; interest rates; and global or regional, political or economic uncertainties.

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.

History of Losses and No Immediate Foreseeable Earnings

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 develops its properties and 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 achieve profitability.

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RISKS AND UNCERTAINTIES (continued)

Mining Risks and Insurance Risks

The mining industry is subject to significant risks and hazards, including environmental hazards, industrial accidents, unusual or unexpected geological conditions, labour force disruptions, civil strife, unavailability of materials and equipment, weather conditions, pit wall failures, rock bursts, cave-ins, flooding, seismic activity, water conditions and gold bullion losses, most of which are beyond the Company's control. These risks and hazards could result in: (i) damage to, or destruction of, mineral properties or producing facilities; personal injury or death; environmental damage; (ii) delays in mining; and (iii) monetary losses and possible legal liability. As a result, production may fall below historic or 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.

The Company does not maintain insurance to cover these risks and hazards. The lack of, or insufficiency of, insurance coverage could adversely affect the Company's cash flow and overall profitability.

Permitting Approvals

The operations of the Company and the exploration agreements into which it has entered require approvals, licenses and permits from various regulatory authorities, governmental and otherwise (including project specific governmental decrees) that are by no means guaranteed. The Company believes that it holds or will obtain all necessary approvals, licenses and permits under applicable laws and regulations in respect of its main projects and, to the extent that they have already been granted, believes it is presently complying in all material respects with the terms of such approvals, licenses and permits. However, such approvals, licenses and permits are subject to change in various circumstances and further project-specific governmental decrees and/or legislative enactments may be required. There can be no guarantee that the Company will be able to obtain or maintain all necessary approvals, licenses and permits that may be required and/or that all project-specific governmental decrees and/or required legislative enactments will be forthcoming to explore and develop the properties on which it has exploration rights, commence construction or operation of mining facilities or to maintain continued operations that economically justify the costs involved.

Repatriation of Earnings Risk

There are currently no restrictions on the repatriation from Colombia of earnings to foreign entities. However, there can be no assurance that restrictions on repatriations of earnings from Colombia will not be imposed in the future. Exchange control regulations require that any proceeds in foreign currency originated on exports of goods from Colombia (including minerals) be repatriated to Colombia. However, purchase of foreign currency is allowed through any Colombian authorized financial entities for the purpose of payments to foreign suppliers, repayment of foreign debt, payments of dividends to foreign stockholders and other foreign expenses.

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RISKS AND UNCERTAINTIES (continued)

Changes in Legislation

The mining industry in Colombia is subject to extensive controls and regulations imposed by various levels of government. All current legislation is a matter of public record and the Company will be unable to predict what additional legislation or amendments may be enacted. Amendments 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 implementation thereof, could have a material adverse impact on the Company and cause increases in expenditures and 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.

Economic and Political Factors in Colombia

Although Colombia has a long-standing tradition respecting the rule of law, which has been bolstered in recent years by the present and former government's policies and programs, no assurances can be given that the Company's plans and operations will not be adversely affected by future developments in Colombia. The Company's property interests and proposed development activities in Colombia are subject to political, economic and other uncertainties, including the risk of expropriation, nationalization, renegotiation or nullification of existing contracts, mining licenses and permits or other agreements, changes in laws or taxation policies, currency exchange restrictions, and changing political conditions and international monetary fluctuations. Future government actions concerning the economy, taxation, or the operation and regulation of nationally important facilities such as mines, could have a significant effect on the Company. Colombia is home to South America's longest running insurgency. 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 not again deteriorate. 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.

Additionally, the perception that matters have not improved in Colombia may hinder the Company's ability to access capital in a timely or cost effective manner. Any changes in regulations or shifts in political attitudes are beyond the Company's control and may adversely affect the Company's business.

Exploration may be affected in varying degrees by government regulations with respect to restrictions on future exploitation and production, price controls, export controls, foreign exchange controls, income and/or mining taxes, expropriation of property, environmental legislation and mine and/or site safety.

Competition

The mineral exploration and mining business is competitive in all of its phases. The Company competes with numerous other parties with greater financial, technical and other resources than the Company, in the search for and acquisition of exploration and development rights on attractive mineral properties. The Company's ability to acquire exploration and development rights on properties in the future will depend not only on its ability to develop the properties on which it currently has exploration and development rights, but also on its ability to select and acquire exploration and development rights on suitable properties for exploration and development. There is no assurance that the Company will continue to be able to compete successfully in acquiring exploration and development rights on such properties.

