RED EAGLE EXPLORATION LIMITED

Management's Discussion and Analysis

For the year ended December 31, 2016

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

Additional information related to Red Eagle Exploration is available on SEDAR at www.sedar.com and on the Company's website at http://www.redeaglex.com.

This MD&A contains information up to and including March 31, 2017.

FORWARD-LOOKING INFORMATION

Certain statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements. For more information on forward-looking information, please refer to page 20 of this MD&A.

CORPORATE OVERVIEW

The Company was incorporated under the *Business Corporations Act (British Columbia)* on May 11, 2009. The Company changed its name from CB Gold Inc to Red Eagle Exploration Limited on March 6, 2017. The Company is listed on the TSX Venture Exchange under the symbol "XR". The Company is a gold and silver company that is focused on building shareholder value through acquiring and developing gold and silver projects with low costs and low technical risks in Colombia, a jurisdiction with prolific historic production but until recently limited modern exploration. The Company is primarily engaged in the development of the California Gold Project, Vetas Gold Project, and Santa Ana Silver Project.

QUALIFIED PERSONS

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

COMPANY DEVELOPMENTS AND OUTLOOK

Mineral Property Developments

California Gold Project

On February 15, 2017, the Company announced an option to purchase 100% of six exploitation mining concessions from local miners for consideration of US $5,683,764 and US $7,561,746 which is payable in shares of the Company. Initial payments of US $345,127 and 2,180,985 common shares of the Company were paid upon closing.

On March 15, 2017, the Company announced an option to purchase 100% of two additional exploitation mining concessions for consideration of US $7,493,250 of which 50% is payable in cash and 50% is payable in shares of the Company. Initial payments of US $62,444 and 520,367 common shares of the Company were paid upon closing.

The balance of the payments for both acquisitions are due over a two-year period subsequent to title transfer. An additional payment is due three years from the date of title transfer equivalent to 1.5% of the value of gold and silver measured and indicated resources included in a NI 43-101 Technical Report. The eight properties, which collectively comprise the California Gold Project, total 250 hectares in the prolific California-Vetas Gold District located in Santander, Colombia. The Company plans to advance the California Gold Project toward economic feasibility, although there is no guarantee economic feasibility will be achieved.

Vetas Gold Project

On January 15, 2016, the Company paid US $50,000 and Red Eagle Mining issued 2,843,206 common shares to the shareholders of Real Minera Ltda pursuant to the agreement dated April 19, 2010 as amended on December 15, 2015 between the Company and Real Minera in order to meet the Company's property obligations with respect to the Vetas Gold Project. The Company issued 17,550,654 common shares to Red Eagle Mining as compensation for the issuance of the Red Eagle Mining common shares.

On January 15, 2016, the Company paid US $150,000 to settle the San Alfonso property obligation.

On February 8, 2016, the Colombian Constitutional Court delivered a ruling that invalidates pre-existing environmental licenses within the Paramo, Colombia's high-altitude ecosystem. The ruling has a relatively minor impact on the Vetas Gold Project, which has been reduced from 253 hectares to 199 hectares. The purchase agreement with respect to the concessions impacted by the Colombian Constitutional Court ruling has been amended, reducing the purchase price to reflect the area lost. No exploration has been conducted in the affected area. The Ruling does not impact development plans for the Vetas Gold Project.

On February 29, 2016, the Company paid US $300,000 and Red Eagle Mining issued 2,219,816 common shares to the title holders of the La Triada concession pursuant to the agreement dated March 28, 2012 as amended between the Company and La Triada in order to meet the Company's property obligations with respect to the Vetas Gold Project. The Company issued 13,702,562 common shares to Red Eagle Mining as compensation for the issuance of the Red Eagle Mining common shares.

On February 14, 2017, the Company amended the acquisition agreement for the San Bartolo and San Antonio properties, which together with other properties collectively comprise the Vetas Gold Project. A portion of the properties were affected by the delineation of the Paramo boundaries and the outstanding amount of the purchase price was reduced proportionately. As final payment, the Company has agreed to issue 4,550,000 common shares and pay US $500,000 in cash with respect to the San Bartolo property and issue 116,700 common shares with respect to the San Antonio property.

The Company has now settled all outstanding mineral property obligations for the Vetas Gold Project.

COMPANY DEVELOPMENTS AND OUTLOOK (CONTINUED)

Santa Ana Silver Project

On August 9, 2016, the Company purchased 100% of the Santa Ana Silver Project from Condor Precious Metals Inc. for cash settlement of $250,000, 8,095,238 Red Eagle Exploration common shares ($850,000 at $0.105 per share) and a 2% NSR royalty. The Company has a right of first refusal on any sale of the royalty and may purchase 1% of the royalty at any time for $500,000.

