



**FORM 51-102F1
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED NOVEMBER 30, 2016**

The following Management's Discussion and Analysis, prepared as of April 4, 2017, should be read together with the audited consolidated financial statements for the year ended November 30, 2016 and related notes attached thereto, which are prepared in accordance with International Financial Reporting Standards. All amounts are stated in Canadian dollars unless otherwise indicated.

The reader should also refer to the annual consolidated audited financial statements for the years ended November 30, 2015 and 2014, and the Management's Discussion and Analysis for those years.

Bandera Gold Ltd. ("Bandera" or the "Company" or the "Corporation") was incorporated on November 23, 1993 pursuant to the Alberta Business Corporations Act, is listed on the TSX Venture Exchange and trades under the symbol BGL.

Additional information related to the Company is available on its website at www.banderagold.com and on SEDAR at www.sedar.com.

Business Overview

The Company is a junior natural resource company engaged in the acquisition, exploration and, if warranted, the development of mineral properties of merit. The Company is currently engaged in the exploration, evaluation and development of the Taylor Brook Property, located in the prolific Bathurst Mining Camp, New Brunswick, which is host to several lead – zinc – silver deposits.

Overall Performance

During the year ended November 30, 2016, the Company incurred a loss of \$4,974,736 (2015-\$498,383). The Company raised \$61,900 from financing activities during the year ended November 30, 2016 compared to \$72,575 raised from financing activities during the year ended November 30, 2015. As at November 30, 2016, the Company had a working capital deficiency of \$3,909,895 compared to a working capital deficiency of \$3,841,357 as at November 30, 2015.

Selected Annual Information

The following table sets forth selected audited financial information of the Company from the last three completed financial years ended November 30.

	Year Ended		
	November 30, 2016	November 30, 2015	November 30, 2014
Net loss	\$(4,974,736)	\$(498,383)	\$(6,856,043)
Basic and diluted loss per share (1)	(0.45)	(0.04)	(0.61)
Total assets	505,872	5,366,218	5,257,464

(1) After giving effect to a 1:10 share consolidation.

The Company's assets have decreased and the net loss has increased primarily due to an impairment of the Cinco Minas and Gran Cabrera property in the amount of \$4,634,659 during 2016 and an impairment of the Cinco Minas and Gran Cabrera property in the amount of \$6,106,845 and the Tiberius property in the amount of \$41,540 during 2014.

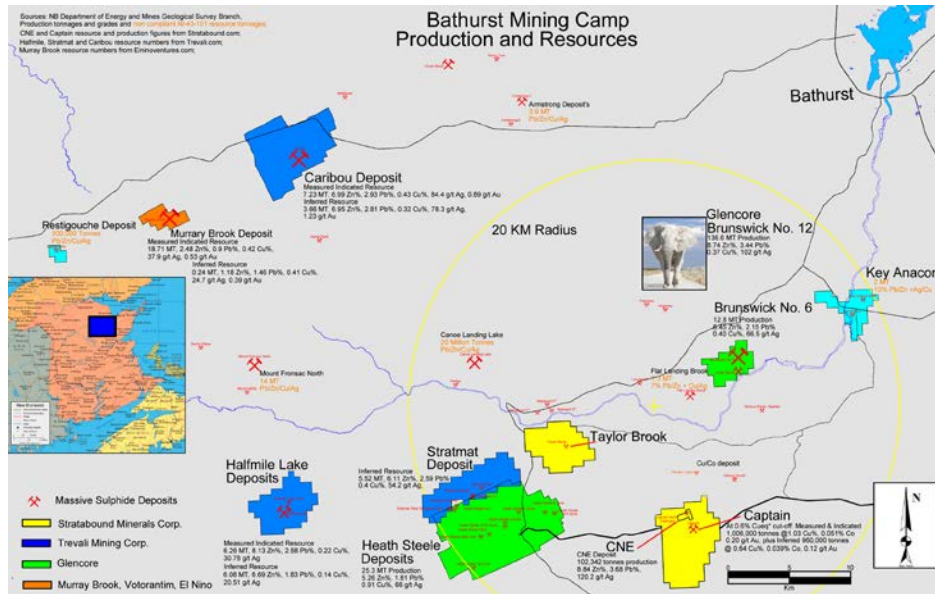
Discussion of Operations

Taylor Brook Property, New Brunswick

On February 22, 2017 the Company entered into an Option Agreement (the "Agreement") with Stratabound Minerals Corp. (TSXV:SB) ("Stratabound") to acquire an 80 % interest in the Taylor Brook Property (the "Property").

