

BATERO GOLD CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE SIX MONTHS ENDED FEBRUARY 28, 2015

Introduction

The following management discussion and analysis and financial review, prepared as of April 27, 2015, should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements and the accompanying notes for the six months ended February 28, 2015 and February 28, 2014. The Company has adopted International Financial Reporting Standards ("IFRS") and the following disclosure and associated financial statements are presented in accordance with IFRS. All comparative information provided is in accordance with IFRS. Except as otherwise disclosed, all dollar figures included therein and in the following management discussion and analysis ("MD&A") are quoted in Canadian dollars. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

Qualified Person

Roger Moss, Ph.D., P.Geo. a qualified person as defined under NI 43-101, and President and CEO of the Company, has reviewed and approved the technical information in this Management Discussion and Analysis. All of the Company's public disclosure filings, including its most recent management information circular, material change reports, press releases and other information, may be accessed via www.sedar.com and readers are urged to review these materials, including the technical reports filed with respect to the Company's mineral property.

General Company Overview and Going Concern

Batero Gold is focused on the exploration and development of its 100% owned Batero-Quinchia Project, which is located within Colombia's Middle Cauca Belt of porphyry gold-copper and epithermal gold systems. The Company is evaluating a development plan for the higher grade oxide gold mineralization at the Batero-Quinchia Project's La Cumbre deposit.

The Company is in the process of exploring and evaluating its mineral properties. On the basis of information to date, it has not yet determined whether these properties contain economically recoverable ore reserves. The underlying value of the unproven mineral interests is entirely dependent on the existence of economically recoverable reserves and the ability of the Company to obtain the necessary financing to complete development and future production. The amounts shown as exploration and evaluation assets represent net costs to date, less amounts written off, and do not necessarily represent present or future values.

Management believes that the Company has sufficient working capital to fund its planned exploration and related activities at its Batero-Quinchia Project for at least the next twelve months.

The Company's consolidated interim financial statements for the six months ended February 28, 2015 have been prepared by management on a going concern basis that assumes that the Company will be able to discharge its liabilities in the normal course of business for the foreseeable future.

Results of Operations

Three Months Ended February 28, 2015 Compared to Three Months Ended February 28, 2014

During the three month period ended February 28, 2015 (“Q2-2015”) the Company incurred a comprehensive loss of \$283,303, or \$0.00 loss per share, as compared to a comprehensive loss of \$494,662 or \$0.01 loss per share, for the three month period ended February 28, 2014 (“Q2-2014”).

For the three months ended February 28, 2015 the Company’s general and administrative expenses totaled \$95,732 compared to \$205,233 in the three months ended February 28, 2014, representing 34% and 41% of the Company’s net and comprehensive loss, respectively.

Some of the Company’s significant changes in general and administrative expenses between Q2-2015 and Q2-2014 periods are the following: \$Nil (Q2-2014: \$20,232) for business development, \$67,315 (Q2-2014: \$48,328) for consulting and salaries, \$3,570 (Q2-2014: \$4,436) for travel and accommodation and \$14,285 (Q2-2014: \$84,114) for professional fees. Together, these figures represent 89% and 77% of the total general and administrative expenses for the three months ended February 28, 2015 and February 28, 2014, respectively.

	Three Months Ended	
	Feb 28	
	2015	2014
	\$	\$
Business development and conferences	-	20,232
Consulting and salaries	67,315	48,328
Depreciation	-	-
Office, website and administration	8,252	18,186
Professional fees	14,285	84,114
Rent and leases	1,500	4,600
Share-based payments	(8,540)	-
Telephone and communications	613	380
Transfer agent and filing fees	8,737	24,957
Travel and accommodation	3,570	4,436
	95,732	205,233

Six Months Ended February 28, 2015 Compared to Six Months Ended February 28, 2014

Exploration and Evaluation Expenses

For the six months ended February 28, 2015 the Company incurred \$ 490,519 in exploration and evaluation expenditures while in the six months ended February 28, 2014 the Company Incurred \$ 635,592 in exploration and evaluation expenditures representing 74% and 71% of the total comprehensive losses, respectively.

Of the \$490,519 exploration and evaluation expenses incurred in the six months ended February 28, 2015, \$294,818 (2014 - \$196,405) related to consulting and salaries, \$33,909 (2014 - \$14,657) related to field workers, \$4,657 (2014 - \$90,079) related to security, \$ 8,642 (2014 - \$54,178) related to rent and \$24,314 (2014 - \$22,374) related to foreign corporate and value-added taxes. Together, these figures represent 77% and 58% of the total exploration and evaluation expenses for the six months ended February 28, 2015 and February 28, 2014, respectively.

