ANNUAL INFORMATION FORM

For the Year Ended December 31, 2015

April 29, 2016

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GLOSSARY OF GENERAL TERMS

In this Annual Information Form, unless there is something in the subject matter or context inconsistent therewith, the following capitalized words and terms have the following meanings:

Affiliate — A company is an "Affiliate" of another company if:

(a) one of them is the subsidiary of the other; or

(b) each of them is controlled by the same Person;

Associate — means, when used to indicate a relationship with a Person,

(a) a partner, other than a limited partner, of that Person;

(b) a trust or estate in which that Person has a substantial beneficial interest or for which that Person serves as trustee or in a similar capacity;

(c) an issuer in respect of which that Person beneficially owns or controls, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all outstanding voting securities of the issuer, or

(d) a relative, including the spouse, of that Person or a relative of that Person's spouse, if the relative has the same home as that Person;

Common Shares: means the common shares of the Corporation;

company: unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual;

Control Person: means any person or company that holds or is one of a combination of persons or companies that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer;

Corporation: means Red Eagle Mining Corporation, a company incorporated under the laws of British Columbia;

Exchange: means TSX Venture Exchange Inc.;

Insider: if used in relation to an issuer, means:

(a) a director or senior officer of the issuer;

(b) a director or senior officer of another issuer that is an insider or subsidiary of the issuer;

(c) a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the issuer; or

(d) the issuer itself if it holds any of its own securities;

NI 43-101 or National Instrument 43-101: means National Instrument 43-101 "Standards of Disclosure for Mineral Projects" adopted by the Canadian Securities Administrators;

Non-Arm's Length Party: means a): in relation to a company: (i) a promoter, officer, director, other Insider or Control Person of that company and any Associates or Affiliates of any of such Persons; (ii) another entity or an Affiliate of that entity, if that entity or its Affiliate have the same promoter, officer, director, Insider or Control Person; and (b) in relation to an individual, any Associate of the individual or any company of which the individual is a promoter, officer, director, Insider or Control Person;

Person: means a company or individual;

Santa Rosa Gold Project: means the Corporation’s gold mining project comprised of a group of mining concessions located near the Municipality of Santa Rosa de Osos in the Department of Antioquia, Colombia;

Shareholder: means a holder of Common Shares;

PRELIMINARY NOTES

Financial Statements and MD&A

The Corporation's audited financial statements and management's discussion and analysis ("**MD&A**") have been filed with Canadian securities regulatory authorities and are available electronically under the Corporation's profile at www.sedar.com. The Corporation's financial statements are prepared in accordance with and all financial information in this Annual Information Form is prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("**IFRS**"). The Corporation's fiscal year end is December 31.

Effective Date of Information

All information in this Annual Information Form is as of December 31, 2015 unless otherwise indicated.

Forward-Looking Statements

This Annual Information Form contains or incorporates by reference "forward-looking information" (also referred to as "forward-looking information") 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 Corporation's operating environment. All statements, other than statements of historical fact, are forward-looking statements. In this AIF, forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Corporation at this time, are inherently subject to significant business, economic and competitive uncertainties and contingencies that may cause the Corporation'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 Corporation'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 Corporation'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. 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 Corporation'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 Corporation's website. All subsequent written and oral forward-looking statements attributable to the Corporation or persons acting on its behalf are expressly qualified in their entirety by this notice. The Corporation 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 Corporation's disclosure obligations under applicable Canadian securities regulations. Investors are urged to read the

Corporation's filings with Canadian securities regulatory agencies, which can be viewed online at www.sedar.com.

Currency

All dollar amounts in this Annual Information Form are expressed in Canadian dollars, unless otherwise indicated.

Cautionary Note to United States Investors Concerning Estimates of Measured, Indicated and Inferred Resources

Unless otherwise indicated, all resource and reserve estimates included in this AIF have been prepared in accordance with National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("**NI 43-101**") and the Canadian Institute of Mining, Metallurgy and Petroleum (the "**CIM**") - CIM Definition Standards on Mineral Resources and Mineral Reserves, adopted by the CIM Council, as amended. NI 43-101 is a rule developed by the Canadian Securities Administrators, which established standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. The terms "mineral reserve", "proven mineral reserve" and "probable mineral reserve" are Canadian mining terms as defined in accordance with NI 43-101 and the CIM standards. These definitions differ from the definitions in applicable US laws. In addition, the terms "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource" are defined in and required to be disclosed by NI 43-101 and the CIM standards; however, these terms are not defined terms under applicable US laws. Investors are cautioned not to assume that all or any part of mineral deposits in these categories will ever be converted into reserves. "Inferred mineral resources" have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or pre–feasibility studies, except in rare cases. Investors are cautioned not to assume that all or any part of an inferred mineral resource exists or is economically or legally mineable. Disclosure of "contained ounces" in a resource is permitted disclosure under Canadian regulations; however, this definition differs from the definition in applicable US laws.

CORPORATE STRUCTURE

NAME, ADDRESSES AND INCORPORATION

The full corporate name of the Corporation is "Red Eagle Mining Corporation". The head office of the Corporation is located at Suite 920 – 1030 West Georgia Street, Vancouver, British Columbia, V6E 2Y3. The Corporation was initially incorporated pursuant to the *Business Corporations Act* (British Columbia) on January 4, 2010. On December 12, 2013 the Corporation amended its Articles to include advance notice provisions relating to the nomination of persons for election to the Board of Directors made by the Shareholders. The Corporation is a reporting issuer in British Columbia, Alberta and Ontario.

INTERCORPORATE RELATIONSHIPS

The Corporation has three wholly-owned subsidiaries, REMDC Holdings Limited (a British Columbia company), Red Eagle Finance Limited (a company incorporated in the British Virgin Islands ("**BVI**")) and Red Eagle Mining de Colombia S.A.S (a Colombian company that is wholly-owned by REMDC Holdings Limited). In addition, as of April 20, 2016, the Corporation holds 71% of the voting shares of CB Gold Inc. (a British Columbia company). CB Gold Inc. has two wholly-owned subsidiaries, Cedar Business Investment Ltd. (a BVI company) and Minera Vetas Limited (a BVI company).

GENERAL DEVELOPMENT OF THE BUSINESS OF THE CORPORATION

THREE YEAR HISTORY AND SIGNIFICANT ACQUISITIONS

The Corporation is a growth-oriented, Canadian-based gold company, focused on the exploration and development of the Santa Rosa Gold Project in Antioquia Colombia. The Common Shares are listed on the TSX Venture Exchange under the symbol "RD". The Company is also listed on the OTCQX under the symbol "RDEMF" and the Santiago Stock Exchange under the symbol "SSEV".

On October 22, 2012, concurrent with a private placement financing, the Corporation completed the sale of a 2% royalty over the Santa Rosa Gold Project to Liberty Metals and Mining Holdings LLC for gross proceeds of $8,333,333 (the "**Liberty Royalty**"). On December 20, 2013, the Corporation exercised its option to sell an additional 1% royalty to Liberty for $4,166,667.

On October 24, 2012 the Corporation executed an agreement with Bullet Holdings Corp. to acquire additional mineral concession contracts totalling 35,910 hectares adjacent to the Corporation's Santa Rosa project. The consideration for these concessions was the issuance of 905,000 Common Shares, reimbursement of certain concession fees and the granting of a 1.5% royalty over the properties acquired. These additional mineral concession contracts are not subject to the Liberty Royalty.

On July 2, 2013 the Corporation successfully applied for an additional 2,265 hectares adjacent to the northwest of the existing holdings along the mineralised trend of the Santa Rosa property.

On June 3, 2014, the Corporation entered into an agreement with AngloGold Ashanti Colombia S.A. ("**AGAC**") pursuant to which the Corporation agreed to acquire 100% of certain contiguous mineral exploration rights totaling 1,673 hectares within the Santa Rosa Gold Project in consideration for the payment of US$375,000 over three years and the grant to AGAC of a 2% net smelter return royalty on the properties acquired.

On September 19, 2014, the Corporation announced the results of a positive feasibility study for the San Ramon deposit (the "**San Ramon Gold Mine**") on the Corporation's 100% owned Santa Rosa Gold Project.

On March 10, 2015, the Corporation announced that the Environmental License for the Santa Rosa Gold Project had been formally granted in full without conditions. This was the final permit required for construction and mining of the San Ramon Gold Mine for the life of the mine.

In March 2015, the Corporation executed a US$60,000,000 credit facility with Orion Mine Finance and Liberty Metals and Mining, which was then amended and restated in July and December 2015 (the "**Credit Facility**"). The Credit Facility has the following key terms:

- A five-year term with a principal holiday and capitalized interest for 18 months from the first advance, which occurred in November 2015;
- Principal repayments commencing in May 2017 in forty-two equal amortization payments;
- Advances bear interest at the higher of LIBOR or 1% +7.5%;
- A Production Payment of US$30 per ounce is payable on the first and only 405,000 ounces of gold produced over the life of mine for a total payment of $12,150,000;
- A 2.5% fee on each advance drawdown; and
- Granting of 5,000,000 warrants to Orion to purchase shares of the Corporation exercisable for a five-year term, which was granted on July 16, 2015 at an exercise price of $0.275.

Amounts outstanding under the Credit Facility, are secured against all of the Corporation's property and assets.

On June 30, 2015, the Corporation commenced a share exchange takeover bid to acquire all of the issued and outstanding common shares of CB Gold Inc. ("CB Gold"), a TSX-V public company. The Corporation proceeded to acquire CB Gold shares through a series of share exchange transactions and open market purchases, such that as at December 31, 2015, the Corporation held 107,527,972 CB Gold common shares, representing a 51% interest in CB Gold. On November 6, 2015, all directors and officers of CB Gold resigned, and the Corporation as controlling shareholder of CB Gold appointed Tim Petterson, Jay Sujir and Ian Slater as the Board of Directors of CB Gold, whereupon Ian Slater was appointed Chief Executive Officer and Chui Wong was appointed Chief Financial Officer of CB Gold. Subsequent to 2015 year end, the Corporation acquired additional CB Gold shares through a series of transactions, such that, as at April 20, 2016, Red Eagle owned approximately 71% of CB Gold.

BUSINESS OF THE CORPORATION

The Corporation is in the business of the acquisition and exploration of properties in the gold industry. The Corporation currently has interests in those mineral properties referred to in "General Development of the Business of the Corporation – Three Year History and Significant Acquisitions" above and in "Mineral Projects" below. Its current focus is on construction and development of the San Ramon Gold Mine, as more particularly described under "Mineral Projects" below.

Stage of Development

The Corporation is in the exploration and development stage and does not produce, develop or sell any products at this time. The progress on, and results of, work programs on the Corporation's material mineral properties is set out below under the heading "Mineral Projects".

Specialized Skill and Knowledge

All aspects of the Corporation's business require specialized skills and knowledge. Such skills and knowledge include the areas of geology, drilling, logistical planning and implementation of exploration programs, mining, metallurgy, accounting and law. The Corporation believes that it can locate and retain such employees and consultants necessary to operate its business and achieve its stated corporate objectives.

Competitive Conditions

Competition in the mineral exploration industry is intense. The Corporation competes with other mining companies, many of which have greater financial resources and technical facilities for the acquisition and development of, and production from, mineral concessions, claims, leases and other interests, as well as for the recruitment and retention of qualified employees and consultants.

Components

All of the raw materials the Corporation requires to carry on its business are readily available through normal supply or business contracting channels in Colombia. The Corporation has secured personnel needed to conduct its contemplated programs.

Cycles

The mining business is subject to significant volatility, including cyclicality, in commodity prices and in the supply and cost of labor, equipment, fuel and other resources integral to development and operating of a mining project. The marketability of minerals and mineral concentrates is also affected by worldwide economic cycles.

