

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

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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 nine months ended September 30, 2016 and should be read in conjunction with the accompanying unaudited condensed consolidated interim financial statements for the nine months ended September 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](http://www.sedar.com). This MD&A is based on information available as at November 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](http://www.angelgoldcorp.com). Additional information relating to the Company is also available for viewing on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Private Placements**

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. Additional issuance costs of \$3,765 were incurred.

Subsequent to September 30, 2016, the Company announced its intention to raise gross proceeds, pursuant to a non-brokered private placement, of up to \$2,500,000 through the issuance of up to 31.25 million units at a price of \$0.08 per unit and subject to TSX-V approval. Each unit will be comprised of one common share and one-half share purchase warrant. Each whole share purchase warrant will allow the holder to acquire an additional common share of the Company at a price of \$0.16 per share for a

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

---

period of two years from the date of closing. The units issued with respect to the offering will be subject to a four-month hold period in accordance with applicable Canadian securities laws. In circumstances where, any time after the expiry of the four-month restricted period, the company's stock trades at \$0.25 or greater for twenty consecutive trading days, the Company may give notice accelerating the expiry date of the exercise period of the warrants to that date which is ten days from the date of such notice.

### **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 (paid subsequent to September 30, 2016); 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 (incurred) 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 nine months ended September 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.

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

---

*Exploration Activities*

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

In a news release dated October 17, 2016, the Company announced that it has planned the next stage of its field exploration program at the El Porvenir project, located in the Segovia-Remedios gold belt, historically, the largest gold-producing region in Colombia.

The focus of the exploration program is to follow up on multiple occurrences of previously-announced high-grade gold and silver samples, and stream sediment anomalies, and to further estimate the potential size, depth and length of these occurrences.

The Company has defined the scope of the exploration program to include:

1. Ground-based geophysical surveys consisting of induced polarization (IP) and ground magnetic surveys at Iguanacito, Guayabales and Abejero, including soil and geophysical surveys on the lines at Iguanacito and Guayabales areas, and mapping of the Abejero artisanal mine;
2. Further prospecting, soil sampling and trenching will also be conducted to follow up on the strong gold stream sediment geochemical anomaly found at La Puna (values of 1,480 parts per billion, 91.2 parts per billion and 59.9 parts per billion gold);
3. A drilling program of approximately 2,000 metres of large-diameter HQ will follow on from the targets generated by these exploration programs.

Work to date by Angel Gold has identified a number of stream sediment targets in addition to the three areas of artisanal mining activity previously investigated by Mineros SA. Previously unrecognized intrusive bodies, including porphyry intrusives, widespread zones of sericite-silica alteration, and scattered jasperoid and pyrite-silica alteration were identified by Angel Gold geologists, hosted within both intrusive and sedimentary rocks within this region.

Angel Gold conducted soil geochemical lines over two stream sediment anomalies, identifying significant mineralization at the Iguanacito prospect. Detailed trenching and channel sampling were carried out at this newly discovered Iguanacito prospect, confirming the presence of highly significant gold-silver mineralization. The extension of the Iguanacito mineralized trend has been covered by a concession application by Angel Gold.

Monitoring of artisanal miner activity confirmed that the Abejero artisanal mine was producing bonanza-grade gold mineralization. An Angel Gold channel sample across the width of the vein across the mining face in this bonanza-grade mine returned 0.3 metre at 117 grams per tonne Au. Historic drilling by Mineros SA intersected significant gold values to 5.58 metres at 70.35 grams per tonne Au (true thickness unknown, but indicated to be close to intersection width) in shallow, small-diameter reconnaissance drilling (BQ diameter, averaging only 66.6 metres in length). Wide zones of intense bleaching silicification were also encountered by Mineros in this drilling, which yielded significant silver mineralization of nine metres averaging 89.9 grams per tonne silver. Angel Gold soil sampling indicates a potential continuation of this mineralized alteration zone on trend of the area tested by Mineros SA.

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

---

A drilling program of approximately 2,000 metres of large-diameter HQ coring has been planned and budgeted, including 1,300 metres in 20 holes at Iguanacito, 240 metres in two holes at Guayabales and 470 metres in three holes at Abejero. Further drill holes are being provisionally considered. The drill program requires camp construction, access track upgrade to access targets, and drill pad and drill pad access preparation:

- Iguanacito: A number of shallow holes are planned to test directly under the demonstrated areas of substantial gold-silver trench results, which indicated two separate mineralized structures at Iguanacito -- notably under trenches TJK004, TCO001-TCO002, TCO010 and TCO021. A second tier of slightly deeper holes is provisionally designed to drill under this first tier of holes if the results of the shallow drilling are good, as well as to test under the zones of sheeted veinlets and stockwork veinlets detected along strike to the south where the two separate Iguanacito zones unify into a wide zone of continuous sericite alteration. These slightly deeper holes, particularly those designed to test the veinlet zones, will likely be modified upon receiving the results of the ground geophysics.
- Guayabale: A large-diameter (HQ) core twinning and extension to 100 metres of the 60.2-metre BQ historic drill hole RBG049 is planned. RBG049 cut nine metres averaging 89.9 grams per tonne Ag (true thickness unknown) in intensely silicified intrusive that has been fractured and infilled with sulphide and quartz. A second hole of 140-metre depth is currently planned to drill under a soil anomaly 600 metres to the south of RBG049. The soil anomaly is inferred to overlie the continuation of the silicified zone. This second hole may be modified by the results of the geophysics survey.
- Abejero: Twinning in large-diameter HQ core to a 60-metre depth of historic small-diameter drill hole RBA002 will be done with a second 250-metre hole being drilled underneath the intersection to test for downdip continuation. Drill hole RBA002 intersected 5.58 metres of 70.35 grams per tonne Au (true thickness unknown, but indicated to be close to intersection width). A third hole of 160-metre depth will be drilled under the downdip extension of the bonanza-grade artisanal Abejero mine.