A summary of exploration and evaluation expenditures for the Batero-Quinchia Property for the six months ended February 28, 2015 and February 28, 2014 is as follows:

	February 28	
	2015	2014
	\$	\$
Camp supplies and office	15,607	59,643
Consulting and salaries	294,818	196,405
Depreciation	55,674	51,095
Field workers	33,909	14,657
Foreign corporate taxes	24,314	22,374
Maintenance and construction	2,675	13,377
Metallurgy	-	1,910
Professional fees	6,929	32,246
Rent	8,642	54,178
Resource estimate	-	47,334
Security	4,657	90,079
Social and environmental	5,610	2,129
Telephone and communications	3,433	12,620
Topography	15,190	10,226
Travel	19,061	27,319
	<u>490,519</u>	<u>635,592</u>

General and Administrative Expenses

Of the six months ended February 28, 2015 the Company's general and administrative expenses totaled \$223,411 compared to \$389,612 in the six months ended February 28, 2014, representing 34% and 43% of the Company's net and comprehensive loss, respectively.

The Company's general and administrative expenses decreased by \$166,201 between the six months ended February 28, 2015 and the six months ended February 28, 2014. General and administrative expenses of note for the six months ended February 28, 2015 include consulting and salaries of \$122,068 (2014 - \$153,650), business development and conferences of \$95 (2014 - \$22,904), travel and accommodation of \$7,460 (2014 - \$13,950), professional fees of \$34,831 (2014 - \$100,164) and rent of 3,000 (2014 - \$38,588). Together, these figures represent 75% and 85% of the general and administrative expenses for the six months ended February 28, 2015 and February 28, 2014, respectively.

Other Items

In the six months ended February 28, 2015 the company recorded \$82,417 (2014 - \$110,313) of interest income and a \$34,116 loss (2014 - \$17,703 gain) on foreign exchange.

Selected Financial Data - Summary of Quarterly Results

The following selected consolidated financial information is derived from the unaudited condensed consolidated interim financial statements prepared in accordance with IFRS.

	Feb 28, 2015 \$	Nov 30, 2014 \$	Aug 31, 2014 \$	May 31, 2014 \$
Revenues – interest income (expense)	36,119	46,298	45,744	50,474
Exploration and evaluation expenses	(207,487)	(283,032)	(367,432)	(341,659)
General and administrative expenses	(95,732)	(127,679)	(90,395)	(140,081)
Loss and comprehensive loss	(283,302)	(382,326)	(394,750)	(433,100)
Basic and diluted loss per share	0.00	0.00	(0.02)	0.00
Working capital	12,507,844	12,759,142	13,061,503	13,403,376
Exploration and evaluation assets	7,716,320	7,716,320	7,716,320	7,716,320
Total assets	22,853,740	23,167,778	23,606,561	23,963,444
Non-current liabilities	-	-	-	-

	Feb 28, 2014 \$	Nov 30, 2013 \$	Aug 31, 2013 \$	May 31, 2013 \$
Revenues - interest income (expense)	56,522	53,781	59,394	69,689
Exploration and evaluation expenses	(343,125)	(292,467)	(876,309)	(862,057)
General and administrative expenses	(205,233)	(184,379)	(406,355)	(322,430)
Loss and comprehensive loss	(494,662)	(402,536)	(1,331,379)	(1,045,648)
Basic and diluted loss per share	(0.01)	(0.01)	(0.01)	(0.01)
Working capital	13,804,302	14,245,158	14,644,867	16,303,666
Exploration and evaluation assets	7,716,320	7,716,320	7,716,320	7,716,320
Total assets	24,532,434	25,076,369	25,785,345	27,280,395
Non-current liabilities	-	-	41,501	41,349

Exploration and Evaluation of Assets – Mineral Property (Batero-Quinchia Project)

Property Description and Location

The Batero-Quinchia project is located within the Municipality of Quinchia, Department of Risaralda, Republic of Colombia, approximately 55 kilometres to the north of Risaralda's capital, Pereira. The property consists of a 1,407.43 hectare tenement plus an application for a concession contract of 871.79 hectares and is supported with full infrastructure including roads, water and power. The closest population centre, the town of Quinchia, lies 3 kilometres northwest from the tenement. The tenement is centered on the La Cumbre porphyry-gold target located at 420976E and 585718N, within Zone 18 north of the Universal Transverse Mercator grid (UTM WGS84).

