ANGEL GOLD CORP.
FORM 51-102F1
MANAGEMENT'S DISCUSSION AND ANALYSIS
Six Months ended June 30, 2016

This Management's Discussion and Analysis ("MD&A") of Angel Gold Corp. ("Angel" or the "Company") provides analysis of the Company's financial results for the six months ended June 30, 2016 and should be read in conjunction with the accompanying unaudited condensed consolidated interim financial statements for the six months ended June 30, 2016 and the related notes thereto, prepared in accordance with International Accounting Standard No.34, Interim Financial Reporting. This MD&A should also be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2015 and the related notes thereto. All amounts are expressed in Canadian dollars, unless otherwise stated. All documents previously mentioned are available for viewing on SEDAR at www.sedar.com. This MD&A is based on information available as at August 29, 2016.

Management is responsible for the preparation and integrity of the Company's financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including that within the Company's unaudited condensed consolidated interim financial statements and MD&A, is complete and reliable.

Certain statements made may constitute forward-looking statements. Such statements involve a number of known and unknown risks, uncertainties and other factors. Actual results, performance and achievements may be materially different from those expressed or implied by these forward-looking statements.

Description of Business

The Company was incorporated under the laws of British Columbia on August 8, 1988. The Company is an exploration stage junior mining company engaged in the identification, acquisition and exploration of mineral properties in Colombia. To date, the Company has not generated significant revenues from its operations.

The Company trades under symbol TSX-V: ANG and has a wholly-owned Colombian subsidiary, Angel Gold S.A.S. For more information about the Company, please see the Company's website: www.angelgoldcorp.com. Additional information relating to the Company is also available for viewing on SEDAR at www.sedar.com.

Private Placement

During April 2016, the Company completed, in two tranches, a non-brokered private placement, raising gross proceeds of $625,030 through the issuance of 12,500,600 units at a price of $0.05 per unit. Each unit is comprised of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share for a period of two years at a price of $0.10. The Company issued 60,000 finder's units, valued at $2,995 using the Black Scholes valuation model, which have the same terms as the private placement units. An additional $3,765 of issuance costs were incurred.

Exercise of Share Purchase Warrants

During July 2016, the Company issued 391,667 common shares, for proceeds totaling $39,167, in conjunction with the exercise of share purchase warrants.

Exploration

El Porvenir, Colombia

Property Option Agreement

During November, 2014 (and amended on March 30, 2016), the Company entered into an option agreement to acquire a 100% interest in the El Porvenir Gold Property, located within the Segovia-Remedios gold belt in the Department of Antioquia, Colombia, from Mineros S.A., a private Colombian mining company. The terms of the option agreement are as follows:

a) Cash payments totaling US$2 million: US$50,000 due upon signing (paid), US$50,000 ninety days after signing (known as the "Due Diligence and Approval Period") (paid); US$100,000 upon the second anniversary of the Due Diligence and Approval Period; US$400,000 upon the third anniversary of the Due Diligence and Approval Period; US$400,000 upon the fourth anniversary of the Due Diligence and Approval Period; and US$1 million upon the fifth anniversary of the Due Diligence and Approval Period; and

b) Spending an aggregate of US$5.2 million over five years (subject to environmental permits and exploration results): US$200,000 in year 1 (incurred); US$500,000 in year 2; US$1.5 million per year in years 3, 4 and 5.

The Company will also grant a 3% net smelter royalty to Mineros S.A. upon earning the 100% interest in the property.

During the six months ended June 30, 2016, the option agreement was amended to allow for an immediate transfer of the concession titles to the Company and to allow for fifty tonnes per day of production without additional payment under the agreement. The modified agreement sees changes to the financial guarantees to the vendor, which will now be: 1) a promissory note to guarantee the payments stipulated in the original agreement; 2) a promissory note to guarantee the payment of the net smelter royalty ("NSR") stipulated in the original agreement; and 3) a pledge agreement without withholding to guarantee the completion of the financial obligations contained in the price and NSR clauses of the agreement.

Exploration Activities

In a news release dated August 24, 2016, the Company announced that it has successfully obtained for newly-available ground on trend with the southerly continuation of the Company's Iguanacito prospect.