Economic Dependence

The Corporation's business is not substantially dependent on any contract such as a contract to sell the major part of its products or services or to purchase the major part of its requirements for goods, services or raw materials, or on any franchise or license or other agreement to use a patent, formula, trade secret, process or trade name upon which its business depends. On March 24, 2015, the Corporation entered into the Credit Facility, pursuant to which Orion agreed to provide a US$60,000,000 construction financing credit facility (see “Three Year History and Significant Acquisitions” – above).

Changes to Contracts

It is not expected that the Corporation's business will be affected in the current financial year by the renegotiation or termination of contracts or sub-contracts.

Environmental Protection

The Corporation is in full compliance with all environmental protection requirements under applicable law, and such requirements do not have a material impact on the capital expenditures, profit or loss or the

competitive position of the Corporation, nor it is expected that such requirements will have any such impact in future years.

Employees

As at December 31, 2015, the Corporation had 55 full-time employees and no part-time employees. The Corporation also relies upon consultants to carry on many of its activities.

Foreign Operations

The Corporation conducts its mining operations in Colombia. It has a regional office located in Medellin, Colombia.

Reorganizations

There were no material reorganizations of the Corporation for the year ended December 31, 2015.

Social or Environmental Policies

The Corporation has not implemented any social or environmental policies that are fundamental to its operations.

RISK FACTORS

The risks and uncertainties described in this section are considered by management to be the most important in the context of the Corporation's business. The risks and uncertainties below are not inclusive of all the risks and uncertainties the Corporation may be subject to and other risks may exist. The Corporation 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 Corporation 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 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 Corporation may incur significant costs or experience significant delays that could have a material adverse effect on the Corporation's financial performance, liquidity and results of operation. Although the Corporation 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 Corporation might not elect to insure itself against such liabilities due to high premium costs or other reasons, in which event the Corporation 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 Corporation 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.

The development of the San Ramon Gold Mine will include the construction and operation of mines, processing plants and related infrastructure. As a result, the Corporation 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 Corporation conducts exploration, mine development and other mining activities in Colombia, which is a developing country. This exposes the Corporation 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 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 Corporation's operations. Colombia's status as a developing country may also make it more difficult for the Corporation to attract additional investors or otherwise obtain additional financing for its mining projects.

Profitability; Costs

The Corporation has a history of losses and there can be no assurance that it will ever be profitable. The Corporation 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 Corporation'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 Corporation will ever generate revenues from operations or that the Santa Rosa Gold Project or any properties the Corporation 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 Corporation's cost assumptions will prove to be accurate, as costs will ultimately be determined by several factors that are beyond the Corporation's control.

Metal Price Volatility

The Corporation'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 Corporation'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. If the world market price of gold were to drop and the prices realized by the Corporation on gold sales were to decrease significantly and remain at such a level for any substantial period, the Corporation'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 Corporation's control. Depending on the market price of gold, the Corporation 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 Corporation's financial performance and results of operations. In such a circumstance, the Corporation 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 Corporation and may cause material changes or delays in the Corporation's intended activities. Any breaches of environmental laws could materially and adversely affect the Corporation. 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 Corporation incurring significant expenditures. The Corporation may be subject to potential legal claims which, if determined adversely to the Corporation, could have a material effect on the Corporation and/or its financial condition. The Corporation may be required to compensate persons suffering loss or damage as a result of any infringement of applicable laws or regulations.

The Corporation 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 Corporation 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 Corporation has obtained, could have a material adverse effect on the Corporation 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 Corporation and increase costs, affect the Corporation's ability to expand or transfer existing operations or require the Corporation 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 Corporation'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 Corporation has, with the assistance of its Colombian legal advisors, diligently investigated and validated title to its mineral claims, there is no guarantee that the Corporation will not encounter challenges or loss of title to its assets. The Corporation does not carry title insurance. The Corporation 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 Corporation cannot give any assurance that title to properties it acquired individually or through historical share acquisitions will not be impugned and cannot guarantee that the Corporation will have or acquire valid title to these mining properties. Failure by the Corporation to retain title to properties which comprise its projects could have a material adverse effect on the Corporation and the value of its Common Shares.

Risks Associated with Potential Acquisitions

The Corporation may evaluate opportunities to acquire additional mining assets and businesses. These acquisitions may be material in size, may change the scale of the Corporation's business and may expose the Corporation to new geographic, political, operating, financial and geological risks. The Corporation'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 Corporation. The Corporation may need additional capital to finance any such acquisitions. Debt financing related to acquisition would expose the Corporation 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 Corporation contemplates conducting exploration activities. The Corporation 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 Corporation. Accordingly, there can be no assurance that the Corporation will be able to compete successfully for new mining properties.

Personnel; Equipment

The ability to identify, negotiate and consummate transactions that will benefit the Corporation is dependent upon the efforts of the Corporation's management team. The loss of the services of any member of management could have a material adverse effect on the Corporation. The Corporation'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 Corporation will be able to acquire the necessary resources to successfully implement its business plan.

The Corporation 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 Corporation's management, the Corporation could be adversely affected. There can be no assurance that the Corporation 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 Corporation'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 Corporation's operations, financial condition and results of operations.

Financing

Additional funding may be required to complete the proposed or future exploration and other programs on the Corporation'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 Corporation to reduce or delay its proposed operations. The majority of sources of funds currently available to the Corporation for its acquisition and development projects are in large portion derived from the issuance of equity. While the Corporation 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 Corporation.

Credit Facility

The Credit Facility entered into by the Corporation to fund its development of San Ramon Gold Mine includes several covenants that impose significant operating and financial restrictions on the Corporation and limit the Corporation's ability to undertake certain actions without consent of Orion. As a result of these restrictions, the Corporation 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 Corporation's ability to grow in accordance with its business strategies. In addition, the Corporation'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 Corporation to maintain specified financial ratios and satisfy other financial condition tests. The Corporation's ability to maintain such ratios and pass such tests may be impacted by factors beyond the control of the Corporation. 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 Corporation 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 Corporation may not have sufficient assets to repay any indebtedness and the Corporation could be forced into bankruptcy, liquidation or restricting proceedings.

Currency Risk

The Corporation is exposed to currency risk to the extent that monetary assets and liabilities held by the Corporation are not denominated in Canadian dollars. The Corporation has not entered into any foreign currency contracts to mitigate this risk. Certain of the Corporation's cash and cash equivalents, amounts receivable and accounts payable and accrued liabilities are denominated in Colombian pesos, while mineral property obligations and long-term debt are denominated in US dollars. Therefore, the Colombian peso and US dollar amounts are subject to fluctuation against the Canadian dollar. The Corporation also has transactional currency exposures. Such exposures arise from purchases in currencies other than the respective functional currencies, typically in the US dollar. The Corporation maintains its accounts in Canadian dollars and Colombian pesos, while the market for gold is principally denominated in U.S. dollars, as is the Credit Facility. The Corporation's operations in Colombia make it subject to foreign currency fluctuations and such fluctuations may materially affect the Corporation's financial position and results.

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 Corporation. 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 Corporation 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 Corporation's business, operating results, and financial condition.

MINERAL PROJECT

The information below is based on the technical report titled "Amended NI 43-101 Technical Report Feasibility Study of the Santa Rosa Gold Project" dated October 27, 2014 and prepared for the Corporation by Lycopodium Minerals Canada Ltd. ("**LMC**") (the "**Santa Rosa Report**"). Reference should be made to the full text of the Santa Rosa Report which is available for review on www.SEDAR.com.

Project Description and Location

On October 28, 2014, the Corporation filed the Santa Rosa Report on its SEDAR profile at www.sedar.com. The Santa Rosa Report provides updated mineral resource estimates and a feasibility study for the Santa Rosa Project. The information below is derived from the Santa Rosa Report. Portions of the following information are based on assumptions, qualifications and procedures which are not fully described below and reference should be made to the full text of the Santa Rosa Report, which is incorporated by reference herein except to the extent that its contents are modified, updated or superseded by a statement contained in this Annual Information Form (which does not need to state that such statement has modified, updated

or superseded such contents). The disclosure contained in the Santa Rosa Report and this Annual Information Form supersedes the Company's technical disclosure relating to the Santa Rosa Project.

The Santa Rosa Report was prepared by the independent qualified persons, within the meaning of NI 43-101, identified in "*Interests of Experts*" below. The scientific and technical information contained in the Santa Rosa Report, including the summary section reproduced below, has been reviewed and approved by such qualified persons (in each case reviewing and approving only those portions of the scientific and technical information that relates to the applicable sections of the Santa Rosa Report for which the particular qualified person was responsible for preparing).

SUMMARY

The Santa Rosa Report has been prepared on the San Ramon Deposit that is part of the larger Santa Rosa Project in the Department of Antioquia, northern Colombia, at the request of Red Eagle.

The Santa Rosa Report was compiled by Lycopodium Minerals Canada Ltd. (Lycopodium) and presents the results of the Feasibility Study for the Santa Rosa Gold Project in the Department of Antioquia, northern Colombia. The Santa Rosa Report was prepared at the request of Red Eagle Mining Corporation (Red Eagle Mining), a British Columbia corporation. Red Eagle Mining is listed on the TSX Venture exchange (RD), the OTCQX (RDEMF) and the Santiago Stock Exchange (SSEV).

This Feasibility Study was completed by:

- Lycopodium Minerals Canada Ltd. ("Lycopodium") for the process design, plant infrastructure, capital and operating cost estimates, and economic analysis;

- Mine Development Associates ("MDA") for geology, resource, mining and reserves, as well as mining capital and operating costs;

- Hydrometal Inc. ("Hydrometal") for metallurgical test work management, largely undertaken at McClelland Laboratory Services;

- Golder Associates South America Ltd. ("Golder") for the design of the dry waste management facility, and geotechnical and hydrogeological aspects of the project; and

Unless otherwise denoted, all costs referred to in the Santa Rosa Report are quoted in Q3 2014 United States dollars.

The effective date of the mineral resource estimate is August 5, 2013. The effective date of the Feasibility Study is October 6, 2014.

Property Description and Ownership

The Santa Rosa Gold Project is located approximately 20 km southeast of the town of Santa Rosa de Osos, in the municipality of the same name, in the Department of Antioquia, 73 km northeast of the department capital Medellín in northern Colombia (Figure 4.1). The centre of the resource is located at approximately latitude 6° 36' 57 N and longitude 75° 22' 20 W. The San Ramon deposit lies in the southeastern part of concession B7560005 held by Red Eagle Mining and described in more detail in Section 4.3. The project is accessible from Medellín via a paved highway for about 65 km, then via an unpaved road for approximately 8 km.

Red Eagle Mining's property covers a total area of approximately 33,000 hectares and consists of:

- 12 concession contracts; and
- 14 concession-contract applications for which the technical studies have been approved and free areas have been declared.

Red Eagle Mining holds a 100% interest in the project, subject to completing payments of US$990,000 to the underlying owners and subject to royalty obligations described below. The San Ramon deposit is located on concession contract B7560005.

There is a government-imposed royalty on gold and silver production that is effectively 3.2%.

Liberty Metals & Mining Holdings ("**LMM**"), a subsidiary of Liberty Mutual Insurance, Boston, holds a 3% net smelter return royalty on four concession contracts numbered B7560005, B7171005, H5791005, and H5790005 and two concession contract applications numbered LDM-08061 and LKA-08004. Red Eagle Mining may buy back 1% of the royalty for US$8,333,333 for a period of two years from the date of the first gold production. This royalty applies to the concession in which the resource is located (B7560005).