Equity Financing

On January 11, 2016, the Company completed a private placement with Red Eagle Mining for gross proceeds of $2,583,525 (US $1,850,000), consisting of 51,670,500 common shares at a price of $0.05 per share.

On January 27, 2016, the Company completed a private placement with Red Eagle Mining for gross proceeds of $1,639,555 (US $1,150,000), consisting of 32,791,100 common shares at a price of $0.05 per share.

On May 11, 2016, the Company completed a private placement consisting of 25,310,000 units at a price of $0.075 per unit for total gross proceeds of $1,898,250 (US $1,494,685). Each unit consists of one common share and one warrant, with each warrant exercisable at a price of $0.10 until May 11, 2021. The warrants are callable by the Company. Red Eagle Mining participated in this private placement for gross proceeds of $1,270,000 (US $1,000,000) and acquired 16,933,333 units.

On November 2, 2016, Red Eagle Mining Corporation acquired 83,020,237 common shares of the Company from Batero Gold Corporation. As at the date of this MD&A, Red Eagle Mining holds an aggregate of 331,053,614 shares of the Company, representing 90% of the issued shares.

Outlook

The Company's overall strategy and objective is to advance the California Gold Project, Vetas Gold Project and Santa Ana Silver Project toward economic feasibility by the delineation of high-grade vein resources exploitable by underground mining methods, although there is no guarantee that economic feasibility will be achieved. This work initially involves compiling existing data, detailed underground mapping of existing mine workings, detailed underground channel sampling, developing a new geologic and resource model and prioritizing targets for subsequent drifting, bulk sampling and underground diamond drilling.

MINERAL PROPERTIES

The Company owns the Vetas Gold Project and Santa Ana Silver Project located in Santander, Colombia. All direct costs relating to the acquisition of mineral property interests are capitalized. Further information on the mineral properties can be found in the Company's audited consolidated financial statements for the year ended December 31, 2016.

California Gold Project

The California Gold Project comprises eight properties over 250 hectares within the prolific California-Vetas Gold District, which also contains the multi-million ounce La Bodega and Angostura gold deposits. The property is located approximately 55 kilometres northeast of Bucaramanga, which is the capital of the Department of Santander in Colombia. Elevation ranges from 2,400 to 2,700 metres above sea level, far below the Paramo boundaries.

California is situated in the Santander Massif of the eastern cordillera of the Andes Mountains. The massif is comprised of Precambrian gneisses, schists, quartzites and migmatites of the Guyana Shield. Intermediate to granitic intrusive of the Santander Plutonic Group were emplaced during a period of uplift in the Jurassic/Triassic era. Porphyry intrusive stocks and dikes in the immediate areas of mineralization may be as young as Tertiary in age. Regional faulting parallels the topographic fabric with the crustal-scale northwest trending Bucaramanga-Santa Marta wrench fault and the northeast trending Rio Cucutilla fault zone defining the principal structural trends.

The gold-silver-copper mineralization in the California Gold Project is part of the same, large mineralizing system localized along a regional northeast-trending fault zone that also hosts the adjacent La Bodega deposit. Mineralization occurs in northeast, northwest and east-west striking, generally steeply northdipping faulted structures containing high grade veins up to two metres in width. Vein mineralogy includes pyrite, chalcopyrite and sphalerite.

The California Gold Project is located approximately ten kilometres from the Company's existing Vetas Gold Project, potentially resulting in operational synergies including processing at a central mill.

Drilling

The eight properties, which collectively comprise the California Gold Project, are adjacent to and along strike from concessions which contain La Bodega gold deposit currently being developed by Mubadala Development. The last public NI 43-101 Technical Report (the "La Bodega Report") for La Bodega was issued by Ventana Gold dated effective November 8, 2010 and reported an Inferred resource of 3.47M ounces of gold.[1] One of the acquired concessions were previously optioned by Calvista Gold which conducted a nine hole diamond drill program during 2011 and 2012. These results were incorporated in a NI 43-101 Technical Report on the California Gold Project dated effective October 11, 2012 and included intercepts:[2]

Hole	From (m)	To (m)	Width (m)	Au (g/t)
DDH-31	144.78	146.30	1.52	12.29
DDH-31	182.88	184.40	1.52	10.36
DDH-34	377.95	381.00	3.05	12.08
DDH-35	28.95	36.57	7.61	9.85
DDH-36	35.05	48.76	13.71	5.93
DDH-37	425.19	426.72	1.53	10.58

[1] See the Technical Report titled "Preliminary Assessment La Bodega Project" dated effective November 8, 2010 available under Ventana Gold Corp.'s SEDAR profile.
[2] See the Technical Report titled "Updated technical Report on the California Gold Project" dated effective October 11, 2012 available under AUX Canada Acquisition 3 Sarl.'s SEDAR profile.