In a news release dated May 2, 2016, the Company announced that it has successfully completed the transfer of water usage rights from the previous holder, Mineros SA. The water usage rights are valid until January, 2022, and will allow the Company to advance its El Porvenir gold and silver exploration activities in the area, including future drilling campaigns. The water concession was originally granted to Mineros SA in 2012 for a 10-year term beginning Nov. 1 of that year. By signing the administrative act, Angel Gold accepted the terms of the water concession. The transfer was fully executed on April 28, 2016.

In a news release dated February 8, 2016, the Company announced that the assay results returned up to 8,710 grams/tonne silver and 22.8 grams/tonne gold, from gold soil sampling on its 1200m x 410m gold-silver soil anomaly located along the Segovia Batholith contact (NUS Fault). El Porvenir is located in the prolific Segovia-Remedios gold belt, historically the largest gold-producing region in Colombia.

Angel Gold Corp. has released sample results from its El Porvenir project in Antioquia, Colombia, from its 2015 follow-up trenching program on the newly discovered Iguanasito vein and associated Nus Fault breccia. The east/west-trending mineralized vein and breccia zone has been mapped and sampled over a distance of 100 metres, has an approximate true width of three to 11 metres, and is open ended along strike in both directions and downdip.

The limited hand trenching program revealed mineralization in both the hangingwall breccia above the vein and in the footwall alteration halo below the vein indicating a much thicker mineralized zone than the vein itself. Trench and outcrop sampling has identified high-grade silver and gold with high-grade silver assays of up to 6,770 grams per tonne silver in the Iguanasito vein in a grab sample from outcrop and 6,620 g/t silver in the hangingwall fault breccia in a one-metre continuous chip sample perpendicular to structure where the breccia is approximately five m thick, 3,660 g/t silver from a grab sample in a 0.70 m thick outcrop of vein, and 2,160 g/t silver from a 0.70 m continuous chip sample perpendicular to structure in the vein and 3,140 g/t silver from a one m continuous chip sample perpendicular to structure in fault breccia where the fault breccia is five m thick. Higher-grade gold assays include 26.8 g/t gold from a one m continuous chip sample perpendicular to structure of fault breccia in a zone approximately five m thick, 21.8 g/t gold in the fault breccia in a grab sample where the breccia zone is approximately five m thick, 13.05 g/t gold from a grab sample in a 0.70 m vein outcrop, and 10.9 g/t gold and 9.83 g/t gold in the Iguanasito vein both from a 0.70 m continuous chip sample perpendicular to the vein. Rock samples were collected as continuous chip samples perpendicular to structure in trenches and from outcrop, and grab samples were taken from outcrops between trenches. Both trench samples and outcrop samples were collected in order to cover the target area.

The trenching work has traced the Iguanasito vein, which ranges from 0.70 m to 1.2 m thick, in trenches and outcrop, over a strike length of 100 m, and is open for exploration to the east, west and downdip. The associated fault breccia was observed over the length of the trenching area, and is from two m to 10 m thick and is part of the Nus fault breccia. Both the Iguanasito vein and mineralized breccia zone are continuous over the 100 m of trenching and outcrops with overall thickness of the vein plus breccia zone of three to 11 m approximate true width. The Iguanasito vein and breccia zone are on strike from active underground artisanal gold mining, and are considered to have excellent exploration potential. The immediate 1.3-kilometre strike length of the Nus fault breccia zone in which the Iguanasito vein and breccia zone occur is of high exploration interest. It is situated at the southern extent of the Segovia batholith contact (Nus fault) in licence 6717 and can be observed in the geologic gold-silver maps of the Nus-Corales areas on the Angel Gold website.

Gold-equivalent for the Iguanasito vein and Breccia zone

The high-grade silver values of the Iguanasito vein and associated breccia zone have an overall average of 26.01 g/t gold-equivalent using the 33 assay values (continuous chip plus grab samples) available for the calculation. The calculation was made using the Jan. 22, 2016, New York spot gold bid price on Kitco at $1,098.00 (U.S.) per ounce gold and $14.00 (U.S.) per ounce silver for a gold-equivalent ratio of 78 to 1.