Under the terms of the Agreement Bandera is required to issue 1,000,000 common shares to Stratabound upon execution of the Agreement, an additional 1,000,000 common shares to Stratabound on or before the 12 month anniversary of the Agreement and incur cumulative exploration expenditures of \$500,000 over a three year period.

The Taylor Brook deposit consists of an extensive blanket of pyritic massive sulphides located 11 kilometres northwest of the CNE Deposit and 6 kilometres northeast of the 25 million tonne Heath Steele Mine.



The historical mineral resource estimates (NI 43-101 compliant) for the Taylor Brook deposit at 1.60% ZnEQ% cut-off grade are:

- an Indicated Resource of 243,000 t at 1.69 Zn%, 0.85 Pb%, 0.02 Cu% and 33.42 g/t Ag
- an Inferred Resource of 102,000 t at 1.70 Zn%, 0.87 Pb%, 0.02 Cu% and 32.59 g/t Ag

As currently known this sub-economic deposit has a strike length of approximately 650 m and a down-dip extent of greater than 600 m. It comprises one to four stratabound horizons of heavily disseminated to semi-massive and massive sulphides.

Width and grades of the base metal mineralization are highly variable within the sulphide zone. Most of the intersections grade less than 3% lead and zinc although several narrow high grade intervals (e.g. 1.0 m. of 10.7% Zn, 2.2% Pb and 5.2 oz/ton Ag in Hole TB95-2) have been encountered. The lead, zinc, and copper ratios are consistent with those from other deposits in the Bathurst Mining Camp.

The renowned Brunswick No.12 Mine contained at least 50 million tonnes of similar non-economic pyritic massive sulphides adjoining the 136 million tonnes of extremely rich ore grading 8.74% Zn, 3.44% Pb, 0.37% copper, and 102 g/t silver. For this reason, inasmuch as Taylor Brook is open along strike and down dip,

considerable additional drilling in search of high- grade mineralization analogous to Brunswick No. 12 is required.

The historical Stratabound Preliminary Economic Assessment of the Bathurst properties (November 23, 2011) confirms that further exploration is warranted and recommends that additional drilling be conducted to further investigate the Taylor Brook deposit - since it has not been delineated laterally to the east or west, nor at depth - in order to see whether metal grades improve in these directions. A 24-hole definition drill program was proposed.

The historical PEA further notes that the Taylor Brook deposit appears to have a nucleus of higher grade massive sulphides concentrated in the northwest of the deposit, and proposes that 11 of the 24 holes be drilled along the western edge of the deposit, as there has been no drilling to determine the western extent of the massive sulphide zones.

Bandera has joint-ventured with Stratabound to further explore the potential of this large mineralized system.

Exploration Results

On March 29, 2017 the Company reported drill results on two holes (TBD 16 - 40 and 41) of an initial diamond drill program at its Taylor Brook lead – zinc – silver Property in the Bathurst Mining Camp, New Brunswick. Both drill holes were designed to test the extension of a mineralized horizon intersected in hole TBD 14 – 39. This hole (drilled in 2014) intersected two zones, 2.5 meters of massive to semi-massive sulphide returning low grade lead zinc grading 2.5% combined Pb/Zn and a lower zone returning 4.47 % combined Pb/Zn across 8 meters. Hole 16-40 intersected 3.4% lead, 5.53 % zinc and 126 gm/t silver across 1.23 metres. Both drill holes intersected the same mineralized horizon and extended the known zone approximately 100 metres to the east.

Results for hole TBD 16 - 40 (azimuth 360 degrees, dip -60 degrees) are presented in the following table. The true widths of these intersections are not known.