Bullet Holding Corp. ("**Bullet**") and AngloGold Ashanti ("**AngloGold**") respectively hold non-overlapping 1.5% and 2% net smelter return royalties on those concession contracts and applications that Red Eagle Mining acquired from them, and still holds. These royalties do not apply to the concession in which the current resource is located.

Mining History

The gold potential of the Santa Rosa area was recognized around the year 1600, with gold production from upland placers reaching a peak in the 18th century and mining from high-grade oxide ores peaking in the 1940s. Based on the existence of the extensive abandoned mine workings, past gold production appears to have been significant, but actual historic gold production is unknown. Although small-scale mining by artisanal miners continues some distance outside the San Ramon Deposit resource area, the first known modern mineral exploration activity was begun by Red Eagle in July 2010.

Geology and Mineralization

The northwestern margin of South America, including the Santa Rosa Gold Project area, is comprised of a mosaic of Paleozoic and younger autochthonous and allochthonous terranes that were accreted to the South American continent. Subduction-related magmatic arcs now represented by plutonic batholiths, sub-volcanic intrusions, and associated volcanic rocks, were superimposed on these terranes during the Jurassic, Cretaceous, Eocene to late Miocene, and Late Miocene to Recent periods.

The Santa Rosa Project is located within the Cajamarca-Valdivia terrane that includes a metamorphic basement complex and the Antioquia Batholith. Lower greenschist- to lower amphibolite-grade metasedimentary units and oceanic ophiolitic volcanic and intrusive rocks were accreted to the continental margin in the Ordovician-Silurian periods. These rocks were onlapped by volcanic-sedimentary units during the Mesozoic. During the Cretaceous period, both the Paleozoic basement rocks and Mesozoic volcanic-sedimentary units were intruded by the Antioquia quartz-diorite, diorite, and granodiorite batholith.

Monotonous diorite and quartz diorite (granodiorite) dominate the geology of the project area, with isolated roof pendants of amphibolites and metasedimentary rocks, as well as dikes of microdiorite and dacite porphyries. Red-brown saprolite is widespread and often deep (up to 50m). Soils are generally about 50cm thick and rarely up to 2m. Schistose fault-zone mylonite was observed at several locations in outcrop and adits.

Hypogene gold mineralization within the Santa Rosa Project is generally associated with the shear zones developed in homogeneous diorite country rock, with higher grades occurring in sulfide-mineralized quartz veins. Exploration by Red Eagle has identified a strongly mineralized shear zone (San Ramon shear zone) trending about east-west and containing mineralized quartz veins, sheeted veins, and anastomosing vein networks. Besides gold, the mineralization contains some silver, significant quantities of sphalerite, and minor amounts of galena. Sulfides range from 1% to 5% but can reach 10%, and there appears to be a direct correlation between sulfide content and gold grade. The upper portions of the mineralized shear zone are oxidized and heavily weathered to saprolite. Historically, gold has been extracted on the property from these saprolitic, as well as colluvial, gold deposits, by artisanal miners from underground workings and from hydraulically mined areas known locally as "*baticiones*."

Metallurgical Testing and Mineral Processing

In 2014 the metallurgical program for this Feasibility Study was oriented towards samples that reflected the range of head grades expected in the underground operation, namely 2 to 9 g Au/t. This program has been conducted by McClelland Laboratories, Inc. in Sparks, Nevada. Three process options have been tested in detail:

- Whole ore cyanide leaching of finely ground ore in an agitated leach circuit;
- Initial gravity concentration of the coarse gold, followed by grinding and agitated cyanide leaching of the combined gravity tailings; and
- A fairly coarse primary grind (P_{80} of 125 microns), followed by flotation of the sulfides. The resulting rougher concentrate is then reground to a P_{80} of 20 microns, blended back into the flotation tailings, and the combined product is cyanide leached in an agitated circuit.

All three routes were capable of recovering between 93 to 96% of the gold. However, the flotation-combined leach route has been selected as the preferred option, achieving optimum gold recovery. This approach requires the least fine grinding (lowest grinding costs) and will recover an average of 96% of the gold over the life of the operation. An estimated 69 % of the contained silver will also be recovered, contributing to project revenue, though not included in this economic analysis.

Reagent consumptions in the float-combined leach process are as low as or lower than they are in the other processes. Cyanide consumption averages 0.39 kilograms of sodium cyanide per tonne of ore and lime consumption averages 1.6 kilograms per tonne of ore.

Additional testwork is still underway. This includes cyanide destruction (detox) tests using SO_2 / air, initial liquid / solid separation tests and carbon loading tests.

Mineral Resource Estimate

The two resource estimates performed for Red Eagle Mining at the San Ramon deposit have defined an east-west-trending, shear zone-hosted gold deposit that extends over approximately 2,000 m of strike length and that predominantly dips 70° to the north and is open at depth. A significant outcome of Red Eagle

Mining's most recent work is the further development of a comprehensive geologic model, now based on 238 core holes totalling 45,609 m, which provided the basis of the most recent resource estimate update (two additional geotechnical / hydrogeological holes encountered mineralization but are not included in the estimate because they were drilled after the effective date of the resource estimate). Approximately 75% of the resource is Measured and Indicated, with the remainder Inferred; classification is primarily a function of drill-spacing. The upgraded classification in the current resource is the result of increased drill density with substantial infill drilling, as well as improvements in QA/QC procedures, additional metallurgical testwork, and more comprehensive density and geotechnical data. The reported estimate, presented in Table 1.1, was performed using inverse distance to the third and fourth power for estimation of low and higher grade domains, respectively. MDA reports resources at cut-offs that are reasonable for deposits of this nature given anticipated mining methods and plant processing costs, while also considering economic conditions, because of the regulatory requirements that a resource exists "in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction."

The initial resource in 2012 (reported in January 2013) was reported at a single cut-off grade of 0.3g Au/t. A subsequent resource in 2013 (reported in September 2013) was reported as a combination of open-pit-mineable material at a cut-off grade of 0.3g Au/t and underground-mineable material at a cut-off of 1.2g Au/t. The current resource estimate on which this study is based is the same as the one reported in September 2013 but is reported at a cut-off grade for only underground mining of 1.2g Au/t. The current resource estimate also includes a small addition on land not formerly controlled by Red Eagle Mining. The change in reporting cut-off was appropriate because the mining scenario has been determined to be by underground methods. Because of the change in cut-off, the resource tabulation summarized in Table 1.1 cannot be directly compared to the initial 2012 resource estimate or the subsequent 2013 resource estimate.

Table 1.1 Mineral Resources

Total Measured

Cut-off g Au/t	Tonnes	g Au/t	oz Au
1.20	678,000	4.270	93,000

Total Indicated

Cut-off g Au/t	Tonnes	g Au/t	oz Au
1.20	3,475,000	3.46	386,000

Total Measured & Indicated

Cut-off g Au/t	Tonnes	g Au/t	oz Au
1.20	4,153,000	3.59	479,000

Total Inferred

Cut-off g Au/t	Tonnes	g Au/t	oz Au
1.20	1,524,000	2.72	133,000

MINERAL RESERVE ESTIMATE

Mineral reserves were developed using the resource modelled high-grade domains along with undiluted grade estimates. The high-grade domains were used as a basis for stope designs. To build up the mineable reserves, the following steps were performed:

- Expand the high-grade resource estimation domain polygons to a minimum mining width of 2.5 m resulting in mid-block, level-plan polygons that represent potential stopes;
- Estimate diluted stope grades using only Measured and Indicated undiluted grade estimates from both high and low-grade estimation domains;
- Apply economic parameters to calculate net value for each block;
- Revise stope polygons to remove negative value blocks where possible;
- Resources inside of each stope polygon were summarized and the economic value for each stope was calculated;
- Stope polygons with negative values were either modified or eliminated;
- Centreline development was refined to access each stoping area;
- Stope economics were reassessed to include an allocation of development costs required to mine each stope;
- Final refinement or elimination of stope polygons was completed; and
- Solids of the final stope polygons were created and resources inside of each solid were summarized.

Measured and Indicated resources above and below the economic cut-off grade (oxide 1.96g Au/t, transition 2.14g Au/t, and sulfide 2.00g Au/t) were summarized within each stope solid. The average minimum width is 3.0 meters. The mineral reserves are shown in Table 1.2 below:

Table 1.2 Total Proven and Probable Reserves by Material Type

	Oxide			Mixed			Sulfide			Total Proven and Probable		
	K Tonnes	g Au/t	K Ozs Au	K Tonnes	g Au/t	K Ozs Au	K Tonnes	g Au/t	K Ozs Au	K Tonnes	g Au/t	K Ozs Au
Proven	11	4.60	2	3	3.12	0	415	5.99	80	429	5.93	82
Probable	63	3.91	8	17	4.37	2	1,915	5.08	313	1,995	5.04	323
Proven & Probable	74	4.01	10	20	4.20	3	2,331	5.24	393	2,425	5.20	405

Dilution by Measured and Indicated blocks included material below the mining cut-off grade, but above the resource cut-off grades. This dilution totals 188,000 tonnes of material grading 1.60 g Au/t and is part of the Proven and Probable reserves.

The stope solids include material that is classified as Inferred resource or was not estimated, and while the tonnage of this material is included as dilution, no additional metal content is included. This dilution totals 334,000 tonnes of material at zero grade and is not part of the Proven and Probable reserves as presented above in Table 1.2.

On an overall tonnage basis, the total dilution included is approximately 23%.

The diluted Proven and Probable reserves are based on the same resources model that was used in the Preliminary Economic Assessment of October, 2013 (PEA), with minor changes due to subsequent additional land to the east of concession B7560005. The changes consider the original diluted material processed from the PEA, removal of Inferred material, changes to design, and expansion of the minimum mining width to include external dilution. The comparison is shown in Table 1.3.

Table 1.3 Changes from PEA Material Processed to Reserves

	Tonnes	g Au/t	Ozs Au
PEA Material Processed	3,642,000	4.76	557,300
Remove Inferred	(832,000)	4.16	(111,200)
Change due to Design	(540,000)	4.26	(73,900)
Add External Dilution	489,000	2.09	32,900
Final Diluted Reserve	2,759,000	4.57	405,100

MINING OPERATIONS

Mining Methods

The San Ramon deposit has been planned as an underground mining operation.

Due to the experience and capabilities found in prospective Colombian contract miners, Red Eagle Mining elected to use a contract mining group. A contract will be issued for a five-year term, with an option to extend, and with Red Eagle Mining retaining the right to take over the contract at any time should it prefer.

Development will include construction of a decline (which will serve as the access), main haulage drifts, and attack ramps. Underground ventilation will require ventilation shafts to the surface along with raises between levels.

The mining method selected is Mechanized Shrinkage with Delayed Fill ("MSDF"). The method is similar to mechanized cut and fill but uses breast blasting of the back between lifts. Then, rather than mucking of ore and backfilling immediately, the MSDF method leaves the ore in place in the stope, only removing enough material from the stope to remove swell (similar to shrinkage stoping but removing the swell from the top instead of the bottom). Access to the stope is provided by establishing an attack ramp. For each lift, the attack ramp back is blasted to establish access for the subsequent lift. Support is placed in the stope as needed during the drilling and blasting cycle of each lift. Once enough lifts have been drilled and blasted, the ore will be mucked out completely. The last cycle of mining for MSDF stopes is backfilling of the stope from the bottom up, progressively backfilling the attack ramp as well.

Backfill is to be used as required, but not all stopes will be fully backfilled. The backfill will consist of filtered tailings and development waste rock. Tailings will be placed in a single lift, and once the lift of tailings is placed, then a lift of waste rock from development will be placed on top of the tailings. The amount of waste placed on top of the tailings will be sufficient to allow equipment to drive on top of the backfill. It has been assumed that 60% tailings and 40% development waste rock will be a suitable mixture of tailings to waste to stabilize the fill.