Rock-chip sample results of the Iguanasito vein and breccia zone:

During 2015, 19 rock-chip samples of the Iguanasito vein were collected (17 during the latest program and two previously) from trenches and outcrop along a 100 m strike length. The Iguanasito vein is composed of mineralized quartz, strikes 290 degrees, dips 68 degrees north, ranges from 0.70 m to 1.20 m thick, and is open for exploration to the east, west and downdip. Due to strong weathering, the vein for the upper 15 m vertical is oxidized and vuggy. Assay values for the 19 vein samples range from 1.08 g/t to 13.05 g/t gold and 8.6 g/t to 8,710 g/t silver, with an average of 4.97 g/t gold and 1,687 g/t silver. For the 14 samples collected from the associated breccia zone (seven from the latest sampling program and seven previously), assay values range from 0.2 g/t to 26.8 g/t gold and 2.39 g/t to 6,620 g/t silver, with an average of 10.33 g/t gold and 1,163 g/t silver.

The hangingwall and footwall to the Iguanasito vein are mineralized, thus greatly enhancing the exploration potential of the zone. The altered granodiorite footwall adjacent to the vein was sampled at four locales over one m intervals of continuous rock chips. Assay values ranged up to 2.61 g/t gold and 146 g/t silver. The hangingwall side of the Iguanasito vein is a mineralized fault breccia ranging from two to 10 m thick with values up to 6,620 g/t silver from a one m continuous rock-chip sample in outcrop and 26.8 g/t gold from a one m continuous rock-chip sample in outcrop. This gives an overall approximate true width of three m to 11 m of mineralization (four to 12 m if the alteration halo is included).

The Iguanasito vein itself is mineralized over the strike length of 100 m where exposed in trenches and outcrop with values up to 13.05 g/t gold from a grab sample from a 0.70 m thick vein outcrop, 10.9 g/t gold from a 0.07 m continuous chip perpendicular structure and 9.83 g/t gold from a 0.70 m continuous chip perpendicular to structure.

Iguanasito is situated 500 m west of the artisanal Nus silver mine, which is located in a shear zone. Iguanasito and the Nus silver mine are at the southern end of the 1,200 m by 410 m gold-silver soil geochemical anomaly located in Angel gold licence 6717, which was identified by the Company's geologists in 2015 and within the 1.3 km strike length of the Nus fault breccia zone mentioned above. Thus, a much larger area is considered to be highly prospective.

The table lists all Iguanasito samples collected in 2015 in a 150 m by 150 m area of Iguanasito. Planned 2016 geologic activities will be designed to expand this area. The 30 samples, R00722 to R00760, are new samples from the November to December 2015 follow-up and have not been reported previously. Samples R00429 to R00492 have been reported in previous press releases.

"We are very encouraged that we have confirmed the high-grade silver and gold results with follow-up sampling at one of the priority targets within the 1.3 km zone of high interest which has been identified along the Segovia batholith contact (Nus fault). We are excited with the discovery of the mineralized breccia adjacent to the vein thus indicating a much thicker mineralized zone than the vein itself, and encouraged by the opportunity to expand this zone in both depth and length," said Stella Frias, president and chief executive officer of Angel Gold. "The four-kilometre-long deflected contact between the Segovia batholith and sedimentary rocks along the Nus fault, which created a zone of tension, has significant potential to channel mineralization. We are also excited for the potential of our less readily accessible Puna target (see press release dated July 6, 2015), where a strong gold stream sediment anomaly has yet to be followed up."

Analysis

Quality assurance/quality control samples were assayed by ALS Peru, using method ST43-PKG with Au by 25-gram aqua regia digestion and ICP-MS finish, and 51-element ICP-MS (method ME-MS41). The Company submitted blanks, duplicates and standards with the sample batches as part of its QA/QC program.