From	To	Width (m)	Pb (%)	Zn (%)	Ag (g/t)	Au (ppb)
79.5	81	1.5	<0.01	<0.01	1	5
81	82	1	0.27	0.58	17	73
82	83.2	1.2	0.19	0.75	12	120
83.2	84.75	1.55	0.09	0.28	7	55
84.75	86.8	2.05	0.12	0.62	6	37
86.8	88.03	1.23	3.4	5.53	126	276
88.03	88.65	0.62	0.07	0.55	4	68
88.65	90	1.35	0.02	0.05	3	59

Results for hole TBD 16 - 41 (azimuth 360 degrees, dip -60 degrees) are presented in the following table. The true widths of these intersections are not known.

From	To	Width (m)	Pb (%)	Zn (%)	Ag (g/t)	Au (ppb)
101	102.88	1.88	0.01	0.01	0	16
102.88	104.2	1.32	0.33	1.44	10	158
104.2	105.75	1.55	0.21	0.47	7	101
105.75	106.4	0.65	0.54	1.9	20	128
106.4	107.6	1.2	0.02	0.04	1	96
107.6	108.2	0.6	0.05	0.26	2	37

Drill core (NQ) was transported to the Madran Facility, owned by the Ministry of Mines near Bathurst, NB, where it was logged and sampled. Mineralized core was sawed in half, with half of the samples shipped to SGS Analytical Laboratories, an ISO 9001:2000 certified analytical laboratory, located in Blainville, Quebec. The remaining core was replaced in the core box and is stored for future reference. Core recovery for these hole averaged 98%. All samples underwent testing by standard analytical methods.

Further exploration is warranted, as the deposit has not been delineated laterally to the east or west, nor at depth. The deposit appears to have a nucleus of higher grade massive sulphides concentrated in the northwest of the deposit that remains untested. This deposit appears to have several mineralized horizons, of which the latest drill program may have only intersected the upper most horizon.

Bruce Downing, MSc, PGeo, Qualified Person under NI 43-101, has reviewed and approved the scientific and technical information disclosed in the MD&A.

Cinco Minas and Gran Cabrera Legal Action

On April 13, 2016, Bandera terminated the litigation on its Cinco Minas and Gran Cabrera mining properties located in Mexico. Bandera has diligently defended its rights to enforce the original option agreement signed by the parties, only to be obstructed at every turn by procedural maneuvers common in the justice system in Mexico. The Board of Bandera has assessed the uncertainty of any potential resolution, timing, and cost of continuing the court cases, combined with general poor financial conditions in the mining sector affecting the market value of the properties. As a result of this the Company has recorded an impairment of the Cinco Minas and Gran Cabrera properties of \$4,634,659.

Risks and Uncertainties

The Taylor Brook Property is at early stage of development and there is no certainty that the property will ever be put into commercial production.

There is no assurance that the Company will be able to acquire new mineral properties of merit for exploration and development.

There is no assurance that the Company will continue to raise sufficient funds for its operating activities and ongoing exploration programs.

Summary of Quarterly Results

Three Month Period Ended

	November 30, 2016	August 31, 2016	May 31, 2016	February 29, 2016
Revenue	\$nil	\$nil	\$nil	\$nil
Net income (loss)	24,996	(14,129)	(119,456)	(4,866,147)
Loss per share, basic and diluted ⁽¹⁾	(0.00)	(0.00)	(0.01)	(0.44)

Three Month Period Ended

	November 30, 2015	August 31, 2015	May 31, 2015	February 28, 2015
Revenue	\$nil	\$nil	\$nil	\$nil
Net loss	(187,882)	(88,555)	(146,961)	(74,985)
Loss per share, basic and diluted ⁽¹⁾	(0.02)	(0.01)	(0.01)	(0.01)

(1) After giving effect to a 1:10 share consolidation.

Liquidity and Capital Resources

The Company relies on private placements, advances from directors and the exercise of stock options and warrants to finance its operating activities and exploration and development programs.

	November 30, 2016	November 30, 2015
Working capital deficiency	(\$3,909,895)	(\$3,841,357)
Deficit	(27,560,501)	(22,585,765)

Net cash used for operating activities for the year ended November 30, 2016 was \$85,172 compared to \$87,434 during the year ended November 30, 2015.

Financing activities provided cash of \$61,900 during the year ended November 30, 2016 compared to \$72,575 for the year ended November 30, 2015. The Company received advances from directors.