The benefits to using MSDF instead of cut-and-fill mining are:

- Because ore is being slashed from the stope back and dropped on ore, dilution and ore loss during mucking are greatly reduced;
- Because MSDF slashing techniques are used for the bulk of the stope, the powder factor required is reduced in comparison to cut-and-fill mining;
- Leaving mined ore in the stope helps to maintain stability of the hanging wall and footwall until the ore is mucked out;
- If development of MSDF stopes is maintained ahead of ore requirements, underground stockpiles of ore will be available that can be delivered as required to the mill;
- Most of the fill only requires enough strength for equipment to be operated on top of it to deliver more fill, which reduces cement requirements and costs; and
- The method can easily be converted to cut-and-fill techniques where ground conditions become weak.

Geotechnical

A geotechnical analysis of the San Ramon deposit and country rock characteristics was undertaken by Golder. The conclusions to this study were that the quality for the hanging and foot walls is expected to be good to very good with minimal support requirements for 20 m spans or less. Occasional support in the form of bolting and shotcrete may be needed, particularly when the openings encounter a dyke or weak zone. Conversely, for development along the poor quality shear zone, bolting and reinforcement will be required at all stages of development.

Hydrological

Two water well drill and pump tests were undertaken to investigate water presence on both the granodiorite country rock (within an identified fault zone), and the San Ramon deposit shear zone. The information gained from the two water wells confirmed that the granodiorite country rock yields insignificant flows and has low conductivity, and the shear zone similarly yields low flows and has low conductivity, with inflow rates ranging from 0.2 to 2 L/sec. The mine design for pumping has been conservatively sized for an initial inflow of 5 L/sec, rising to 10 L/sec as the operations increase with depth.

Development and Production Schedules

A significant amount of detail was incorporated into the scheduling of both the mine development and stope production. Each area (totalling 106) and the development necessary to access the areas, was incorporated into a monthly schedule for the mine life.

Table 1.4 shows the development schedule over the life of the mine.

Table 1.4 Mine Development Summary

	Units	Yr -1	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Total
Portal (Portal costs are in Capital)	m	30	-	-	-	-	-	-	-	-	30
Sublevel Ramp	m	484	1,810	2,557	576	795	1,954	370	820	1,738	11,104
Haulage Drift	m	-	302	155	-	704	173	153	109	218	1,813
Main Ramp	m	1,106	640	365	365	365	366	730	444	-	4,381
Ventilation Drift	m	8	53	106	-	96	24	8	43	46	383
Ventilation Raise	m	-	171	200	-	147	-	63	57	177	815
Attack Ramp	m	-	938	239	2,696	1,634	1,098	721	610	1,184	9,120
Total	m	1,627	3,914	3,622	3,637	3,742	3,614	2,044	2,084	3,362	27,646
Sublevel Ramp	Tonnes	24,494	91,643	129,465	29,143	40,247	98,918	18,753	41,489	87,999	562,152
Haulage Drift	Tonnes	-	15,290	7,823	-	35,633	8,739	7,746	5,538	11,030	91,798
Main Ramp	Tonnes	57,497	32,400	18,478	18,478	18,478	18,529	36,956	22,486	-	223,303
Ventilation Drift	Tonnes	392	2,677	5,373	-	4,878	1,209	392	2,178	2,308	19,406
Ventilation Raise	Tonnes	-	3,018	3,529	-	2,604	-	1,106	1,014	3,130	14,400
Attack Ramp	Tonnes	-	14,658	3,740	42,125	25,536	17,150	11,260	9,534	18,494	142,497
Total	Tonnes	82,384	159,686	168,408	89,746	127,376	144,545	76,213	82,239	122,960	1,053,556

Table 1.4 shows a total of almost 28 km of development drifts over the mine life, and averaging 3.5 km per year. The main decline will eventually be 4.4 km in length at a 14% gradient.

Table 1.5 shows the production schedule over the life of the mine.

Table 1.5 Production Schedule

Mine Production Schedule		Yr -1	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Total
Oxide	K Tonnes	0	15	-	0	1	21	22	8	8	75
	g Au/t	2.60	5.12	-	1.75	3.47	4.07	4.20	2.68	2.29	3.96
	K ozs Au	0	2	-	0	0	3	3	1	1	10
Mixed	K Tonnes	-	6	0	1	1	1	1	9	0	20
	g Au/t	-	6.55	2.40	3.63	3.59	3.58	3.40	2.86	2.13	4.16
	K ozs Au	-	1	0	0	0	0	0	1	0	3
Sulfide	K Tonnes	9	298	320	321	318	295	293	304	193	2,351
	g Au/t	3.65	6.96	7.58	5.03	4.63	5.41	3.64	3.12	5.11	5.20
	K ozs Au	1.0	66.8	78.0	51.9	47.3	51.2	34.3	30.5	31.8	393
Total	K Tonnes	9	319	320	322	320	317	317	321	201	2,446
	g Au/t	3.63	6.87	7.58	5.02	4.62	5.31	3.68	3.10	5.00	5.15
	K ozs Au	1.0	70.5	78.0	52.0	47.5	54.1	37.5	32.1	32.3	405
Internal Waste	K Tonnes	1	40	40	38	40	44	43	39	27	312
Total Diluted Material	K Tonnes	10	359	360	360	360	361	360	360	228	2,759
Mined	g Au/t	3.13	6.11	6.74	4.49	4.11	4.67	3.24	2.77	4.42	4.57
	K ozs Au	1.0	70.5	78.0	52.0	47.5	54.1	37.5	32.1	32.3	405
Total	K Tonnes	-	352	360	360	360	361	360	360	245	2,759
	g Au/t	-	6.21	6.74	4.49	4.11	4.67	3.24	2.77	4.25	4.57
	K ozs Au	-	70	78	52	48	54	37	32	34	405
	K Ozs Rec	-	68	75	50	45	52	36	30	32	388
	Net Rec	0%	96%	97%	95%	95%	96%	95%	95%	96%	96%

Metallurgical recoveries and the resulting gold production from the process plant are also shown in this

Table 1.5. A total of 143,000 ounces are produced in the first 2 years.

Recovery Methods

Based on the metallurgical testwork Lycopodium selected an overall process plant flowsheet which includes grinding and flotation followed by concentrate regrinding. The flotation tailings and reground concentrate are together leached in a CIL circuit. Cyanide in the CIL tailings will be detoxified using the SO_2 / Air process prior to the tailings being filtered. Part of the filtered tailings will be dry stacked in a dry waste management facility (DWMF), the balance will be used as backfill in the mine. Filtrate will be recycled back to the process plant to minimise the raw water requirement.

The process plant for the Santa Rosa Gold Project is based on a robust metallurgical flowsheet designed for optimum recovery with minimum operating costs. The flowsheet is based upon unit operations that are well proven in industry.

The key project and ore specific criteria that the plant design must meet are:

- The plant is designed for an initial throughput of 360,000 tonnes per annum ("tpa") with provision for future expansion to at least 720,000 tpa;
- Testwork shows that the ore is of medium hardness with average head grades over the life of the project of 4.57 g/t gold and 8.5 g/t silver;
- Mechanical availability for the process plant of 91.3%;
- A level of automation to reduce the technical complexity of the plant with manual operation where practical;
- Equipment selection for reliability and ease of maintenance; and
- Layout for ease of access to all equipment for operating and maintenance requirements whilst maintaining a compact footprint that will minimise construction costs.

The process plant design incorporates the following unit process operations:

- Primary crushing with a single toggle jaw crusher (1,100 x 700 mm) to produce a crushed product size of 80% passing (P_{80}) 100 - 120 mm;
- A crushed ore surge bin (30 m^3) with a nominal capacity of 1-hour process plant feed of 45 t;
- Single stage SAG mill (5.0 diameter x 3.5 m – 1,200 kW) in closed circuit with cyclones to produce a P_{80} grind size of 125 micron;
- Rougher scavenger flotation (6 x 8 m^3 conventional cells) to produce a sulphides / gold concentrate;
- Tower mill (150 kW) for regrind of the concentrate to a P_{80} grind size of 15 - 20 µm;
- Pre-leach thickener (10.3 m) to minimise carbon in leach (CIL) tankage and reduce overall reagent consumption;
- A hybrid CIL circuit incorporating one leach tank and six adsorption tanks (430 m^3 each) with 48 h total residence time;
- A 2 tonne AARL elution circuit with electrowinning and smelting to produce doré bars;
- Cyanide destruction using the SO_2 / Air process (120 min retention); and
- Tailings pressure filtration (445 m^2 filter area) to 16% moisture content.

The level of instrumentation and control has been selected to provide a basic regulatory control to maintain steady operation with minimal process excursions. Following industry practice for similar size plants, a supervisory control and data acquisition (SCADA) and programmable logic controller (PLC) architecture was selected for the plant wide process control system. It is a reliable and low cost approach.

Raw water for the Project is diverted from the spring source and catchment area of the La Veta creek to a three-day capacity storage pond located east of the plant site. Additionally, seasonal precipitation plus

surplus water from the La Veta creek system is collected in the seepage collection pond, which will be pumped back to the process water storage tank at the plant. The seepage collection pond will have a constant overflow to sustain the minimum flow rate requirement for the La Veta creek (7.2 m^3/h). Raw water is used to feed the potable and stripping water treatment plants as well as reagent mixing, and gland water.

For a year with an average rainfall the runoff entering the project site will be on average between 22 to 44 m^3/h. The estimated plant raw water make-up requirement will be approximately 14 m^3/h. The underground mining operation is assumed self-sustainable from recycled underground inflows.

Infrastructure

The Santa Rosa Gold Project consists of an underground decline accessed mine, processing plant, and plant infrastructure. As part of this Feasibility Study, a site plan was developed for the project site. Major plant infrastructure consists of the following:

- Main access road from the concession gate to portal pad;
- 44 kV power transmission line from EPM substation (8.9 km long);
- 44 kV switch yard;
- Main switch room;
- Reagents switch room;
- Mine services and filter plant switch room;
- DWMF;
- Sedimentation pond;
- Seepage pond;
- Monitoring pond;
- Event pond;
- Reagent storage building;
- Plant administration building;
- Assay and metallurgical laboratory;
- Plant workshop and main warehouse building; and
- Mine truck shop/ warehouse buildings.

The proposed process plant site is bounded by the underground mining area to the south, the La Veta creek valley to the east, and the ridge line separating the San Francisco valley from the La Veta creek valley to the north and west. The topographic relief in the project area is moderate with gentle to relatively steep-sided valleys and hills. Elevations range between 2,300 m and 2,500 m above sea level.

The following factors were considered when developing the site plan layout:

- Minimizing the environmental impact and visibility;

- Reduced haul truck travel distance from the mine portal area to the run of mine (ROM) pad / primary crusher;
- Usage of existing access roads;
- Equalizing cut and fill material to avoid fill import or excessive cut to waste;
- Ensuring all heavy equipment foundations are supported on native undisturbed soil with sufficient load bearing capacity;
- Optimized ore flow through the process plant;
- Compact plant layout to reduce overall footprint, which minimizes electrical cabling, piping and service roads thus reducing capital costs; and
- Locating the filter presses as close as possible to the mine portal and the DWMF.

The major building structures will be made of structural steel with uninsulated roof and wall cladding. The building foundations will consist of cast in-situ conventional reinforced concrete footings. Secondary buildings will be of pre-engineered, pre-fabricated, or portable module type, where applicable. The ancillary buildings will require varying degrees of air conditioning and ventilation. The process plant facility will be entirely outdoors, and only the main control room, the electrical switch rooms, and the laboratory building will be air conditioned. The gold room will be totally enclosed and ventilated. Fire protection, lightning protection and smoke detection have been considered for various buildings.