Vetas Gold Project

The Vetas Gold Project comprises ten properties over 299 hectares and also lies within the prolific California-Vetas gold province, described above. The project is located near the village of Vetas, approximately 45 kilometres northeast of the city of Bucaramanga and ten kilometres from the Company's California Gold Project, potentially resulting in operational synergies including processing at a central mill.

The deposits at the Vetas Gold Project comprise several systems of narrow high-grade Au-Ag veins striking northeast and northwest, with moderate to steep dips. They exhibit multiple phases of quartz vein emplacement and reactivation associated with intense argillic alteration and sulphide mineralization. The vein gangue is comprised of equal proportions of chalcedonic quartz and feldspar, and the main sulphide constituent is pyrite (5% to 15%) with lesser galena, sphalerite and chalcopyrite. Fine to medium-grained visible gold is occasionally observed in association with pyrite. Higher grade mineralization often occurs within steeply plunging ore shoots controlled by vein wall flexures and structural intersections.

Drilling

The area has a long history of gold mining dating back to at least the seventeenth century, however there was no modern exploration at Vetas prior to that commenced by the Company in September 2009.

Between November 2010 and November 2013, the Company completed a total of 71,035 metres of diamond drilling in 162 holes from surface platforms. Drilling results from Vetas highlight the excellent potential for high-grade gold and silver vein mineralization, including among a multitude of other highly encouraging intersections:[3]

- 325 g/t (9.5 oz/t) Au over 2.09 metres;
- 507 g/t (14.8 oz/t) Au over 0.74 metres;
- 370 g/t (10.8 oz/t) Au over 0.82 metres;
- 228 g/t (6.7 oz/t) Au over 1.13 metres;
- 104 g/t (3.0 oz/t) Au over 2.45 metres; and
- 235 g/t (6.9 oz/t) Au over 1.03 metres.

Highly encouraging results were returned from several of the known vein systems distributed throughout the project area, including:

- 177 intersections with grades in excess of 5 g/t (0.15 oz/t) Au;
- 100 intersections with grades in excess of 10 g/t (0.3 oz/t) Au; and
- 33 intersections with grades in excess of 30 g/t (0.9 oz/t) Au.

For the 177 intersections with grades in excess of 5 g/t Au, the length-weighted average grades are 30 g/t (0.9 oz/t) Au combined with 52 g/t (1.5 oz/t) Ag. Individual intersections range in length from 0.30 metres up to 3.87 metres and notably average 1.03 metres. Due to the steep topographic relief, multiple fanned drill holes were collared from each of several individual platforms and in most holes the intersected lengths may not represent true vein thicknesses.

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[3] See NI 43-101 Technical Report titled "Independent Technical Report on the Vetas Gold Project, Santander Department, Republic of Colombia" dated effective April 2, 2014 available under Red Eagle Exploration's SEDAR profile.

MINERAL PROPERTIES (CONTINUED)

Vetas Gold Project (continued)