Related Party Transactions

During the year ended November 30, 2016, the Company incurred salary of \$Nil (2015- \$126,000) to Peter Gommerud, the CEO of the Company

During the year ended November 30, 2016, the Company incurred professional fees of \$Nil (2015 - \$36,000) was paid to a company controlled by Don Bossert, the CFO of the Company.

During the year ended November 30, 2016, the Company paid rent of \$9,456 (2015 - \$6,668) to a company wholly-owned by Russel Renneberg, a director of the Company.

During the year ended November 30, 2016, the Company paid directors' fees of \$20,000 (2015 - \$20,000) of which \$4,000 was paid to Peter Gommerud, the CEO of the Company; \$4,000 was paid to Don Bossert, the CFO of the Company; \$4,000 was paid to Russel Renneberg, a director of the Company; \$4,000 was paid to Robert Morrison, a director of the Company, and \$4,000 was paid to Terry Byberg, a former director of the Company.

During the year ended November 30, 2016, the Company incurred consulting fees of \$Nil (2015 - \$60,000) to a company controlled by Terry Byberg, a director of the Company.

As at November 30, 2016, included in accounts payable and accrued liabilities is \$88,200 (2015 - \$88,200) owed to a company controlled by Don Bossert, the CFO of the Company. The amount owing is unsecured, non-interest bearing, and due on demand.

As at November 30, 2016, included in accounts payable and accrued liabilities is \$350,007 (2015 - \$326,056) owed to directors of the Company. The amounts owing are unsecured, non-interest bearing, and due on demand.

As at November 30, 2016, included in accounts payable and accrued liabilities is \$114,620 (2015 - \$104,691) owed to companies controlled by directors of the Company. The amounts owing are unsecured, non-interest bearing, and due on demand.

As at November 30, 2016, included in accounts payable and accrued liabilities is \$3,547 (2015 - \$3,547) owed to the spouse of Don Bossert, the CFO of the Company. The amount owing is unsecured, non-interest bearing, and due on demand.

As at November 30, 2016, \$2,202,848 (2015 - \$1,998,073) is owed to directors of the Company for cash advanced to the Company. Of this amount, \$1,992,115 (2015 - \$1,794,700) is secured by a general security agreement pledging the assets of the Company, bears interest at prime rate plus 4% per annum, and repayable upon 90 days' notice, such notice not to be given prior to December 1, 2012. The remaining \$210,733 (2015 - \$203,373) is non-interest bearing, unsecured, and has no set terms of repayment. During



the year ended November 30, 2016, the Company incurred \$125,490 (2015 - \$115,776) of interest expense on the related party loans.

Financial Instruments and Risk

(a) Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's statement of financial position as at November 30, 2016, as follows:

	Fair value measurements using			Balance, November 30, 2016 \$
	Quoted prices in active markets for identical instruments (Level 1) \$	Significant other observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$	
Cash	5,852	-	-	5,852
Restricted cash	13,122	-	-	13,122
Refundable warranty bond	393,659	-	-	393,659
	412,633	-	-	412,633

The fair values of other financial instruments, which include amounts receivable, accounts payable and accrued liabilities, and amounts due to related parties, approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and amounts receivable. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. Amounts receivable consists of GST receivable and proceeds receivable for the disposal of equipment. GST receivable is due from the Government of Canada. The carrying amount of financial assets represents the maximum credit exposure.

(c) Foreign Exchange Rate Risk

The Company operates in Canada, Colombia, and Mexico, but has the majority of its cash held in Canada in Canadian dollars. Future exploration programs and option payments may be denominated in US dollars, Colombian Pesos, or Mexican Pesos. Foreign exchange risk arises from purchase transactions as well as financial assets and liabilities denominated in these foreign currencies. The Company does not use derivative instruments to hedge exposure to foreign exchange rate risk. A change of 5% in the exchange rate for the Mexican Peso would result in a change in net loss of \$28,646. A change of 5% in the exchange rate for the Colombian Peso would result in a change in net loss of \$19,884.