RESULTS FOR IGUANASITO

Sample	Au (g/t)	Ag (g/t)
R00429	5.51	3,330
R00482	13.85	55.4
R00483	16.00	547
R00484	8.27	240
R00485	-	-
R00486	22.80	86.1
R00487	16.95	1,120
R00488	3.00	8,710
R00489	11.20	1,840
R00490	0.599	36.1
R00491	0.049	3.68
R00492	2.32	443
R00722	21.80	23.4
R00723	12.00	3,140
R00724	2.12	6,620
R00725	26.80	35
R00726	6.29	1,565
R00727	4.01	490
R00728	9.83	526
R00729	-	-
R00730	5.20	2,160
R00731	3.39	3,660
R00732	8.41	1,945
R00733	1.39	520
R00734	1.575	8.6
R00735	2.66	259
R00736	3.64	974
R00737	-	-
Duplicate of R00736	5.71	216
R00738	2.61	146
R00739	3.73	344
R00740	10.9	1,740
R00741	3.62	723
R00742	-	-

R00743	1.31	4.39
R00744	0.017	0.6
R00745	0.015	0.42
R00746	0.017	2.5
R00747	0.013	0.37
R00748	0.202	2.39
R00753	4.56	1,020
R00754	13.05	39
R00755	3.41	530
R00756	-	-
R00757	1.075	68.9
R00758	4.66	6,770
R00759	-	-
Duplicate of R00758	5.89	5,280
R00760	3.37	323

Results for samples R00429 to R00492 were reported previously.

El Pino West & Heliconia

During the year ended December 31, 2015, the Company received the Concession contracts for the El Pino West & Heliconia properties in Colombia from the Secretary of Mines of Antioquia, Colombia, requesting the Company's formal execution thereof. The Company is now waiting for formal signature by the Antioquia governor and registration of the contracts with the National Mining Registry.

El Pino

The El Pino West concession adjoins to the northeast of the Gramalote project of B2 Gold and AngloGold Ashanti, and is similarly underlain almost entirely by intrusives of the Antioquia batholith. The concession covers an area between two northwest-southeast-trending faults that are subparallel to the structures controlling the Gramalote mineralization.

The total field reduction to pole aeromagnetics of eastern Antioquia and Bolivar provinces, flown in 2013 on behalf of the Servicio Geologico Colombiano, and compiled in 2014, shows the presence of a magnetic high underlying the central portion of the concession. An initial stream sediment sampling program conducted by Angel Gold reveals gold stream sediment anomalism occurring on both flanks of this magnetic high adjacent to the flanking faults. Widespread known artisanal workings occur on the northern margin of the concession, but the strongest gold anomalism occurs in the south of the concession. Twenty-one of 31 BLEG (bulk leach extractable gold) stream sediment samples collected by the Company during reconnaissance in 2010, reported at over 30 parts per billion (ppb) Au, with eight samples returning over 100 ppb Au and a peak gold analysis of 410 ppb Au. Silver anomalism is coincident with the gold anomalism.

Heliconia

The total field reduction to pole aeromagnetics of eastern Antioquia and Bolivar provinces, flown in 2013 on behalf of the Servicio Geologico Colombiano, and compiled in 2014, shows the presence of a large very strong magnetic anomaly as lying immediately to the south of and adjoining the western portion of the concession, and the major Quirimana fault system that occurs on the eastern margin of the concession as containing a pronounced magnetic high associated with Cretaceous intrusive rocks.

Coincident BLEG and stream sediment samples were collected by the company at 23 sites during reconnaissance during 2010. Four anomalous sites for gold-silver (Au-Ag) have been indicated for follow-up. Peak BLEG anomalism reported at 80 ppb Au and 170 ppb Ag. Copper values in the stream sediment samples reported up to 175 ppm Cu, with elevated values over 80 parts per million (ppm) Cu coincident with gold anomalism in both the southwest corner of the concession and in the north centre. Gold in conventional stream sediments reports to 9.2 ppb Au.

The Titiribi porphyry gold-copper deposits of Sunward Resources occur about 15 kilometres to the south within the same structural regime that underlies the Heliconia property.

Qualified person

James Burns, PEng, a qualified person under National Instrument 43-101 and a technical consultant to the Company, has reviewed and approved the scientific and technical information disclosed above.

Results of Operations

Three months ended June 30, 2016

The Company incurred a loss of $154,059 during the three months ended June 30, 2016 (the "current period"), compared to a loss of $112,022 for the three months ended June 30, 2015 (the "comparative period"). Some of the significant variances between the current period and the comparative period are as follows:

Foreign exchange gain of $5,011 (2015 – loss of $187) was recorded during the current period. This was a result of holding US$-denominated payables.