The Santa Rosa Gold Project process plant will be supplied by a 44 kV overhead power line coming from an existing EPM substation located approximately 9 km south of the plant site at Rio Grande. Figure 18.3 shows the EPM power substation and plant site with the proposed route for the new 44 kV power line. The overhead power line and associated infrastructure will have sufficient capacity for the planned expansion (10 MW).

The stepped down 4.16 kV power will be distributed to the plant switch rooms (load centres) using 5 kV cables installed as a combination of cable trays and direct buried. The main switch room will supply power for equipment located in the milling, feed preparation, and flotation areas. The reagents switch room will supply power to leaching, desorption, gold room, and reagents areas. The plant administration building and the plant workshop and main warehouse will be fed from separate 4.16 kV lines and their dedicated 4,160 / 480 V transformers.

A 4.16 kV direct buried cable will supply power to the 4.16 kV mine services switchgear, which will feed the mine area operation, ventilation fans, and the filter plant switch room. The mine area operation and ventilation fans will be fed via underground 4.16 kV lines. Each line will be protected by a 4.16 kV feeder breaker. The step down transformers and their protection at the destination will be supplied by the mining contractor and ventilation supplier. A dedicated feeder breaker will supply power via an oil filled outdoor 4,160 / 480 V, 500 kVA transformer to the filter plant switch room.

Colombia is serviced directly, or through trans-shipment, by ample carriers of all modes, and it has the supporting infrastructure to receive major project cargo from offshore. Highway No. 25 from Medellin through Santa Rosa de Osos is a major transport route to Caribbean ports.

The Santa Rosa Gold Project involves the delivery of major equipment from various parts of the world, including Asia, North America and Europe. For this project, marine and truck transportation services will be utilized, individually or in combination. Off-site laydown areas, marshalling areas and project warehousing have been identified in the Medellin and Santa Rosa de Osos areas.

There is adequate road access to the site from the ports of Barranquilla and Buenaventura.

Capital Cost Estimate

Overall Capital Costs

The capital cost estimate includes all the direct and indirect costs and appropriate project estimating contingencies for all the facilities required to bring the Santa Rosa Gold Project into production, as defined by this Feasibility Study.

Mine capital has been minimized by employing a mining contractor for all mining activity. The largest portion of the capital cost estimate is attributed to development costs, which have been based on contractor quotations. Ventilation equipment quotations have been received from vendors. Other minor equipment capital costs have been assumed based on InfoMine estimation guides.

In the process plant capital, all equipment and material are assumed to be new. The labour rate build up is based on the statutory laws governing benefits to workers in effect in Colombia at the time of the estimate. Colombian import tariffs have been applied. The estimate does not include any allowances for escalation, exchange rate fluctuations or project risks. The capital cost estimate has a predicted accuracy of +/- 15%.

The total estimated cost of the overall project (mine plus process plant) is US$69.90 million. This total has been compiled as shown in Table 1.6.

Table 1.6 Santa Rosa Gold Project Overall Capital Cost Estimate (US$M)

Main Area	Supply Cost	Installation Cost +Freight & Taxes	Total Cost
Construction Indirects	2.12	0.79	2.91
Treatment Plant	15.51	8.68	24.19
Reagents & Plant Services	3.22	1.56	4.78
Infrastructure	2.07	0.64	2.71
Mining	9.64	0.04	9.68
Construction Management Costs	5.70	0.41	6.11
Owner's Costs	8.50	0.00	8.50
Working Capital	4.02	0.00	4.02
Subtotal			**62.90**
Contingencies			**7.00**
Grand Total			**69.90**

Mine Capital Costs

Mining capital has been minimized by employing a mining contractor for all mining activity. The mining contractor will be required to provide the mining equipment, and the cost of the equipment will be amortized into the mining cost. Mining capital includes development capital, pre-production mining costs, and other mine capital that is comprised of portal collar work, contractor mobilization, and mine surface facilities.

Most of the equipment and supplies that supports the mine will be purchased and installed by the contractor with reimbursement by Red Eagle Mining. The exception is some equipment that Red Eagle Mining will purchase from other vendors. This includes primary and auxiliary ventilation fans, dewatering pumps, compressors, substation, and electrical switching gear.

The total capital is shown in Table 1.7. Pre-production capital and pre-production expensed costs are included in the initial capital. Total initial mine capital is US$9.44 million, which includes pre-production costs of ore mined and stockpiled prior to the start of production. Mining costs that are normally expensed are included in the initial mine capital and include development cost for mining attack ramps to stoping areas during the pre-production period along with delineation drilling. Development metres have a contingency of 10% applied to the design to allow for unaccounted for (miscellaneous) development.

Table 1.7 shows the mining capital costs.

Table 1.7 Total Mine Capital (US$M)

Item	Yr -1	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Total
Mine Capital Summary										
Mine Development	3.50	5.26	5.98	1.70	3.75	4.42	2.33	2.59	3.90	33.45
Initial Delineation Drilling	0.43	0	0	0	0	0	0	0	0	0.43
Pre-Production	2.97	0	0	0	0	0	0	0	0	2.96
Contractor Capital	0.78	0	0	0	0	0	0	0	0.02	0.80
Departmental Capital	1.77	1.21	0.34	0.22	0.53	0.34	0.24	0.04	0.01	4.68
Total Mining Capital	9.44	6.47	6.32	1.92	4.28	4.76	2.57	2.63	3.93	42.32
Total Mining Capital										
Initial Capital	9.44	0	0	0	0	0	0	0	0	9.44
Sustaining Capital	0	6.47	6.32	1.92	4.28	4.76	2.57	2.63	3.93	32.88
Total Capital	**9.44**	**6.47**	**6.32**	**1.92**	**4.28**	**4.76**	**2.57**	**2.63**	**3.93**	**42.32**

Plant and Site Infrastructure Capital Costs

Major plant and site infrastructure included in the capital costs consists of the following:

- Process plant;
- 44 kV power line and switch yard;
- Access road;
- Ponds;
- Ancillary buildings; and
- DWMF.

The total estimated cost of the process plant is US$59.25 million as shown in Table 1.8. This total excludes the initial mining capital investment of US$9.44 million.

Table 1.8 Process Plant Estimated Total Installed Costs (US$M)

Main Area	Supply Cost	Installation Cost + Freight and Taxes	Total Cost
Construction Indirects	2.12	0.79	2.91
Treatment Plant	15.51	8.68	24.19
Reagents & Plant Services	3.22	1.56	4.78
Infrastructure	2.07	0.64	2.71
Construction Management Costs	5.70	0.41	6.11
Owner's Costs	8.50	0.00	8.50
Working Capital	4.02	0.00	4.02
Subtotal			**53.22**
Contingencies			**6.03**
Grand Total			**59.25**

Contingency is an integral part of an estimate and has been applied to all parts of the estimate, direct costs, indirect costs, owner's costs, etc. The average contingency for the process plant capital costs is 11.2%.

OPERATING COST ESTIMATE

Mine Operating Costs

Mine operating costs have been estimated based on first principle operating parameters and costing parameters using hourly equipment and personnel rates provided by contractor quotations. Note that operating costs estimated during pre-production have been included in the capital costs, but have been estimated in the same manner. Mine operating costs are shown in Table 1.9.

Electrical and fuel consumption rates were determined using InfoMine estimation guides. Owner operated equipment cost estimates included ventilation and dewatering costs, which were estimated using hourly rates from InfoMine. Electrical and fuel costs have been assumed to be US$0.11/kWH and US$1.10/L, respectively. This is based on Red Eagle Mining's input and research.

The overall average mine operating cost is estimated to be US$37.36 per tonne, or US$265.61 per ounce of gold produced.

The accuracy of the mine operating cost estimate is expected to be within ± 15%.

Table 1.9 Mine Operating Cost

Mine Production Costs	Units	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Total
Drilling	K USD	960	962	962	962	965	962	962	609	7,346
Blasting	K USD	1,615	1,619	1,619	1,619	1,623	1,619	1,619	1,038	12,369
LHD Haulage to Muck Bays	K USD	788	813	835	783	782	745	715	453	5,915
LHD Loading	K USD	170	170	170	170	171	170	170	141	1,332
Haulage to Surface	K USD	673	915	977	893	890	877	1,028	938	7,192
Ground Support	K USD	1,196	1,199	1,199	1,199	1,202	1,199	1,199	759	9,153
Backfill	K USD	796	914	930	909	898	924	889	685	6,945
Expensed Development	K USD	1,636	418	4,703	2,851	1,915	1,257	1,064	2,065	15,908
Mine Support Services	K USD	358	357	357	357	358	357	357	298	2,801
Delineation Drilling Sampling	K USD	1,483	992	726	727	726	726	726	309	6,414
Ventilation	K USD	579	527	533	526	528	525	518	402	4,138
Dewatering	K USD	80	86	85	104	104	104	102	59	725
Mine General Services	K USD	982	982	982	982	982	982	982	818	7,688
Subtotal Mine Cost	**K USD**	**11,318**	**9,953**	**14,078**	**12,082**	**11,144**	**10,448**	**10,331**	**8,573**	**87,927**
Contractor Fixed Cost	**K USD**	**1,931**	**1,931**	**1,931**	**1,931**	**1,931**	**1,931**	**1,931**	**1,609**	**15,128**
Total Mine Cost	**K USD**	**13,249**	**11,884**	**16,010**	**14,013**	**13,075**	**12,379**	**12,263**	**10,182**	**103,055**
Total Mine Cost	**US$/t**	**36.70**	**33.01**	**44.47**	**38.93**	**36.22**	**34.39**	**34.06**	**43.94**	**37.36**

Plant Operating Costs

The operating cost estimate includes five major categories as defined below:

- Process plant labour;
- Operating consumables;
- Power;
- Maintenance; and
- General and administration.

Operating costs have been developed using the plant parameters specified in the process design criteria. The operating cost estimate includes all the cost items relevant to processing the ore by crushing and grinding, flotation, CIL, electrowinning and smelting to produce gold doré. The operating costs listed by major category are presented in Table 1.10.

The process plant operating cost was determined to be US$24.11 per tonne of ore processed or US$171.48 per ounce of gold produced. With inclusion of G&A costs of US$9.68 per tonne, the total annual operating cost is US$33.80 per tonne of ore processed or US$240.35 per ounce of gold produced.

Table 1.10 Summary of Process Operating Cost Estimate at nominal duty of 360,000 tpa

Cost Category	Total Cost			Distribution
	US$/y	US$/t ore	US$/oz Au	%
Process Plant				
Process Plant Labour	2,122,822	5.90	41.94	17%
Operating Consumables	2,958,244	8.22	58.44	24%
Power	2,654,988	7.37	52.45	22%
Maintenance	944,027	2.62	18.65	8%
Subtotal - Process Plant	8,680,082	24.11	171.48	71%
General & Administration	3,486,559	9.68	68.88	29%
Total	**12,166,641**	**33.80**	**240.35**	**100%**

Economic Analysis

An economic analysis was developed for the Santa Rosa Gold Project using the production schedule along with capital and operating costs as described in Section 21. The analysis uses fully diluted Proven and Probable reserves. The generated cash-flow model was carried out on a pre-tax and post-tax basis.

Net gross revenues were estimated using a US$1,300 per ounce gold price with revenue deductions for royalties, refining, transportation and insurance costs. Cash cost calculations use the total operating cost plus royalties divided by the payable gold ounces. Total costs are calculated using the total costs (operating and capital) plus royalties and taxes divided by the payable gold ounces.