Vetas Drill Intersection > 30 g/t Au

Hole ID	From (m)	To (m)	Length (m)	Au (g/t)	Ag (g/t)
AR-062	162.32	163.06	0.74	506.69	89.70
AR-068	199.00	200.00	1.00	34.75	46.70
AR-070	245.05	245.70	0.65	79.00	19.80
RM-003	90.30	90.92	0.62	35.10	61.10
RM-005	200.20	201.16	0.96	30.90	10.05
RM-006	232.37	233.37	1.00	33.50	4.70
RM-006	247.15	247.83	0.68	33.90	2360.00
RM-017	135.63	136.60	0.97	109.00	15.05
RM-022	277.00	277.80	0.80	34.60	21.40
RM-031A	198.88	200.82	1.94	42.25	11.71
RM-042	50.15	51.08	0.93	66.79	21.90
RM-046	31.32	33.41	2.09	325.11	26.20
RM-046	143.83	145.23	1.40	80.24	1.75
RM-049	32.00	33.52	1.52	56.76	7.70
RM-053	214.88	215.73	0.85	40.12	38.40
RM-056	147.70	148.99	1.29	96.63	0.05
RM-064	429.18	429.93	0.75	42.45	200.00
RM-075	30.80	31.83	1.03	81.94	12.60
RM-075	44.38	45.20	0.82	369.94	44.60
RM-081	231.83	235.70	3.87	35.86	17.88
RM-088	82.42	83.15	0.73	49.09	17.00
RM-091	405.10	405.96	0.86	93.55	41.10
RM-097	167.64	169.07	1.43	36.41	19.40
RM-119	98.20	99.33	1.13	227.56	31.70
RM-119	124.33	125.39	1.06	35.86	8.30
RM-119	264.63	265.66	1.03	234.88	33.60
RM-121	217.90	220.35	2.45	104.26	28.10
RM-128	62.90	64.17	1.27	32.41	5.40
RM-128	100.90	101.90	1.00	175.90	22.00
RM-135	71.25	72.45	1.20	82.92	12.40
RM-143	100.95	102.10	1.15	57.99	10.70
RM-156	271.52	272.70	1.18	57.10	4.80
SI-080	167.30	168.18	0.88	72.34	43.90

Santa Ana Silver Project

Santa Ana comprises 669 hectares of the historical Mariquita silver district, one of Colombia's most prolific colonial silver mining camps with production dating back to the 16th century. The property is located approximately 190 kilometres east-northeast of Bogota in Tolima, Colombia.

A NI 43-101 technical report on the Santa Ana property dated April, 2013, co-authored by Doublewood Consulting Inc. and Antediluvial Consulting Inc., cited the following archival information from historical Spanish documents regarding past production at Santa Ana:

"The La Porfia, El Dorado, La Manta and La Obdulia mines are located within the property as part of the historic colonial Santa Ana silver mines. The average smelter return for silver ore during those days was four marcos per quintal (approximately 17 kilograms per tonne silver) according to official reports of Hacienda Santa Fe (year 1585), also reporting widths exceeding 1.5 varas (4.5 feet). More veins were discovered in the Santa Ana (today Falan) and Frias region following exploration during the 16th century, adding 14 new mines to the district, all of them producing over one marco of silver per quintal (approximately 4.3 kilograms per tonne silver)."

The Santa Ana property is located on the eastern side of the Central Cordillera, underlain by highly deformed Paleozoic schists, quartzites and gneisses of the Cajamarca formation, intruded by the Tertiary El Hatillo granodiorite stock. The polymetallic silver-gold veins are characteristic of an intrusion-related silver-rich system later overprinted by a low-sulphidation epithermal system in a thrust-and-fold setting. They comprise variable amounts of pyrite, sphalerite, galena, silver sulphosalts, native silver and gold in a gangue of quartz and adularia. The veins generally strike north-south to north-northeast and dip 45 to 85 degrees west to northwest. They are directly related to right-lateral strike-slip movement on the regional-scale Palestina fault system.

Drilling and Sampling

Preliminary prospecting, rock chip sampling, and drilling were carried out by Condor between 2012 and 2014. Chip samples of vein material collected in 2012 from the historic Santa Ana mine tunnels returned assay values as high as 11 g/t Au and 2,820 g/t Ag. Other high silver values included 929 g/t Ag, 600 g/t Ag and 443 g/t Ag. Chip samples collected from outcrops in 2013-2014 returned several high gold values along with high silver values, including: 68 g/t Au and 422 g/t Ag; 48 g/t Au and 81 g/t Ag; and 36 g/t Au and 163 g/t Ag.

Santa Ana Silver Project (continued)

Condor conducted a preliminary diamond drilling program in 2012 completing eight shallow holes for a total of 1,170 metres. All of the holes were drilled from a single platform and tested the down-dip extension of vein mineralization below the historical Santa Ana mine tunnels. The results further highlighted the potential for bonanza-type silver-gold veins, with drill intersections including 1,751 g/t (51 ounces per tonne) silver equivalent over 3.04 metres; 1,465 g/t (43 ounces per tonne) silver equivalent over 1.82 metres and 2,545 g/t (75 ounces per tonne) silver equivalent over 1.34 metres.[4]