Investor relations expense of $Nil (2015 - $6,000) decreased as the Company's investor relations consultant was paid $3,000 per month from January to March 2015 and, at the end of May 2015, the agreement with the Company's investor relations consultant was terminated.

Share-based payments expense of $31,315 (2015 - $6,765) was recorded during the current period of which $20,432 relates to 1,462,425 stock options granted during May 2016.

Six months ended June 30, 2016

The Company incurred a loss of $245,753 during the six months ended June 30, 2016 (the "current six-month period"), compared to a loss of $245,806 for the six months ended June 30, 2015 (the "comparative six-month period"). Some of the significant variances between the current six-month period and the comparative six-month period are as follows:

Foreign exchange gain of $12,776 (2015 – $288) was recorded during the current six-month period. This was a result of holding US$-denominated payables.

Investor relations expense of $Nil (2015 - $15,000) decreased as the Company's investor relations consultant was paid $3,000 per month from January to March 2015 and, at the end of May 2015, the agreement with the Company's investor relations consultant was terminated.

Share-based payments expense of $46,004 (2015 - $28,511) was recorded during the current six-month period of which $20,432 relates to 1,462,425 stock options granted during May 2016.

Summary of Quarterly Results

	Three Months Ended June 30, 2016	Three Months Ended Mar. 31, 2016	Three Months Ended Dec. 31, 2015	Three Months Ended Sept 30, 2015
Total assets	$ 1,574,875	$ 1,223,274	$ 1,147,583	$ 1,251,386
Exploration and evaluation assets	1,071,830	852,645	774,472	709,647
Working capital (deficiency)	14,533	(132,092)	(116,341)	99,426
Loss for the period	154,059	91,694	183,873	107,830
Loss per share	0.01	0.00	0.01	0.00

	Three Months Ended June 30, 2015	Three Months Ended March 31, 2015	Three Months Ended Dec. 31, 2014	Three Months Ended Sept. 30, 2014
Total assets	$ 1,197,914	$ 798,425	$ 351,673	$ 432,909
Exploration and evaluation assets	588,223	337,758	97,079	-
Working capital (deficiency)	168,949	69,641	18,923	260,271
Loss for the period	112,022	133,784	183,774	267,921
Loss per share	0.00	0.01	0.01	0.01

Fiscal 2016

During the second quarter of fiscal 2016, the Company's loss increased to $154,059 from a loss of $91,694 incurred during the three months ended March 31, 2016. In addition, the Company incurred exploration and evaluation expenditures totaling $219,185 related to its El Porvenir and El Pino West properties.

During the first quarter of fiscal 2016, the Company's loss decreased to $91,694 from a loss of $183,773 incurred during the three months ended December 31, 2015. In addition, the Company incurred exploration and evaluation expenditures totaling $78,173 related to its El Porvenir and El Pino West properties.

Fiscal 2015

During the fourth quarter of fiscal 2015, the Company's loss increased to $183,873 from a loss of $107,830 incurred during the three months ended September 30, 2015. The increase was partially a result of recording a $20,000 year-end audit fee accrual.

During the third quarter of fiscal 2015, the Company's loss decreased to $107,830 from a loss of $112,022 incurred during the three months ended June 30, 2015. The decrease is mainly a result of a decrease in share-based payments expense. The Company also closed tranche 3 of its private placement, for gross proceeds of $108,500.

During the second quarter of fiscal 2015, the Company's loss decreased to $112,022 from a loss of $133,784 incurred during the three months ended March 31, 2015. The decrease is mainly a result of a decrease in share-based payments expense, as the options are now fully vested. The Company also closed tranches 1 and 2 of its private placement, for gross proceeds of $891,500. Additionally, the Company received the Concession contracts for the El Pino West & Heliconia properties in Colombia.

During the first quarter of fiscal 2015, the Company's loss decreased to $133,784, from a loss of $183,774 incurred during the three months ended December 31, 2014. The decrease is mainly a result of the Company working on its El Porvenir property for the entirety of the first quarter.