The cash-flow model calculates the Net Present Value (NPV) based on a discounted rate of 0% (undiscounted), 5% and 8%. The base case considers the NPV at 5%. The Internal Rate of Return (IRR) on total investment and the payback period were also calculated.

A sensitivity analysis was also conducted on parameters that are deemed to have the biggest impact on the Project financial performance (capital cost, operating cost and gold selling price). The financial results are summarised in Table 1.11.

Table 1.11 Financial Performance Indicators

Item	Units	Pre-Tax	Post-Tax
NPV @ 0%	K USD	171,763	131,501
NPV @ 5%	K USD	136,895	103,678
NPV @ 8%	K USD	119,921	90,027
IRR	%	64.4%	52.6%
Payback	Years	1.3	1.3
Cash Costs	US$/t ore	83.78	
Total Costs	**US$/t ore**	**94.24**	**107.27**
Cash Costs	US$/oz Au	596.12	
Total Costs	**US$/oz Au**	**670.56**	**763.30**

Conclusions and Recommendations

Geology and Mineral Resource

The Santa Rosa Gold Project is located within the Cajamarca-Valdivia terrane that includes a metamorphic basement complex and the Antioquia batholith. Typically, structures within the Antioquia batholith trend northwest-southeast. These structures are interpreted to be the cause of the formation of San Ramon deposit shear zone which, under dilation has received quartz, precious metals and sulphide mineralisation. Although mineralisation in the shear zone is pervasive, there are distinct high grade domains that can be followed consistently along the known east-west strike length of the deposit.

The current resource estimate on which this Feasibility Study is based was reported in August 2013 but is now reported at a different cut-off grade 1.2 g Au/t. The change in reporting cut-off was appropriate because the mining scenario has been determined to be by underground methods. The current resource estimate also includes a small addition on land not formerly controlled by Red Eagle Mining.

The following recommendations have been proposed:

- Further exploration drilling is required to test the current Inferred resource, and to test the expansion of the deposit with depth and plunge to the east; and

- Detailed delineation drilling will be necessary for ore zone definition and stope design prior to mining. The delineation drill pattern should be a closely spaced as practically possible, and initially, no greater than a 10 m by 10 m pattern.

Mining and Mineral Reserves

Mineral reserves were developed using the resource modelled high-grade domains along with undiluted grade estimates. The high-grade domains were used as a basis for stope designs. Measured and Indicated resources above and below the economic cut-off grades (oxide 1.96 g Au/t, transition 2.14 g Au/t, and sulfide 2.00 g Au/t) were determined for the stope solids. Initial stope designs were created with a 2.0 m minimum width, but then expanded to include a 2.5 m width to account for external wall dilution or

selvedge. Dilution with Measured and Indicated material was added at modelled grades; waste and Inferred dilution material was added at zero grade. The average minimum width is 3 meters.

A mining method was developed that was considered suitable to the geometry of the stope solids, and the geotechnical characteristics of the shear zone containing the high grade domains. The method developed was Mechanized Shrinkage with Delayed Fill (MSDF). This method has the advantages of:

- dilution and ore loss during mucking are greatly reduced;
- the powder factor required is reduced in comparison to the similar method of cut-and-fill mining;
- leaving mined ore in the stope maintains wall stability until the ore is mucked out;
- underground stockpiles of ore will be available that can be delivered as required to the mill; and
- easy to convert to cut-and-fill techniques where ground conditions become weak.

Life of mine production schedules were created based on required development and the designed stopes. The schedules were done on a monthly basis and include productivity from contractor quotations. These schedules were used for first principle cost evaluation and economic analysis.

Reserves have been classified in order of increasing confidence into Proven and Probable categories to be in compliance with the "CIM Definition Standards - For Mineral Resources and Mineral Reserves" (2014) and therefore Canadian National Instrument 43-101.

The following recommendations are proposed:

- Maximum support design for the decline portal and the upper section of the decline in saprolite and schist is recommended. The decline is the only access into the deposit and must remain stable for the life of the mine. Special support attention may also be necessary when advancing from the schistose rock through to granodiorite;
- The Feasibility Study assumes mining contractors will be used to offset mining capital. Proposals were received as part of the mining study, and several discussions have been underway with multiple mining contractors. These negotiations need to be completed with the goal of developing a working partnership with the contractor that will promote productivity and safety while maintaining costs at a minimum;
- Mining contractors in the area are very experienced in underground construction and development, but are less experienced in mine production. Red Eagle Mining has decided to bring in a team of experienced mining experts to help train the contract miners. To make this strategy successful, these mining experts need to be sourced;
- Management of dilution and ore loss will be the key to the success of the underground operations. This will require planning and implementation of a delineation program and the procedures to be used. Red Eagle Mining should determine the procedures and work flow required to ensure a successful program of delineation for stopes. This includes how drill planning is done, how drilling results are tracked, establishment of quality control protocols and procedures, modelling of results, inclusion into detailed stope designs, and reconciliation of planned and actual mining; and

- Explosives are supplied by the Colombian Government and are long lead orders. Negotiations with the contractor need to be completed and orders placed to ensure that explosive products are available when required.

Metallurgical Testwork and Recovery Methods

Metallurgical laboratory testwork achieved the desired quality and demonstrated that by using the designed process flowsheet it is possible to economically recover gold from the San Ramon deposit.

Based on the metallurgical testwork Lycopodium selected an overall process plant flowsheet which includes grinding and flotation followed by concentrate regrinding. The flotation tailings and reground concentrate are leached in a CIL circuit. Cyanide in the CIL tailings will be detoxified using the SO_2 / Air process prior to the tailings being filtered. Part of the filtered tailings will be stacked in a dry waste management facility; the balance will be used as backfill in the mine. Filtrate will be recycled back to the process plant to minimise the raw water requirement.

The process plant for the Santa Rosa Gold Project is based on a robust metallurgical flowsheet designed for optimum recovery with minimum operating costs. The flowsheet is based upon unit operations that are well proven in industry.

To compliment the results of the Feasibility Study, additional metallurgical testwork is recommended as follows:

- Bulk flotation testwork to generate 10 to 20 kg of flotation concentrate using a 100 to 200 kg sample. It is recommended that the sample is extracted from the existing Hilo Azul underground cross cut, which intersects the full width of the shear zone in sulphides;

- Regrind testwork should be undertaken by the selected equipment vendor using the flotation concentrate. This testwork will confirm the size of the regrind equipment, refine the operating cost estimate and will facilitate process guarantees upon purchase of the equipment;

- The bulk flotation tail and reground product should be collected after testing. The samples should be sent for vendor thickening and filtration testwork to facilitate process guarantees upon purchase of the equipment;

- Given the lower cyanide consumption and lower final cyanide concentration in the coast down tests, further testing is recommended to optimize the cyanide concentration and dosage schedule during the leach step; and

- A single test with separate leaching of the reground concentrate and flotation tails increased gold recovery by more than 1% over the combined leach. Therefore, it is recommended that the test be repeated to confirm the improved recovery. If this is confirmed, then a value added exercise should be undertaken to determine if the separate leach approach offers a significant improvement in the process.

In addition to metallurgical testwork the following modelling and value engineering assessments are recommended:

- Value engineering assessment of the inclusion of a tail thickener to recover cyanide should be undertaken. The current design minimises capital rather than operating cost; and

- Given the closed circuit nature of the flowsheet it is recommended that a more detailed mass and chemical modelling of the circuit be undertaken including both the plant and site water system to better define the chemistry of circulating loads and the final effluent.

Project Infrastructure

Site infrastructure facilities in support of the mining and processing of the San Ramon deposit have been developed to take into consideration the local topographic features, water courses and access. The level of the detail and planning is commensurate with that normally associated with Feasibility Study level.

There is adequate space for the intended facilities and there are no known adverse conditions that could affect the design and construction of the required project infrastructure. The layouts of equipment and building sizes including auxiliary buildings, maintenance facilities, and power supply infrastructure will be compatible with other similar size projects.

The current level of infrastructure design incorporates all necessary facilities to protect the environment including water treatment, sewage disposal, surface water catchment, retention ponds and recirculation systems.

Due to the reduction in the project site footprint and process plant relocation late in the Feasibility Study, an extension to the completed geotechnical program needs to be undertaken for the equipment and building foundations in the current location of the plant site to supplement the drilling done as part of this Feasibility Study. The program must be completed prior to the start of detailed engineering.

Environmental Studies, Permitting, and Social and Community Impact

Red Eagle Mining has obtained the necessary Environmental License in order to start construction activities at the Project site. The social program of information and workshops that have been running for over two years should continue through the duration of operations. The corporate policy of Red Eagle Mining is to remain transparent to all communities and stakeholders in the region.

Red Eagle Mining has a number of sustainable programs planned that will positively develop the social environment. This will be achieved by the existing commitment to maximize the recruitment of local personnel during both construction and operations. It is estimated that at least 150 people will benefit from direct employment and at least another 500 will benefit indirectly. Local suppliers of goods and support services to the mine will be able to develop their businesses through increased opportunities. Education and training programs will raise the skills level of the workers in the area. Culturally the local communities are willing to accept change and have a high potential and desire to improve and benefit themselves.

The project footprint lies within an area owned by a single landowner and therefore there is limited effect on land or property tenure.

There are no impacts related to displacement of the local population and any impacts on their way of life are minimal and management plans are in place to mitigate these. The remote location of the project in relation to the local communities and population assists in minimizing any potential impacts.

Main Conclusion

The Feasibility Study for the Santa Rosa Gold Project has been completed in sufficient detail to refine the economics to a +/-15% level of accuracy and outline the issues facing the project going forward. The Project economics are sufficiently robust to warrant moving to the next phase of detailed engineering and

construction. The estimated cost for the entire mine development and process plant and infrastructure construction up to, and including start-up and commissioning is US$69.90 million (excluding VAT to be paid, but reclaimed in the first year of production).

DIVIDENDS

No dividends on the Common Shares have been paid by the Corporation. Management anticipates that the Corporation will retain all future earnings and other cash resources for the future operation and development of its business. The Corporation does not intend to declare or pay any cash dividends in the foreseeable future. Payment of any future dividends will be at the discretion of the Corporation's board of directors after taking into account many factors including the Corporation's operating results, financial condition and current and anticipated cash needs.

DESCRIPTION OF CAPITAL STRUCTURE

The Corporation's authorized capital consists of an unlimited number of Common Shares and an unlimited number of preferred shares, of which 217,180,369 Common Shares and no preferred shares are issued and outstanding as at the date of this Annual Information Form. The holders of Common Shares are entitled to one vote for each Common Share held, and shall be entitled to dividends if and as when declared by the board of directors. Holders of Common Shares are entitled on liquidation to receive such assets of the Corporation as are distributable to the holders of the Common Shares. All of the Common Shares are fully paid and non-assessable.

Shareholder Rights Plan

On July 28, 2014, the Board of Directors of the Corporation approved a shareholder rights plan agreement (the "**Rights Plan**") dated as of July 18, 2014, entered into between the Corporation and Computershare Investor Services Inc. as rights agent. The purpose of the Rights Plan is to ensure, to the extent possible, that all shareholders of the Corporation are treated equally and fairly in connection with any initiative to acquire control of the Corporation.

The Rights Plan is not intended to and will not prevent a take-over of the Corporation. The purpose of the Rights Plan is to encourage a potential bidder to make a "Permitted Bid", having terms and conditions designed to meet the objectives of the Rights Plan, or to negotiate the terms of an offer with the Board of Directors of the Corporation. A Permitted Bid is a take-over bid that is made to all holders of voting shares of the Corporation (other than the bidder) for all of the voting shares held by them, by way of a take-over bid circular prepared in compliance with applicable securities laws, that remains open for acceptance by shareholders of the Corporation for sixty days (or such shorter period of time as may be approved by the Board of Directors of the Corporation from time to time) and that satisfies certain other conditions.