Hole ID	From (m)	To (m)	Length (m)	Au (g/t)	Ag (g/t)	AgEq
CP-1201	78.45	79.30	0.85	1.34	667	760
CP-1202	110.03	110.56	0.53	1.21	389	473
CP-1203	83.82	86.86	3.04	3.68	1,495	1,751
CP-1203	100.58	102.40	1.82	1.26	1,378	1,465
CP-1204	133.15	134.97	1.82	0.47	149	182
CP-1205	70.10	74.70	4.60	0.32	179	201
CP-1205	88.00	88.80	0.80	1.64	532	646
CP-1205	104.84	107.22	2.38	0.38	193	219
CP-1206	124.66	125.15	0.49	0.34	742	765
CP-1206	137.00	137.66	0.66	1.89	685	816
CP-1207	170.47	170.76	0.29	2.45	746	916
CP-1208	164.00	169.16	5.16	3.51	527	771
incl.	164.00	165.34	1.34	10.17	1,839	2,545

Exploration Costs

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

For the year ended (thousands of Canadian dollars)	**December 31, 2016**	**December 31, 2015**
Staffing and personnel	$ 541	$ 69
Technical and geological consulting	369	185
General services	341	128
License and permits	119	13
Core storage	69	66
Value-added tax	46	24
Environmental	10	353
Total exploration costs	**$ 1,495**	**$ 838**

[4] See press release titled "Acquisition of the high grade Santa Ana historic silver mine announced" released on August 10, 2016 by Red Eagle Exploration.

RESULTS OF OPERATION

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

The Company recorded a loss of $2,460,000 for the three months ended December 31, 2016 compared to the loss of $1,068,000 for the three months ended December 31, 2015.

Following is an analysis of the significant movements in balances between the three months ended December 31, 2016 and December 31, 2015:

For the three months ended (thousands of Canadian dollars)	**December 31, 2016**	**December 31, 2015**	
Share-based payments	**1,602**	6	Increase due to grant of share purchase options in Q4 2016 compared to no grants in 2015
Exploration costs	**529**	450	Increase due to higher mapping, data validation and modelling costs
Office and administration	**256**	196	Increase in management fee due to increase in Company's activities
Professional fees	**44**	271	Decrease due to reduction in legal and consultant fees as part of the Company's restructuring process in 2015
Foreign exchange loss	**2**	145	Non-cash foreign exchange loss relates to fluctuations of foreign exchange rates between USD, COP, and CAD

RESULTS OF OPERATIONS (CONTINUED)

YEAR ENDED DECEMBER 31, 2016 COMPARED TO YEAR ENDED DECEMBER 31, 2015

The Company recorded a loss of $4,541,000 for the year ended December 31, 2016 compared to the loss of $4,100,000 for the year ended December 31, 2015.

Following is an analysis of the significant movements in balances between the year ended December 31, 2016 and December 31, 2015:

For the year ended (thousands of Canadian dollars)	**December 31, 2016**	**December 31, 2015**	
Share-based payments	**1,602**	76	Increase due to grant of share purchase options in Q4 2016 compared to no grants in 2015
Exploration costs	**1,495**	838	Increase due to higher mapping, data validation and modelling costs
Office and administration	**1,004**	2,075	Decrease due to 2015 severance payments for previous CEO and CFO as part of the Company's restructuring process
Foreign exchange loss	**225**	403	Non-cash foreign exchange loss relates to fluctuations of foreign exchange rates between USD, COP, and CAD
Professional fees	**115**	640	Decrease due to reduction in legal and consultant fees as part of Company's restructuring process in 2015

RESULTS OF OPERATIONS (CONTINUED)

Following is a summary of quarterly results for the eight most recent completed quarters. These results are taken from the interim and annual consolidated financial statements of Red Eagle Exploration, which are prepared in accordance with IFRS applicable to interim financial statements. The results are presented in thousands Canadian dollars.

	For the three months ended December 31, 2016	For the three months ended September 30, 2016	For the three months ended June 30, 2016	For the three months ended March 31, 2016
Interest expense (income)	49	-	-	-
Net loss	2,460	565	695	821
Basic and diluted loss per share	0.01	0.00	0.00	0.00

	For the three months ended December 31, 2015	For the three months ended September 30, 2015	For the three months ended June 30, 2015	For the three months ended March 31, 2015
Interest expense (income)	(1)	-	(2)	(2)
Net loss	1,068	1,839	581	612
Basic and diluted loss per share	0.01	0.01	0.00	0.00

The analysis provided in the Results of Operations section above provides information regarding the movements during the three months and year ended December 31, 2016 compared with December 31, 2015. Due to the nature of operations and the climate at the Company's locations in Colombia (little fluctuation in temperatures throughout the year) there is no significant seasonality in the business. During Q3 and Q4 2015 net loss increased primarily due to increased costs for activities related to the Company's sale and restructuring process. In Q4 2016, net loss increased due to increased non-cash share-based payments expense from the grants of share purchase options.