Concession Agreements

On January 16, 2012, the Company reported confirmation that concession agreements are executed on 100% of the Company's property. On October 2, 2013, the Company confirmed that concession contract 18567 was formally and officially registered by ANM. This concession is part of the block of three concessions comprising the Company's 100% owned Batero-Quinchia project. Concession contract 22270

was registered during October 2005, and registration of the remaining concession agreement 22159 is currently pending. In addition, the application for concession agreement OHS-14321 for 871.79 hectares is under technical evaluation.

Exploration and Development Summary

On December 18, 2013, the Company filed a National Instrument 43-101 (“NI 43-101”) technical report on SEDAR, pertaining to the updated mineral resource estimate and Preliminary Economic Analysis (PEA) for the Batero-Quinchia Project.

Mineral Resource Estimate

Roscoe Postle and Associates (RPA) updated the mineral resource estimate for the Batero-Quinchia deposit using drill hole data available as of October 2012 and metallurgical test work data available as of March 2013.

The Mineral Resource estimate is based on a conceptual open pit mining scenario with a grinding and cyanide leaching process to recover gold and silver. Mineral Resources are reported constrained by a conceptual open pit shell generated with Gemcom Software International Inc.’s Whittle 4.X software (Whittle). The estimated cut-off grade (CoG) of 0.3 g/t gold for mineral resource reporting is based on reasonable technical and economic operating parameters for the envisioned scenario.

- Measured Mineral Resources are estimated at 26.1 Mt at 0.67 g/t Au, 1.8 g/t Ag, and 0.11% Cu.
- Indicated Mineral Resources are estimated at 105.6 Mt at 0.57 g/t Au, 1.8 g/t Ag, and 0.10% Cu.
- Inferred Mineral Resources are estimated at 33.5 Mt at 0.50 g/t Au, 1.6 g/t Ag, and 0.06% Cu.

Notes:

1. CIM definitions were followed for mineral resources.
2. Mineral resources are estimated using a gold price of US\$1,500 per ounce.
3. Gold recoveries of 85% for oxide and 75% for mixed and primary redox domains are used based on preliminary metallurgical test work for the conceptual process method.
4. Mineral Resources are constrained by a Whittle shell and reported at a 0.3 g/t Au cut-off grade.

The Measured, Indicated and Inferred mineral resource estimate is based on 176 surface diamond drill holes and assays from 35,962 samples for gold, silver and copper.

Preliminary Economic Assessment

On November 4, 2013, the Company reported the results of an updated mineral resource estimate and PEA that were prepared by RPA and included drill hole data available as of October 2012, and metallurgical test work data available as of March 2013. This PEA was filed on SEDAR on December 18, 2013.

PEA Highlights

The PEA evaluates the economics of an open pit contract mining and heap leach processing scenario that takes advantage of the relatively high gold recoveries and fast leach kinetics of the surface oxide mineralization within the Batero-Quinchia deposit. Higher grade, near surface mixed and primary mineralization within the oxide pit footprint are also mined.

Highlights from the PEA, with a base case gold price of US\$1,400/oz are as follows (all figures are in U.S. dollars unless otherwise stated):

- Mine life of seven years at 3.5 million tonnes per annum production steady state (10,000 tonnes per day).
- Life-of-Mine (LoM) gold production of 390,000 ounces of gold and 817,000 ounces of silver recovered.
- Annual average production of 56,000 ounces of gold and 117,000 ounces of silver recovered.
- Total open pit production which has been factored for mining extraction and mining dilution:
9.4 Mt of Measured Mineral Resources at 0.81 g/t Au and 1.8 g/t Ag for 244,000 ounces of contained gold and 545,000 ounces of contained silver,
11.0 Mt of Indicated Mineral Resources at 0.77 g/t Au and 2.0 g/t Ag for 273,000 ounces of contained gold and 720,000 ounces of contained silver,
3.3 Mt of Inferred Mineral Resources at 0.59 g/t Au and 1.6 g/t Ag for 64,000 ounces of contained gold and 171,000 ounces of contained silver.
- Mining strip ratio of 0.3:1 (waste: production).
- Life of mine average gold and silver heap leach recoveries of 67% and 57% respectively.
- Initial capital cost of \$97.3 million, which includes \$16.2 million in contingency costs.
- Total cash operating cost (net of silver credits) of \$842 per ounce gold.
- Pre-tax payback of 23 months.
- Net pre-tax cash flow of \$105.0 million.
- Pre-tax Internal Rate of Return (IRR) of 27%.
- Pre-tax Net Present Value (NPV) at a 5% discount rate of \$69.1 million.