Fiscal 2014

During the fourth quarter of fiscal 2014, the Company's loss decreased to $183,774, from a loss of $267,921 incurred during the three months ended September 30, 2014. The main reason for the decrease is a result of the Company capitalizing corporate and administrative costs incurred in Colombia to exploration and evaluation assets as the Company entered into an option agreement for the El Porvenir property during the three months ended December 31, 2014.

During the third quarter of fiscal 2014, the Company's loss decreased to $267,921, from a loss of $275,678 incurred during the three months ended June 30, 2014. The main reason for the decrease is a result of an overall decrease in general operating costs, as well as a decrease in property investigation costs of $20,952 which was a result of the Company working to minimize its overhead. The decreases were offset by an increase in share-based payments expense of $66,564 during the three months ended September 30, 2014, compared to $45,582 during the three months ended June 30, 2014. The increase in share-based payments is a result of the Company granting options toward the end of April 2014, and only having just over two months to account for the share-based payment expense, and having three full months of share-based payments expense during the three months ended September 30, 2014. The increase in share-based payment expense was offset by a decrease in property investigation costs which was mainly a result of timing of expenses incurred.

Liquidity and Going Concern

The Company has financed its operations to date primarily through the issuance of common shares and the exercise of stock options and share purchase warrants. The Company continues to seek capital through various means including the issuance of equity and/or debt. (See Private Placement and Exercise of Warrants sections above).

The Company's unaudited condensed consolidated interim financial statements for the six months ended June 30, 2016 have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at June 30, 2016, the Company had an accumulated deficit of $34,154,357 (December 31, 2015 - $33,908,604). In addition, the Company has not generated sufficient revenues to meet its operating and administrative expenses. These circumstances cast significant doubt on the validity of the going concern assumption.

In order to continue as a going concern and to meet its corporate objectives, which primarily consist of investigating new potential properties and exploration work on those potential properties, the Company will require additional financing through debt or equity issuances or other available means. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. Factors that could affect the availability of financing include the progress and exploration results of the mineral properties, the state of international debt, equity and metals markets, and investor perceptions and expectations.

However, during April 2016, the Company did receive $625,030 of gross proceeds on the closing of non-brokered private placement (See Private Placement section above) and, during July 2016, the Company received $39,167 pursuant to the exercise of warrants.

The Company's unaudited condensed consolidated interim financial statements for the six months ended June 30, 2016 do not include adjustments that would be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

Capital Resources

The Company commenced fiscal 2016 with a working capital deficiency of $116,341 and cash and cash equivalents of $313,476. As at June 30, 2016, the Company had a working capital position of $14,533 and cash and cash equivalents of $448,703. Exploration expenditures and administrative expenditures incurred during the six months ended June 30, 2016 were primarily funded from cash on hand at December 31, 2015 of $313,476 and from the proceeds totaling $625,030 received in conjunction with the closing of a private placement.

The Company does not anticipate generating revenues in the near future. This, along with potential future mineral property acquisitions, will need to be funded through additional equity financings and/or debt.

Critical accounting estimates:

Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Areas requiring a significant degree of estimation relate to but are not limited to:

(i) *Share-based payments*

The fair value of share-based payments expense included in profit or loss and stock-based share issuance costs included in shareholders' equity is estimated using the Black-Scholes options pricing model. This model involves the input of highly subjective assumptions, including the expected price volatility of the Company's common shares, the expected life of the options and the estimated forfeiture rate.

(ii) *Useful life of equipment*

Equipment is amortized over the estimated useful life of the assets. Changes in the estimated useful lives could significantly increase or decrease the amount of amortization recorded during the period and the carrying value of equipment.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements as at the date of this MD&A.

Contingent Liability

A former consultant to the Company, whose services to the Company terminated during fiscal 2011, initiated a claim against the Company's subsidiary, Angel Gold S.A.S, during the year ended December 31, 2014. The Company has filed a response to this claim stating that it was without any legal basis and without an amount that is determinable. On September 23, 2015, the Colombia courts rendered a decision in favour of the Company and, as a result, no amount is owing to the claimant. On November 23, 2015, the former consultant filed an appeal to the court decision.

Investor Relations

The Company has no investor relations agreements in place as of the date of this MD&A.

Proposed Transactions

The Company has no undisclosed proposed transactions as at the date of this MD&A.