LIQUIDITY AND CAPITAL RESOURCES

As at (thousands of Canadian dollars)	December 31, 2016	December 31, 2015	December 31, 2014
Working capital	510	(3,646)	247
Total assets	23,362	19,901	18,391
Total liabilities	(1,979)	(4,070)	(871)
Share capital	74,838	67,231	64,896
Deficit	(66,032)	(61,491)	(57,391)

As at December 31, 2016, the Company had working capital of $510,000 (December 31, 2015: ($3,646,000)) with cash and cash equivalents of $2,075,000 (December 31, 2015: $8,000). As at December 31, 2016, current liabilities due within one year are $1,616,000, which include $1,359,000 of mineral property obligations, which were settled subsequent to year end for 4,550,000 common shares and US $500,000 in cash with respect to the San Bartolo property and 116,700 common shares with respect to the San Antonio property.

On January 11, 2016, the Company completed a private placement with Red Eagle Mining for gross proceeds of $2,583,525 (US $1,850,000), consisting of 51,670,500 common shares at a price of $0.05 per share.

On January 27, 2016, the Company completed a private placement with Red Eagle Mining for gross proceeds of $1,639,555 (US $1,150,000), consisting of 32,791,100 common shares at a price of $0.05 per share.

On May 11, 2016, the Company completed a private placement consisting of 25,310,000 units at a price of $0.075 per unit for total gross proceeds of $1,898,250 (US $1,494,685). Each unit consists of one common share and one warrant, with each warrant exercisable at a price of $0.10 until May 11, 2021. The warrants are callable by the Company. Red Eagle Mining participated in this private placement for gross proceeds of $1,270,000 (US $1,000,000) and acquired 16,933,333 units.

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

The Company's operations to date have been financed by issuing common shares. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing. There is no guarantee that the Company will be able to continue to secure additional financings in the future at terms that are favourable should the Company require additional funding.

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

OUSTANDING SHARE DATA

Common shares

The authorized capital of the Company is an unlimited number of common shares without par value.

As at December 31, 2016, the Company had 359,818,881 common shares issued and outstanding (December 31, 2015: 210,852,007). As at the date of this MD&A, the Company had 367,166,566 common shares issued and outstanding.

On January 11, 2016, the Company completed a private placement with Red Eagle Mining for gross proceeds of $2,583,525 (US $1,850,000), consisting of 51,670,500 common shares at a price of $0.05 per share.

On January 15, 2016, the Company paid US $50,000 and Red Eagle Mining issued 2,843,206 common shares to the shareholders of Real Minera Ltda pursuant to the agreement dated April 19, 2010 and amended on December 15, 2015, between the Company and Real Minera in order to meet the Company's property obligations with respect to the Vetas Gold Project. The Company issued 17,550,654 common shares to Red Eagle Mining as compensation.

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On February 29, 2016, the Company paid US $300,000 and Red Eagle Mining issued 2,219,816 common shares to the title holders of the La Triada concession, pursuant to the agreement dated March 28, 2012 as amended between the Company and La Triada in order to meet the Company's property obligations with respect to the Vetas Gold Project. The Company issued 13,702,562 common shares to Red Eagle Mining as compensation. Additionally, 153,180 common shares were returned to treasury.

On May 11, 2016, the Company completed a private placement consisting of 25,310,000 units at a price of $0.075 per unit for total gross proceeds of $1,898,250 (US $1,494,685). Each unit consists of one common share and one warrant, with each warrant exercisable at a price of $0.10 until May 11, 2021. The warrants are callable by the Company.

On August 9, 2016, the Company purchased 100% of the Santa Ana Silver Project from Condor Precious Metals Inc. for cash settlement of $250,000, 8,095,238 Red Eagle Exploration common shares ($850,000 at $0.105 per share) and a 2% NSR royalty. The Company has a right of first refusal on any sale of the royalty and may purchase 1% at any time for $500,000.

On November 2, 2016, Red Eagle Mining acquired 83,020,237 common shares of the Company from Batero Gold Corporation.

On February 14, 2017, the Company amended the acquisition agreement for the San Bartolo and San Antonio properties, which together with other properties collectively comprise the Vetas Gold Project. A portion of the properties were affected by the delineation of the Paramo boundaries and the outstanding amount of the purchase price was reduced proportionately. As final payment, the Company has agreed to issue 4,550,000 common shares and pay US $500,000 in cash with respect to the San Bartolo property and issue 116,700 common shares with respect to the San Antonio property.