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RISKS AND UNCERTAINTIES (continued)

Changes to Environmental Laws

The Company's operations are subject to the extensive environmental risks inherent in the gold mining industry. The current or future operations of the Company, including development activities, commencement of production on its properties, potential mining and processing operations and exploration activities require permits from various governmental authorities and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labor standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters.

Companies engaged in the development and operation of mines and related facilities generally experience increased costs, and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits. Existing and possible future environmental legislation, regulations and actions could cause significant additional expense, capital expenditures, restrictions and delays in the activities of the Company. Although the Company believes that it is in substantial compliance in all material respects with applicable material environmental laws and regulations, there are certain risks inherent in its activities such as accidental spills, leakages or other unforeseen circumstances, which could subject the Company to extensive liability. In addition, the Company cannot assure that the illegal miners operating on its properties are in compliance with applicable environmental laws and regulations.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Shortage of Experienced Personnel and 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.

Furthermore, certain of the directors and officers of the Company are directors and officers of other reporting issuers and, as such, will devote only a portion of their time to the affairs of the Company.

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RISKS AND UNCERTAINTIES (continued)

Conflicts of Interest

Certain of the Company's directors and officers serve as directors or officers of other companies or have significant shareholdings in other resource companies and, to the extent that such other companies participate in ventures in which the Company may participate, the directors of the Company will have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises, a director or officer who has such a conflict will disclose that conflict and will abstain from voting for or against the approval of such participation or such terms. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will consider, among other things, the degree of risk to which the Company may be exposed and its financial position at that time.

Possible Volatility of Stock Price

The market price of the Company's Common Shares can be subject to wide fluctuations in response to factors such as actual or anticipated variations in the Company's results of operations, changes in financial estimates by securities analysts, general market conditions, the issuance of Common Shares in connection with acquisitions made by the Company or otherwise, and other factors. Market fluctuations, as well as general economic, political and market conditions such as recessions, interest rate changes or international currency fluctuations may adversely affect the market price of the Common Shares.

Enforcement of Civil Liabilities

Substantially all of the Company's assets are located outside of Canada and certain of the directors and officers of the Company are residents outside of Canada. As a result, it may be difficult or impossible to enforce judgments granted by a court in Canada against the assets of the Company or any of the Company's directors and officers residing outside of Canada.

Dividends

Any payments of dividends on the Common Shares will be dependent upon the financial requirements of the Company to finance future growth, the financial condition of the Company and other factors which the Board may consider appropriate in the circumstance. It is unlikely that the Company will pay dividends in the immediate or foreseeable future.

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.

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RISKS AND UNCERTAINTIES (continued)

Financing Risks

Additional funding may be required to complete the proposed or future exploration and other programs on the 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.

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.

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.

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. A copy of this MD&A is filed on SEDAR will be provided to anyone who requests it.

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FORWARD-LOOKING INFORMATION

Statements contained in this MD&A that are not historical facts are forward-looking statements (within the meaning of the Canadian securities legislation and the U.S. Private Securities Litigation Reform Act of 1995) that involve risks and uncertainties. Forward-looking statements include, but are not limited to, statements with respect to the future price of metals; the estimation of mineral reserves and resources, the realization of mineral reserve estimates; the timing and amount of estimated future production, costs of production, and capital expenditures; costs and timing of the development of new deposits; success of exploration activities, permitting time lines, currency fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage and the timing and possible outcome of pending litigation. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and other factors include, among others, risks related to the integration of acquisitions; risks related to operations; risks related to joint venture operations; actual results of current exploration activities; actual results of current reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of metals; possible variations in ore reserves, grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, as well as those factors discussed in the sections entitled "Risks and Uncertainties" in this MD&A. Although the Company has attempted to identify important factors that could affect the Company and may cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. In light of the risks and uncertainties inherent in all forward-looking statements, the inclusion or incorporation by reference of forward-looking statements in this MD&A should not be considered a representation by the Company or any other person that the Company's objectives or plans will be achieved.

The forward-looking statements in this MD&A speak only as of the date hereof. The Company does not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date hereof to reflect the occurrence of unanticipated events.

Forward-looking statements and other information contained herein concerning the mining industry and general expectations concerning the mining industry are based on estimates prepared by the Company using data from publicly available industry sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which the Company believes to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While the Company is not aware of any misstatements regarding any industry data presented herein, the industry involves risks and uncertainties and is subject to change based on various factors.