(d) Interest Rate Risk

The Company's cash may contain highly liquid investments that earn interest at market rates. The Company manages its interest rate risk by maximizing the interest earned on excess funds while maintaining the liquidity necessary to fund daily operations. Fluctuations in market interest rates do not have a significant impact on the Company's results of operations due to the short term to maturity of the investments held.

(e) 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 currently settles its financial obligations out of cash. The ability to do this relies on the Company raising debt or equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

(f) Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

Accounting Standards Issued But Not Yet Effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended November 30, 2016 and have not been applied in preparing the consolidated financial statements.

- (i) IFRS 9, *Financial Instruments* (New)
- (ii) IFRS 2, *Share Based Payment* (Amended)

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the consolidated financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

Exploration and Evaluation Assets

	Cinco Minas and Gran Cabrera \$	Tiberius \$	Total \$
Acquisition costs:			
Balance, November 30, 2014	302,197	100,000	402,197
Disposals	-	(100,000)	(100,000)
Balance, November 30, 2015	302,197	-	302,197
Impairment	(302,197)	-	(302,197)
Balance, November 30, 2016	-	-	-
Exploration costs:			
Balance, November 30, 2014	4,258,479	-	4,258,479
Accounting and legal	254,379	-	254,379
Balance, November 30, 2015	4,512,858	-	4,512,858
Accounting and legal (recovery)	(180,395)	-	(180,395)
Impairment	(4,332,463)	-	(4,332,463)
Balance, November 30, 2016	-	-	-
Carrying amounts:			
Balance, November 30, 2015	4,815,055	-	4,815,055
Balance, November 30, 2016	-	-	-

General & Administrative Expenses

Expense	Year Ended November 30, 2016	Year Ended November, 2015
Consulting fees	\$5,600	\$82,360
Depreciation	-	44,296
Exploration expenditures	155,834	103,028
Foreign exchange loss	90,678	62,620
Impairment of exploration and evaluation assets	4,634,659	-
Insurance	10,322	22,070
Office and miscellaneous	5,277	1,402
Professional fees	8,121	56,424
Rent	9,456	8,668
Salaries and benefits	20,000	110,000
Transfer agent and regulatory fees	13,161	12,148
TOTAL	\$4,953,108	\$503,016

Disclosure of Outstanding Share Data as at April 4, 2017

Common shares (basic)	12,025,256
Options and warrants	Nil
Common shares (fully-diluted)	12,025,256

Subsequent Events

- (a) On February 1, 2017, the Company consolidated its share capital on a 1 for 10 basis. All share amounts of the Company have been retroactively adjusted for all periods presented.
- (b) On February 22, 2017, the Company entered into an option agreement with Stratabound Minerals Corp. ("Stratabound") to acquire an 80% interest in the Taylor Brook Property located in the Bathurst Mining Camp in the province of New Brunswick. In consideration for an 80% interest in the property, the Company is to:
- (i) issue to Stratabound 1,000,000 of the Company's common shares (issued);
 - (ii) incur \$55,000 in exploration expenditures on the property, including such work required to maintain the property in good standing by October 27, 2017 and make the 2017 required renewal payments on or before February 22, 2018;
 - (iii) issue to Stratabound 1,000,000 common shares of the Company on or before February 22, 2018;
 - (iv) incur \$85,000 cumulative in exploration expenditures on the property, including such work required to maintain the property in good standing by October 27, 2018 and make the 2018 required renewal payments on or before February 22, 2019; and
 - (v) incur \$500,000 cumulative in exploration expenditures on the property, including such work required to maintain the property in good standing by October 27, 2019 and make the 2019 required renewal payments on or before February 22, 2020.

The agreement may be terminated by Stratabound by providing 30 days of written notice upon the Company failing to meet the obligations noted above. The Company may also terminate the agreement upon providing the optionor written notice.

- (c) On February 23, 2017, the Company entered into a debt settlement agreement with a vendor, where the parties agreed that the amounts owing of US\$45,696 and \$29,637 owing is to be settled by the issuance of 897,901 common shares of the Company.

- (d) On March 30, 2017, the Company entered into a debt settlement agreement with a former director of the Company, where the parties agreed that the amount of \$110,316 owing is to be settled by the issuance of 1,103,162 common shares of the Company.