On February 15, 2017, the Company announced an option to purchase 100% of six exploitation mining concessions from local miners for consideration of US $5,683,764 and US $7,561,746 which is payable in shares of Red Eagle Exploration. Initial payments of US $345,127 and 2,180,985 common shares of Red Eagle Exploration were paid upon closing. The balance of the payments is due over a two-year period subsequent to title transfer. An additional payment is due three years from the date of title transfer equivalent to 1.5% of the value of gold and silver measured and indicated resources included in a NI 43-101 Technical Report. The six properties are in the prolific California-Vetas Gold District located in Santander, Colombia.

OUSTANDING SHARE DATA (CONTINUED)

Common shares (continued)

On February 16, 2017, the Company issued 500,000 common shares in connection with the exercising of warrants for gross proceeds of $50,000.

On February 21, 2017, the Company granted 200,000 share purchase options with an exercise of $0.20.

On March 15, 2017, the Company announced an option to purchase 100% of two additional exploitation mining concessions for consideration of US $7,493,250 of which 50% is payable in cash and 50% is payable in shares of Red Eagle Exploration. Initial payments of US $62,444 and 520,367 common shares of Red Eagle Exploration were paid upon closing. The balance of the payments is due over a two-year period subsequent to title transfer. An additional payment is due three years from the date of title transfer equivalent to 1.5% of the value of gold and silver measured and indicated resources included in a NI 43-101 Technical Report. Together with the six properties acquired on February 15, 2017, the properties collectively comprise the California Gold Project.

As at the date of this MD&A, the Company had 24,810,000 warrants and 20,880,000 share purchase options outstanding.

RELATED PARTY TRANSACTIONS

The following table provides outstanding balances and the total amount of transactions, which have been entered into by the Company with related parties during the year ended December 31, 2016 and 2015:

For the year ended		December 31, 2016		December 31, 2015
Purchases during the year:				
Settlement of property obligations (by Red Eagle Mining Corporation on behalf of the Company)	$	1,606	$	-
Rent, salary and related costs recharged from a company controlled by certain directors in common	$	500	$	-
Management fees to Red Eagle Mining Corporation	$	289	$	-
Management fees to Frontline Advisors S.A., a company with an officer in common	$	125	$	244
Legal fees to Farris, Vaughan, Wills & Murphy LLP in which one of the directors is a partner	$	73	$	-
Management fees to 0852662 BC Ltd., a company owned by the previous CEO	$	-	$	952
Dawn Wattie Law Corporation	$	-	$	33
Amounts owed:				
Management fees to Red Eagle Mining Corporation	$	102	$	14
Trebor International Holdings	$	-	$	115

The Company completed three private placements during the year ended December 31, 2016, where Red Eagle Mining contributed total net proceeds of $5,493,080. Related party transactions are in the normal course of business and measured at the amounts agreed upon by the parties.

FINANCIAL INSTRUMENTS

Refer to Note 14 of the Company's audited consolidated financial statements for the year ended December 31, 2016 for disclosure regarding the Company's financial instruments. There has been no change in designation of financial instruments or nature of risks in the year ended December 31, 2016. The Company's financial instruments consist of cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities and the mineral property obligation. The Company does not hold any complex financial instruments or derivatives. The cash is held to fund ongoing exploration and development work and head office costs and the cash equivalents are held to earn interest until they are needed to fund exploration work and head office costs.

Credit risk

The Company is exposed to credit risk with respect to its cash and cash equivalents and other assets. Cash and cash equivalents and other assets are on deposit with major Canadian, British Virgin Islands or Colombian financial institutions.

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

Foreign currency risk

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

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

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

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Management has carried out a cash flow assessment and expects to have sufficient cash and cash equivalents to continue operating for the ensuing twelve months.

As at December 31, 2016	Within 1 year	More than one year	Total
Accounts payable and accrued liabilities	$ 1,616	$ -	$ 1,616
Other liabilities	-	363	363
Warehouse leases	66	11	77
	$ 1,682	**$ 374**	**$ 2,056**

FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk (continued)

The Company's capital management objectives include working to ensure that it has sufficient liquidity to fund Company activities. The Company endeavours to ensure that it will have sufficient liquidity in order to meet short to medium-term business requirements and all financial obligations as those obligations become due. Historically, sufficient liquidity has been provided predominantly through external financing initiatives. In the event of material cost overruns, operational delays or decreases in gold or silver prices, the Company may continue to rely upon sources of external financing in future periods. There is no assurance that financing of sufficient amounts or on terms acceptable to the Company will be available.