Related Party Transactions

(a) Key management personnel comprise the Chief Executive Officer and directors of the Company. The remuneration of the key management personnel for the six months ended June 30, 2016 is as follows:

	2016	2015
Short-term employee benefits	$ 143,331	$ 147,834
Share-based payments	$ 36,881	$ 16,645

(i) Included in short-term employee benefits are management fees of $79,442 (2015 - $88,835) paid or accrued to key management personnel and $63,889 (2015 - $59,000) of directors' fees paid or accrued.

(ii) Share-based payments pertain to vesting of previously granted options to key management personnel.

(b) Included in accounts payable and accrued liabilities is $396,479 (December 31, 2015 - $396,087) due to directors, officers and companies controlled by directors of the Company. The amount due to the related parties has no specific terms of repayment, is unsecured and non-interest-bearing.

FINANCIAL AND CAPITAL RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's cash and cash equivalents, receivables, accounts payable and accrued liabilities, and due to related party approximate their carrying values.

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company's cash and cash equivalents are held at large Canadian financial institution in interest bearing accounts.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company manages liquidity risk through its capital management as outlined in its December 31, 2015 audited consolidated financial statements and as outlined below. Accounts payable relating to mineral properties and other accounts payable and accrued liabilities are due within 30 days and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's cash and cash equivalents consist of cash held in bank accounts and cashable GIC's with fixed interest rates. Accordingly, due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated cash flows or fair values as of June 30, 2016.

b) Foreign currency risk

Foreign currency risk is the risk that the fair value of the Company's financial assets and liabilities will fluctuate due to changes in foreign exchange rates.

The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars.

The Company operates in Canada and Colombia and a portion of its expenses are incurred in Colombian pesos and US dollars. A significant change in the exchange rate between the Canadian dollar relative to the Colombian peso and US dollar could have a material effect on the Company's results of operations, financial position and cash flows. The Company does not manage currency risk through hedging or other currency management tools.

As at June 30, 2016 and December 31, 2015, the Company was exposed to currency risk through the following financial asset and liabilities denominated in Colombian pesos:

	June 30, 2016		**December 31, 2015**	
	Colombian pesos	Cdn $	Colombian pesos	Cdn $
Cash	175,148,390	77,817	211,286,347	93,042
Accounts payable	(31,757,108)	(14,108)	(15,532,653)	(6,840)
Net exposure	143,391,282	63,709	195,753,694	86,202

Assuming all other variables remain constant, a 4% (2015 - 4%) weakening or strengthening of the Canadian dollar against the Colombian peso would result in a change of approximately $2,550 (December 31, 2015 - $3,450) to loss and comprehensive loss.

Capital management

The Company considers its capital under management to consist of shareholders' equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of exploration and evaluation assets. The Board of Directors does not establish a quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company will continue to explore and evaluate its existing mineral property and will assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Although the Company has been successful at raising funds in the past through obtaining equity financing, it is uncertain whether it can continue this financing.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the six months ended June 30, 2016. The Company is not subject to externally imposed capital requirements.

Current Share Data

During May 2016, the Company granted stock options to directors, officers, employees and consultants enabling the holders to acquire up to 1,462,425 common shares with an exercise price of $0.16 per share, expiring May 8, 2021. In addition, 70,000 stock options terminated.

During July 2016, 391,667 common shares were issued, for proceeds totaling $39,167, in conjunction with the exercise of share purchase warrants.

As at August 29, 2016, the Company had 49,290,915 common shares issued and outstanding, 4,889,925 stock options exercisable between $0.085 and $1.00 per share expiring between August 8, 2017 and May 8, 2021 and 20,306,006 share purchase warrants exercisable between $0.10 and $0.16 per share expiring between March 25, 2017 and April 19, 2018.

Cautionary Statement on Forward-Looking Information

This Management Discussion and Analysis may contain forward-looking statements that involve risks and uncertainties. When used in this Management Discussion and Analysis, the words "believe," "anticipates," "expects" and similar expressions are intended to identify such forward-looking statements. The Issuer's actual results may differ significantly from the results discussed in the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The Issuer undertakes no obligation to publicly release the results of any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.