### ***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

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

---

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 September 30, 2016*

The Company incurred a loss of \$169,044 during the three months ended September 30, 2016 (the "current period"), compared to a loss of \$107,830 for the three months ended September 30, 2015 (the "comparative period"). Some of the significant variances between the current period and the comparative period are as follows:

A foreign exchange loss of \$6,202 (2015 – gain of \$34,771) was recorded during the current period. This was a result of holding US\$-denominated payables.

Share-based payments expense of \$38,063 (2015 - \$27,167) was recorded during the current period of which \$36,149 relates to 1,462,425 stock options granted during May 2016.

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

---

*Nine months ended September 30, 2016*

The Company incurred a loss of \$414,797 during the nine months ended September 30, 2016 (the "current nine-month period"), compared to a loss of \$353,636 for the nine months ended September 30, 2015 (the "comparative nine-month period"). Some of the significant variances between the current nine-month period and the comparative nine-month period are as follows:

Foreign exchange gain of \$6,574 (2015 – \$35,059) was recorded during the current nine-month period. This was a result of holding US\$-denominated payables.

Share-based payments expense of \$84,067 (2015 - \$55,678) was recorded during the current nine-month period of which \$56,582 relates to 1,462,425 stock options granted during May 2016.

**Summary of Quarterly Results**

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|                                   | Three Months<br>Ended<br>Sept 30,<br>2016 | Three Months<br>Ended<br>June 30,<br>2016 | Three Months<br>Ended<br>Mar. 31,<br>2016 | Three Months<br>Ended<br>Dec. 31,<br>2015 |
|-----------------------------------|---|---|---|---|
| Total assets                      | \$ 1,552,358                              | \$ 1,574,875                              | \$ 1,223,274                              | \$ 1,147,583                              |
| Exploration and evaluation assets | 1,215,031                                 | 1,071,830                                 | 852,645                                   | 774,472                                   |
| Working capital (deficiency)      | (216,774)                                 | 14,533                                    | (132,092)                                 | (116,341)                                 |
| Loss for the period               | 169,044                                   | 154,059                                   | 91,694                                    | 183,873                                   |
| Loss per share                    | 0.01                                      | 0.00                                      | 0.00                                      | 0.01                                      |

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|                                   | Three Months<br>Ended<br>Sept 30,<br>2015 | Three Months<br>Ended<br>June 30,<br>2015 | Three Months<br>Ended<br>March 31,<br>2015 | Three Months<br>Ended<br>Dec. 31,<br>2014 |
|-----------------------------------|---|---|--|---|
| Total assets                      | \$ 1,251,386                              | \$ 1,197,914                              | \$ 798,425                                 | \$ 351,673                                |
| Exploration and evaluation assets | 709,647                                   | 588,223                                   | 337,758                                    | 97,079                                    |
| Working capital (deficiency)      | 99,426                                    | 168,949                                   | 69,641                                     | 18,923                                    |
| Loss for the period               | 107,830                                   | 112,022                                   | 133,784                                    | 183,774                                   |
| Loss per share                    | 0.00                                      | 0.00                                      | 0.01                                       | 0.01                                      |

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**Fiscal 2016**

During the third quarter of fiscal 2016, the Company's loss increased to \$169,044 from a loss of \$154,059 incurred during the three months ended June 30, 2016. In addition, the Company incurred exploration and evaluation expenditures totaling \$143,201 related to its El Porvenir and El Pino West properties.

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.

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

---

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.

**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 Placements and Exercise of Warrants sections above).

The Company's unaudited condensed consolidated interim financial statements for the nine months ended September 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 September 30, 2016, the Company had an accumulated deficit of \$34,323,401 (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.

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

---

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 a non-brokered private placement (See Private Placements 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 nine months ended September 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 September 30, 2016, the Company had a working capital deficiency of \$216,774 and cash and cash equivalents of \$282,722. Exploration expenditures and administrative expenditures incurred during the nine months ended September 30, 2016 were primarily funded from cash on hand at December 31, 2015 of \$313,476 and from the proceeds totaling \$625,030 and \$39,167 received in conjunction with the closing of a private placement and the exercise of share purchase warrants, respectively.

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.

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

---

(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 nine months ended September 30, 2016 is as follows:

|                              | <b>2016</b> | <b>2015</b> |
|------------------------------|-------------|-------------|
| Short-term employee benefits | \$ 222,365  | \$ 225,875  |
| Share-based payments         | \$ 50,706   | \$ 33,032   |

- (i) Included in short-term employee benefits are management fees of \$127,186 (2015 - \$135,494) paid or accrued to key management personnel and \$95,179 (2015 - \$90,382) of directors' fees paid or accrued.
- (ii) Share-based payments pertain to vesting of previously granted options to key management personnel.

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

---

- (b) Included in accounts payable and accrued liabilities is \$433,315 (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.

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

---

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

|                  | <b>September 30,<br/>2016</b> |          | <b>December 31,<br/>2015</b> |         |
|------------------|-------------------------------|----------|------------------------------|---------|
|                  | Colombian pesos               | Cdn \$   | Colombian pesos              | Cdn \$  |
| Cash             | 6,101,845                     | 2,711    | 211,286,347                  | 93,042  |
| Accounts payable | (94,235,864)                  | (41,864) | (15,532,653)                 | (6,840) |
| Net exposure     | (88,134,019)                  | (39,153) | 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 \$1,566 (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

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

---

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 nine months ended September 30, 2016. The Company is not subject to externally imposed capital requirements.

**Current Share Data**

As at November 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.