RISK AND UNCERTAINTIES

The risks and uncertainties described in this section are considered by management to be the most important in the context of the Company's business. The risks and uncertainties below are not inclusive of all the risks and uncertainties the Company may be subject to and other risks may exist. The Company is in the business of acquiring, exploring and developing mineral properties. It is exposed to a number of risks and uncertainties that are common to other mineral exploration companies in the same business. The industry is capital intensive at all stages and is subject to variations in commodity prices, market sentiment, exchange rates for currency, inflation and other risks. The Company currently has no source of revenue other than interest income. The Company will rely mainly on equity financing to fund acquisitions and its other activities. The Company's mineral properties are located in Colombia, which exposes the Company to risks associated with possible political or economic instability including currency fluctuations, changes to applicable laws, and impairment or loss of mining title or other mineral rights. The process for establishing and preserving mining title and other mineral rights in Colombia is complex, and may be the subject of dispute. Please also refer to the Company's annual information form for additional risks and uncertainties.

Regulatory

Before mining activities can commence on any of its properties, the Company must obtain various permits and other regulatory approvals from governmental authorities. There is no assurance that such approvals will be obtained on a timely basis, or at all. Mining activities are subject to extensive laws and regulations governing prospecting, development, production, exports, taxes, labor standards, occupational health and safety, water disposal, toxic substances, explosives, management of natural resources, environmental management and protection, mine safety, dealings with native groups, historic and cultural preservation and other matters. Compliance with such laws and regulations increases the costs of planning, designing, drilling, developing, construction, operating and closing mines and other facilities. Compliance with environmental regulations may require significant capital outlays on behalf of the Company and may cause material changes or delays in the Company's intended activities. Any breaches of environmental laws could materially and adversely affect the Company. Failure to comply with applicable laws and regulations may result in civil or criminal fines or penalties or enforcement actions, including orders issued by regulatory or judicial authorities enjoining or curtailing operations, requiring corrective measures or other remedial actions, any of which could result in the Company incurring significant expenditures. The Company may be subject to potential legal claims which, if determined adversely to the Company, could have a material effect on the Company and/or its financial condition. The Company may be required to compensate persons suffering loss or damage as a result of any infringement of applicable laws or regulations.

RISK AND UNCERTAINTIES (CONTINUED)

Regulatory (continued)

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

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

Exploration and Mining Risks

There is no assurance that any exploration activities of the Company will result in the development of an economically viable mine project. Exploration for minerals is highly speculative in nature, involves many risks and frequently is unsuccessful. Among the many uncertainties inherent in any mineral exploration and development program are the characteristics and location of the orebody and its proximity to infrastructure, the required metallurgical processes, regulatory permit requirements and the 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.

Future Profits/Losses and Production Revenues/Expenses

The Company has no history of operations and expects to incur losses until such time as a property enters into commercial production and generates sufficient revenues to fund its continuing operations. There is no assurance that the Company will generate any revenues or achieve profitability. The ongoing maintenance of existing assets, any acquisitions of claims currently under lease or option and any other activities relating to the exploration and development of the Vetas Gold and Santa Ana Silver Projects will require the commitment of substantial resources. Expenses may increase due to the cost of employees, consultants, service providers and equipment associated with advancing exploration and development. The amount and timing of expenditures will depend on the progress of ongoing exploration and development, the Company's strategic analyses, the rate at which operating losses are incurred, the execution of any joint venture or other agreements with strategic partners, and the Company's acquisition of additional properties and other factors, many of which are beyond the Company's control. There is no assurance that the Company will have the funds required to make such expenditures or that those expenditures will prove profitable. Historically, the Company has been financed through the issuance of common shares and other equity securities. There is a risk that sufficient additional financing may not be available to the Company on acceptable terms, or at all. The ability of the Company to arrange additional financing will depend, in part, on prevailing debt and equity market conditions and the market price of gold. Global metal prices fluctuate widely and are affected by numerous factors beyond the Company's control, including global demand and production levels, political and economic conditions, producer hedging activities, speculative activities, inflation, interest rates and currency exchange rates.

Risks Associated with Potential Acquisitions

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

Dependence on Key Personnel

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

INTERNAL CONTROL OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS AND PROCEDURES

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

APPROVAL

The Board of Directors of the Company, as recommended by the Audit Committee, has approved the disclosure contained in this MD&A on March 31, 2017. A copy of this MD&A is filed on SEDAR.

FORWARD-LOOKING INFORMATION

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

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

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

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

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

FORWARD-LOOKING INFORMATION (CONTINUED)

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