The Rights Plan was approved by shareholders of the Corporation at its annual and special meeting of shareholders held on December 4, 2014. The Rights Plan has a term of three years and will expire at the close of the annual meeting of shareholders after the third anniversary of the confirmation of the Rights Plan, unless extended upon reconfirmation by the shareholders. This summary is qualified in its entirety by reference to the Rights Plan, a copy of which is available on SEDAR at www.sedar.com.

MARKET FOR SECURITIES

TRADING PRICE AND VOLUME

The following tables set out the high and low daily closing prices and the volumes of trading of the Corporation's Common Shares on the Exchange from January 1, 2015 to December 31, 2015.

COMMON SHARES			
Period	**Price Range**		**Trading Volume**
	High ($)	**Low ($)**	
December 1-31, 2015	0.28	0.245	2,100,279
November 1-30, 2015	0.30	0.26	1,547,079
October 1-31, 2015	0.32	0.275	1,427,586
September 1-30, 2015	0.31	0.275	1,010,006
August 1-31, 2015	0.32	0.265	1,205,973
July 1-31, 2015	0.31	0.255	1,346,594
June 1-30, 2015	0.33	0.29	975,817
May 1-31, 2015	0.35	0.30	1,981,504
April 1-30, 2015	0.35	0.305	2,729,937
March 1-31, 2015	0.34	0.285	2,891,896
February 1-28, 2015	0.32	0.30	1,763,320
January 1-31, 2015	0.33	0.31	1,569,055

PRIOR SALES

During the financial year ended December 31, 2015, the Corporation issued the following Common Shares:

Date Issued	Number Issued	Price ($)
January 30, 2015	3,831,515	0.33
March 31, 2015	14,640,112	0.33
July 14, 2015	13,543,333	0.27
July 16, 2015	40,569,897	0.27

Date Issued	Number Issued	Price ($)
August 20, 2015	20,969,680	0.27

ESCROWED SECURITIES

In connection with the completion of the Corporation's initial public offering on June 24, 2011, 8,452,002 Common Shares and 3,375,000 share purchase warrants were placed in escrow with Computershare Trust Company of Canada as escrow agent. On August 2, 2013 the Corporation was accepted as a Tier 1 issuer on the TSX Venture Exchange and accordingly the remaining share purchase warrants in the amount of 1,057,500 and Common Shares in the amount of 2,535,600 were released from escrow on or about August 13, 2013.

DIRECTORS AND OFFICERS

NAME, OCCUPATION AND SECURITY HOLDINGS

The following are the names, province and country of residence of the directors and officers of the Corporation, the positions and offices they hold with the Corporation and their principal occupations during the five preceding years.

Each director will hold office until the next annual general meeting of the Shareholders unless his office is earlier vacated in accordance with the *Business Corporations Act* (British Columbia) and the Articles of the Corporation.

Name and Municipality of Residence and Position with the Corporation	Director/ Officer Since	Principal Occupation for the Past Five Years
Ian Slater BC, Canada *Chairman, Chief Executive Officer*	Chairman and Chief Executive Officer since January 4, 2010	Chartered Professional Accountant, Chairman and Chief Executive Officer
Robert Bell Perth, Australia *Director, Chief Operating Officer*	Director since January 4, 2010 Chief Operating Officer since January 15, 2013	Mining Engineer, Chief Operating Officer
Jeffrey Mason*(1)(2)* BC, Canada *Director*	Director since January 4, 2010	Chartered Professional Accountant, Chief Financial Officer of Wellgreen Platinum Ltd.
Tim Petterson *(3)* BC, Canada *Director*	Director since January 4, 2010	Mining Engineer, Chief Executive Officer of Black Eagle Mining Corporation
Jay Sujir*(1)(2)* BC, Canada *Director*	Director since January 4, 2010	Lawyer

Name and Municipality of Residence and Position with the Corporation	Director/ Officer Since	Principal Occupation for the Past Five Years
Stephen Dixon *(3)* Lima, Peru *Director*	Director since August 21, 2015	Chief Executive Officer of Stracon GyM
Robert Bruce Pease*(1)(2)(3)* BC, Canada *Director*	Director since April 14, 2011	Geologist
Chui Wong BC, Canada *Chief Financial Officer*	Officer since June 15, 2015	Chartered Professional Accountant
Matthew Howorth ON, Canada *Vice President & General Counsel*	Officer since March 1, 2016	Lawyer
Jeffrey Toohey BC, Canada *Vice President Exploration*	Officer since January 1, 2013	Geologist
Patrick Balit BC, Canada *Vice President, Corporate Development*	Officer since January 4, 2016	Corporate Development
Scott Turton BC, Canada *Vice President, Business Development*	Officer since January 4, 2016	Corporate Development
Surita Banger BC, Canada *Corporate Secretary*	Officer since October 1, 2011	Paralegal, Corporate Secretary

(1) *Member of Audit Committee*
(2) *Member of Corporate Governance and Compensation Committee*
(3) *Member of the Technical and Sustainability Committee*

The directors and officers of the Corporation, as a group, own, directly or indirectly, 10,953,877 Common Shares, representing approximately 5.04% of the total issued and outstanding Common Shares.

CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

Other than as described below, during the ten years preceding the date of this Annual Information Form and as at the date of this Annual Information Form, no director or executive officer of the Corporation has, to the knowledge of the Corporation, been a director, chief executive officer or chief financial officer of any company that:

(a) was subject to a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days, and that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or

(b) was subject to a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days, and that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Other than as described below, during the ten-year period preceding the date of this Annual Information Form and as at the date of this Annual Information Form, no director or executive officer of the Corporation or a security holder who holds a sufficient number of securities of the Corporation to affect materially the control of the Corporation:

(a) is a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets; or

(b) has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer or shareholder.

Mr. Jay Sujir was a former director of Rio Silver Inc. (formerly Escape Gold Inc.), which was subject to cease-trade orders in Alberta and British Columbia for extended periods of time for failure to file financial statements. Mr. Sujir had no association with this company whatsoever at the time the financial statements became overdue or when the cease trade orders were made, and he became a director solely to assist in the resurrection of the Corporation.

Mr. Jay Sujir was an independent director of Norwood Resources Ltd. from May 2008 until January 2011. In the last quarter of 2010, the board of directors of Norwood determined that the delays through the last quarter of 2010 had made the Corporation insolvent and believed that the Corporation was unfinanceable, and determined that the interests of all stakeholders would best be protected by an assignment into bankruptcy. Norwood declared bankruptcy on January 19, 2011. Mr. Sujir resigned as a director on January 19, 2011.

CONFLICTS OF INTEREST

The directors and officers of the Corporation are directors, officers and/or shareholders of other private and publicly listed corporations, including corporations that engage in mineral exploration and development. Conflicts may arise between their duties to the Corporation and their duties to such other corporations. All such conflicts will be dealt with pursuant to the provisions of the applicable corporate legislation. In the event that such a conflict of interest arises at a meeting of the Directors, a Director affected by the conflict must disclose the nature and extent of his interest and abstain from voting for or against matters concerning the matter in respect of which the conflict arises. Directors and executive officers are required to disclose any conflicts or potential conflicts to the board of Directors as soon as they become aware of them.

PROMOTERS

Mr. Ian Slater, the Chairman and CEO of the Corporation, is a promoter of the Corporation. Mr. Slater owns 3,100,001 Common Shares, representing 1.43% of the issued and outstanding Common Shares.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Management knows of no legal proceedings, contemplated or actual, involving the Corporation which could materially affect the Corporation.

Management knows of no:

(a) penalties or sanctions imposed against the Corporation by a court relating to securities legislation or by a securities regulatory authority during the financial year ended December 31, 2015; or

(b) any other penalties or sanctions imposed by a court or regulatory body against the Corporation that would likely be considered important to a reasonable investor in making an investment decision; or

(c) settlement agreements the Corporation entered into before a court relating to securities legislation or with a securities regulatory authority during the financial year ended December 31, 2015.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No:

1. director or executive officer of the Corporation;

2. person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of any class or series of the Corporation's outstanding voting securities; and

3. associate or affiliate of any of the persons or companies referred to in paragraphs 1 or 2;

has, during any of the financial year ended December 31, 2015 and during the current financial year, any material interest in any transactions or any proposed transactions which has materially affected or will materially affect the Corporation.

TRANSFER AGENT AND REGISTRAR

The Registrar and Transfer Agent for the Corporation's Common Shares is Computershare Investor Services Inc., 2nd Floor, 510 Burrard Street, Vancouver, BC V6C 3B9.

MATERIAL CONTRACTS

The following is a list of all contracts which the Corporation or its subsidiaries are a party to, and which currently can reasonably be regarded as material to a security holder of the Corporation:

1. Santa Rosa Purchase Agreement referred to under the heading "General Development of the Business", above.

2. Cost Reimbursement Agreement between the Corporation and SB Management Ltd. dated January 1, 2011.

3. Executive Employment Agreement between the Corporation and Ian Slater dated October 16, 2012.

4. NSR Royalty Agreement between the Corporation, Red Eagle Mining de Colombia Limited and Liberty Metals and Mining Holdings, LLC dated October 22, 2012.

5. Closed Mining Pledge Over Future Productions Contract between Red Eagle Mining de Colombia Limited and Liberty Metals and Mining Holdings, LLC dated October 22, 2012.

6. Bullet Purchase Agreement between the Corporation, Red Eagle Mining de Colombia Limited, Bullet Holding Corp. and La Pena Som; El Molina Som; El Percal Som, Esquimal Som; Frontera Som; Grupo de Bullet S.A.S; Jupiter Som; Costa Som; Gongora Som dated October 24, 2012.

7. Addendum no. 1 to the Closed Mining Pledge Over Future Productions Contract between Red Eagle Mining de Colombia Limited and Liberty Metals and Mining Holdings, LLC dated December 19, 2013.

8. Transfer of Properties and Sale Agreement between the Corporation, Anglogold Ashanti Colombia S.A. and Red Eagle Mining de Colombia Limited (Sucursal Colombia) dated May 28, 2014.

9. Mining Services Agreement between Red Eagle Mining De Colombia S.A.S. and Stracon GyM International S.A.C. dated August 19, 2015.

10. Amended and Restated Credit Agreement between the Corporation, the lenders party thereto from time to time and Orion Fund JV Limited, as Administrative Agent, dated December 29, 2015.

11. Production Payment Agreement among Red Eagle Finance Limited, Red Eagle Mining De Colombia Limited, Red Eagle Mining Corporation, Orion Titheco Limited et al. dated March 31, 2015.

INTERESTS OF EXPERTS

The following are the persons or companies:

1. who were named as having prepared or certified a statement, report or valuation described or included in a filing, or referred to in a filing, made under National Instrument 51-102 by the Corporation during, or relating to, the fiscal year ending December 31, 2015, being the Corporation's most recently completed financial year; and

2. whose profession or business gives authority to the statement, report or valuation made by the person or company:

   (a) Ernst & Young LLP, Chartered Accountants:

      (i) provided an auditor's report dated April 29, 2016 in respect of the Corporation's financial statements for the year ended December 31, 2015 and incorporated by reference into this Annual Information Form; and

      (ii) is independent in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

   (b) Stefan Guerguiev, W. Joseph Schlitt, Thomas L. Dyer, Michael Lindholm and Terry Eldridge are the authors responsible for the preparation of the Santa Rosa Report.

ADDITIONAL INFORMATION

AUDIT COMMITTEE INFORMATION

National Instrument 52-110 – Audit Committees requires companies that file an Annual Information Form to provide certain disclosure with respect to their audit committee, including the text of the audit committee's charter, the composition of the audit committee and the fees paid to the external auditor. This information is provided in Schedule "A" hereto.