The PEA was prepared by RPA in accordance with the standards set out in NI 43-101. The PEA is considered preliminary in nature. The economic analysis includes, in part, inferred mineral resources that are considered too speculative to have the economic considerations applied that would enable classification as mineral reserves. There is no certainty that the conclusions within the PEA will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

Full details of the results of the PEA can be seen in the technical report filed on SEDAR on December 18, 2013.

Exploration

Work undertaken on the Batero-Quinchia property to date has focused on exploration over and adjacent to the La Cumbre – Dos Quebradas mineralized area and has included outcrop mapping, rock channel and chip sampling, soil sampling, test pitting, ground based magnetic, induced polarization and radiometric surveys and drilling. Results of this work were compiled and reviewed during 2014 in order to assess the potential for high grade gold mineralization and to evaluate the oxide potential at the Batero-Quinchia project.

Based on the review it was decided to undertake a structural study of the region and to further define the oxide zones identified during the previous drilling.

During Q1, the company retained SRK Consulting (Canada) Inc. (SRK) to undertake a structural study of the Quinchía District and to develop an overall structural model that can be used to specifically target high-grade vein hosted gold mineralization on the Batero-Quinchía property and to increase the understanding of the geological model of the property. It is expected that this model will form the basis for a future phase of exploration on the project that would specifically target high-grade mineralization

Ongoing work during Q2 focused on assessing the potential of the oxide mineralization at La Cumbre and surrounding areas primarily using auger sampling to depths of up to 18 metres. To date 182 samples have been taken at La Cumbre, La Lenguita and Dos Quebradas and submitted to ALS laboratories in Medellin, Colombia for assay.

Initial results of the work were encouraging, with samples from the La Cumbre area helping to better define a +0.75g/t Au region of the oxide identified from previous drilling. In addition, the auger sampling has identified a new +0.75g/t Au zone to the southwest of La Cumbre.

More recently, subsequent to the quarter end, in March and April 2015, samples were taken in 54 auger holes in the La Lenguita and Dos Quebradas areas of the project. Samples from La Lenguita indicate a north-northwest trend over 250 metres of samples assaying more than 0.75g/t Au that is open in both directions. Anomalies of similar magnitude at Dos Quebradas correlate with the contact between the diorite porphyry and the surrounding basalt. These anomalous areas remain open to the north, northwest and southwest and require further follow up to delimit the extent of the anomalous zones.

Modeling of the oxide zone in 3D using results from drilling, augmented by the results from ongoing auger sampling has also been undertaken to visualize the dimensions of the oxide layer as well as to guide further sampling to target areas where information is lacking.

Further work during 2015 will be continue to be undertaken in a cost effective manner. Continued focus on the potential of the La Cumbre Oxide deposit will involve further sampling and the integration of results of the structural study to aid in interpretation and target sampling. The Company also plans to begin bulk sampling of the oxide mineralization for further metallurgical test work and to begin an Environmental Impact Assessment (EIA) in Q3-2015. The Company continues its work in the community as summarized below.

Environmental, Social and Corporate Initiatives

The Company's integrated social and community development team has been successfully working in the Quinchia district for many years. Community participation, integral to the successful growth of the Company, includes the innovative "Farms for the Future" program for land owners that allow families to exchange farms within the Batero-Quinchia tenement for potentially more productive farms a short distance away in an adjacent valley.

The Company holds regular meetings with the community to inform them about the work taking place at the project. Batero is also responsive to the needs of the community and recently donated 700 school kits to children in the area of influence of the project after receiving requests from teachers and students. Batero also supports the local school children in their school band, providing funding, a place to practice and storage for the instruments. Batero also facilitates, in association with Nazareth hospital, health care for the local population with 130 dental appointments and 165 medical appointments processed during the last three months.

The Company, through its Colombian subsidiary Minera Quinchia has been working with the International Organization for Migration (IOM) in a community shared value program "*Improving Socio-Economic Development for Families in Quinchía, Risaralda*" in alliance with the Government of Canada. As part of the program, agreements have been made with the Agency for the Overcoming of Extreme Poverty (ANSPE). Minera Quinchia continues to work for tangible investment of funds in the community, specifically related to the improvement of working conditions and facilities, as well as to the improvement of productivity of sugar cane farmers and jewelers.