ADDITIONAL INFORMATION

Additional information concerning the Corporation is available through the Internet on the Canadian System for Electronic Document Analysis and Retrieval ("SEDAR") which may be accessed at www.sedar.com. Copies of such information may also be obtained on the Corporation's website at www.redeaglemining.com or on request without charge from Surita Banger, Corporate Secretary of the Corporation, Suite 920 – 1030 West Georgia Street, Vancouver, British Columbia, V6E 2Y3.

Additional information, including information as to directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans is contained in the 2016 Management Information Circular of the Corporation. Additional financial information is provided in the Corporation's Financial Statements and the Management's Discussion and Analysis for the year ended December 31, 2015. Copies of such documents may be obtained in the manner described above.

SCHEDULE "A"
TO THE ANNUAL INFORMATION FORM OF
RED EAGLE MINING CORPORATION

AUDIT COMMITTEE INFORMATION

ITEM 1: AUDIT COMMITTEE CHARTER

PURPOSE

The Audit Committee ("Committee") is appointed by the Corporation's board of directors (the "**Board**") to assist the Board in overseeing and monitoring: (1) the integrity of the financial statements of the Corporation; (2) the compliance by the Corporation with legal and regulatory requirements; (3) the independence and performance of the Corporation's independent auditors, which independent auditors shall report directly to the Audit Committee; and (4) the auditing, accounting and financial reporting processes generally.

1. COMPOSITION, PROCEDURES AND ORGANIZATION

1.1 The Committee shall consist of at least three (3) members of the Board. Members of the Audit Committee shall be appointed by the Board and may be removed or replaced by the Board, from time to time, in its discretion. There shall be a chairman of the Audit Committee, who shall be appointed by the Board. The members of the Audit Committee shall meet the independence and experience requirements for Audit Committee members of applicable securities laws and any exchange or quotation system upon which the Corporation's securities are listed or quoted.

1.2 Review and reassess the adequacy of this Audit Committee Charter ("Charter") annually and recommend any proposed changes to the Board for approval.

1.3 The quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other.

1.4 The Committee shall have access to such officers, employees and consultants of the Corporation and to the Corporation's external auditors, and to such information respecting the Corporation, as it considers being necessary or advisable in order to perform its duties and responsibilities.

1.5 Meetings of the Committee shall be conducted as follows:

a. the Committee shall meet as necessary to fulfill its duties and responsibilities in person or via telephone at such times and at such locations as may be requested by the chair of the Committee.

b. The external auditors or any member of the Committee may request a meeting of the Committee;

c. the external auditors shall attend meetings at the request of the Committee; and

d. management representatives may be invited to attend meetings except private sessions with the external auditors.

1.6 The external auditors shall have a direct line of communication to the Committee through its chair and may bypass management if deemed necessary. The Committee, through its chair, may contact directly any employee/consultant of the Corporation as it deems necessary, and any employee/consultant may bring before the Committee any matter, including questionable, illegal

or improper financial practices or transactions and or positive input on good sound practices and transactions.

1.7 The Committee shall have the authority:

a. to engage independent counsel and other advisors as it determines necessary to carry out its duties,

b. to set and pay the compensation for any advisors employed by the Committee; and

c. to communicate directly with the external auditors.

1.8 While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Corporation's financial statements are complete and accurate and are in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. This is the responsibility of management and the independent auditor. Nor is it the duty of the Audit Committee to conduct investigations, to resolve disagreements, if any, between management and the independent auditor or to assure compliance with laws and regulations.

2. OVERALL DUTIES AND RESPONSIBILITIES

2.1 The overall duties and responsibilities of the Committee shall be as follows:

a. review and approval of the annual audited financial statements, the interim financial statements, management's discussion and analysis, and press releases with respect to disclosure of financial information;

b. review of the Corporation's accounting principles, reporting practices and adequacy of internal controls;

c. review an analysis prepared by management and the independent auditor of significant financial reporting issues and judgments made in connection with the preparation of the Corporation's financial statements, including an analysis of the effect of alternative accounting methods, if any, on the Corporation's financial statements;

d. ensure that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements;

e. establish a procedure for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters;

f. establish a procedure for the confidential, anonymous submissions by employees of the Company of concerns regarding questionable accounting or auditing matters;

g. establish and maintain a direct line of communication with the Corporation’s external auditors and assess their performance;

h. ensure that the management of the Corporation has designed, implemented and is maintaining an effective system of internal financial controls; and

i. report regularly to the Board on the fulfillment of its duties and responsibilities.

3. EXTERNAL AUDITORS

3.1 The duties and responsibilities of the Committee as they relate to the external auditors shall be as follows:

a. recommend to the Board a firm of external auditors to be engaged by the Corporation, and to verify the independence of such external auditors;

b. review and approve the fee, scope and timing of the audit and other related services rendered by the external auditors;

c. review the audit plan of the external auditors prior to the commencement of the audit; and

d. review with the external auditors:

i. non-audit services provided by the external auditors;

ii. the quality including the acceptability of the Corporation's accounting principles; and

iii. procedures to ensure that the Committee meets with the external auditors on a regular basis in the absence of management.

4. INTERNAL CONTROLS

4.1 The duties and responsibilities of the Committee as they relate to the internal control procedures of the Corporation shall be as follows:

a. review the appropriateness and effectiveness of the Corporation's policies, internal controls, and business practices which have a financial impact on the Corporation, including those relating to insurance, accounting, information systems and financial controls, management reporting, tax and risk management;

b. concurrently with the corporate governance committee review compliance under the Corporation's business conduct and ethics policies, and to periodically review these policies and recommend to the board changes which the committee may deem appropriate;

c. review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls of the Corporation; and

d. periodically review the Corporation's financial and internal control procedures and the extent to which recommendations made by the external auditors have been implemented.

5. OTHER DUTIES AND RESPONSIBILITIES

5.1 Other duties and responsibilities of the Committee shall be as follows:

a. review, approve and report to the board with respect to the financial sections of:

i. the annual report to shareholders;

ii. the annual information form, if required;

iii. prospectuses; and

iv. other public reports of a financial nature requiring approval by the board;

b. review regulatory filings and decisions as they relate to the Corporation's consolidated financial statements;

c. review the appropriateness of the policies and procedures used in the preparation of the Corporation's consolidated financial statements and other required disclosure documents, and consider recommendations for any material change to such policies;

d. review the minutes of any audit committee meeting of subsidiary companies;

e. review with management, the external auditors and, if necessary, with legal counsel, any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results of the Corporation and the manner in which such matters have been disclosed in the consolidated financial statements;

f. review the Corporation's compliance with regulatory and statutory requirements as they relate to financial statements, tax matters and disclosure of financial information; and

g. develop a calendar of activities to be undertaken by the committee for each ensuing year based on this charter.

ITEM 2: COMPOSITION OF THE AUDIT COMMITTEE

The current members of the Committee are Jeffrey Mason, Jay Sujir and Robert Pease. All of the members are financially literate and Mr. Mason and Mr. Pease are independent. "Independent" and "financially literate" have the meaning used in National Instrument 52-110 – Audit Committees of the Canadian Securities Administrators.

ITEM 3: RELEVANT EDUCATION AND EXPERIENCE

The relevant education and/or experience of each member of the Audit Committee is as follows:

Mr. Jeffrey Mason

Mr. Mason is a Director of the Corporation. Mr. Mason is the Chief Financial Officer of Wellgreen Platinum Ltd. (formerly named Prophecy Platinum Corp.). Mr. Mason holds a Bachelor of Commerce degree from the University of British Columbia (May 1980) and obtained his Chartered Accountant designation from the Institute of Chartered Accountants, BC in August 1982 while at the international accounting firm of Deloitte & Touche. Following comptrollership positions at Homestake Mining Group of companies Mr. Mason has spent the last several years as a corporate officer and director to a number of publicly-traded mineral exploration companies. Until early 2008, Mr. Mason was employed as Chief Financial Officer of Hunter Dickinson Inc. and his principal occupation was the financial administration of the public companies to which Hunter Dickinson Inc. provides services.

Mr. Jay Sujir

Mr. Sujir is a Director of the Corporation. Mr. Sujir is a securities and natural resources lawyer who has extensive experience in advising and assisting public companies. He has been a partner with Farris, Vaughan, Wills & Murphy LLP since May 2015. He was previously a partner with Anfield Sujir Kennedy & Durno LLP and its predecessor firms from 1991 to May 2015. Mr. Sujir obtained his Bachelor of Arts degree from the University of Victoria in 1981 with a double major in Economics and Philosophy and obtained his Bachelor of Law degree from the University of Victoria in 1985. He is a member of the Law Society of British Columbia, the Canadian Bar Association, and the British Columbia Advisory Committee of the TSX Venture Exchange.

Mr. Robert Pease

Mr. Robert Pease is a Director of the Corporation. Mr. Pease was previously the Chief Executive Officer of Sabina Gold & Silver. He was previously the founder, CEO and a Director of Terrane Metals which was acquired in 2010 by Thompson Creek Metals. He was employed by Placer Dome for twenty-five years, most recently as General Manager, Canada Exploration and Global Major Projects. He was responsible for managing all aspects of Placer Dome's Canadian exploration, and overseeing the geological aspects of world-wide advanced, major exploration and developments projects. Mr. Pease holds a B.Sc. degree in Earth Science from the University of Waterloo, a Professional Geologist (British Columbia) certification and is a Fellow of the Geologic Association of Canada. He is also a past Chairman of the Association for Mineral Exploration British Columbia.

ITEM 4: AUDIT FEES

Ernst & Young LLP, Chartered Accountants, will be nominated at the Meeting for re-appointment as the auditors of the Corporation with their remuneration to be fixed by the Board of Directors. Ernst & Young LLP have been the Corporation's auditors since December, 2010.

Fees billed by Ernst & Young and its affiliates for the year ended December 31, 2015 and the year ended December 31, 2014 were approximately $238,000 and $213,000, respectively. The aggregate fees billed by the auditors in fiscal 2015 and fiscal 2014 are detailed below.

(Canadian $ in 000's)	2014	2015
Audit Fees	$58	$75
Statutory Audit Fees (a)	$30	$30
Quarterly Reviews	$ -	$50
Circular / Prospectus Fees	$90	$15
Audit Related Fees (b)	$21	$15
Tax Fees	$14	$53
Total	$213	$238

(a) Fees for the Colombian statutory audit.
(b) Fees for accounting consultation on matters addressed during the audit or interim reviews.

Pre-Approval Policies and Procedures

All services to be performed by the Corporation's independent auditor must be approved in advance by the Audit Committee or a designated member of the Audit Committee ("Designated Member"). The Designated

Member is a member of the Audit Committee who has been given the authority to grant pre-approvals of the permitted audit and non-audit services.

The Audit Committee has considered whether the provision of services other than the audit services is compatible with maintaining the auditors' independence and had adopted a policy governing the provision of these services. This policy requires the pre-approval by the Audit Committee or the Designated Member of all audit and non-audit services provided by the external auditor, other than the *de minimis* non-audit services allowed by the applicable law or regulation. The decisions of the Designated Member to pre-approve a permitted service are reported to the Audit Committee at its regularly scheduled meetings.

Pre-approval from the Audit Committee or Designated Member can be sought for planned engagements based on budgeted or committed fees. No further approval is required to pay pre-approved fees. Additional pre-approval is required for any increase in the scope or in final fees.

Pursuant to these procedures, 100% of each of the services provided by the Corporation's external auditors relating to the fees reported as audit, audit-related, tax and all other fees were pre-approved by the Audit Committee or the Designated Member.