A detailed summary of Environmental, Social and Corporate initiatives can be found in the Corporate Social Responsibility Report accessed via: http://www.baterogold.com/files/page-files/BateroCSR_LR.pdf

Liquidity and Capital Resources

As at February 28, 2015 the Company had net working capital of \$12,507,844, cash of \$12,547,900, and current liabilities of \$113,322 and shareholders' equity of \$22,740,418. The capital in the Company was primarily derived from proceeds of the issuance of common shares through private placements, special warrants financing and the exercise of warrants and options. Other than interest income, the Company did not have any recurring revenues for the six months ended February 28, 2015

Financings and Capital Structure

During the six months ended February 28, 2015 the Company:

- (i) The Company did not purchase for cancellation any common shares of the Company under its normal course issuer bid (NCIB). The NCIB was allowed to expire on May 14, 2014.
- (ii) On May 30, 2014, the Company granted stock options to purchase a total of up to 1,750,000 common shares of the Company to directors, officers, and consultants, at an exercise price of \$0.125 per share, for a period of three years. The options will vest over a period of two years, with 25% vesting every 6 months.

As at February 28, 2015 there were 87,961,294 common shares outstanding. Also outstanding were 2,270,500 stock options and 5,000,000 share purchase warrants. The options' exercise prices range from \$0.125 to \$4.20 and the warrants' exercise prices by \$0.90.

During the year ended August 31, 2013 the Company:

- (i) Entered into a strategic alliance agreement with Consorcio Minero Horizonte S.A. ("Horizonte") and certain of Horizonte's shareholders. Concurrently, the Company also entered into a subscription agreement with shareholders of Horizonte as follows: (i) 8,913,000 common shares of the Company at a price per share of \$0.65 ("Offering"), and (ii) 18,456,000 subscription receipts of the Company at a price per subscription receipt of \$0.65 ("Subscription Receipts").

The Subscription Receipts automatically converted into 18,456,000 common shares and 5,000,000 common share purchase warrants of the Company upon satisfaction of certain escrow release conditions completed in January 2013, for gross proceeds of \$11,996,400. Each whole warrant entitled the holder thereof to purchase one common share at a price of \$0.90 for 36 months from the date of the issuance of the warrants upon conversion of the subscription receipts.

- (ii) In May 2013 the Company received approval for its first normal course issuer bid ("NCIB") to purchase up to 4,900,000 common shares for cancellation from the period May 15, 2013 to May 14, 2014 or the date by which the Company has acquired the maximum number of common shares under the NCIB. As at August 31, 2013, the Company repurchased a total of 2,420,500 common shares, of which 2,021,500 common shares were cancelled and returned to treasury and the remaining 399,000 common shares were cancelled and returned to treasury subsequent to the year ended August 31, 2013, for \$440,670 cash consideration. The average carrying value of the common shares was \$0.73 per share. The difference between the purchase price and the carrying value of the common shares was \$1,326,295 and recorded against deficit. As at August 31, 2013 the Company had 2,479,500 common shares remaining available for repurchase under the NCIB.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements as of February 28, 2015 nor as of April 27, 2015.

RELATED PARTY TRANSACTIONS

During the six months ended February 28, 2015 and 2014 the Company paid or accrued the following amounts to key management:

	February 28	
	2015	2014
	\$	\$
Consulting fees of key management	118,926	198,824
Share-based payments	34,455	40,412
	<u>153,381</u>	<u>239,236</u>

Included in accounts payable and accrued liabilities as at February 28, 2015 is \$14,140 owing to related parties.

Financial Instruments

Fair Value Hierarchy

Financial assets are classified into one of four categories:

- fair value through profit or loss (“FVTPL”);
- held-to-maturity (“HTM”);
- available-for-sale (“AFS”); and
- loans and receivables.

The classification is determined at initial recognition and depends on the nature and purpose of the financial asset.

(i) FVTPL financial assets

Financial assets classified as FVTPL are stated at fair value with any resultant change in fair value recognized in profit or loss. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset. The Company classifies its cash as FVTPL.

(ii) HTM investments

HTM investments are recognized on a trade-date basis and are initially measured at fair value using the effective interest rate method. The Company does not have any assets classified as HTM investments.

(iii) AFS financial assets

Short-term investments and other assets not otherwise designated are classified as AFS and stated at fair value on the date of acquisition and each subsequent reporting date. Any change in fair value is recognized in profit or loss.

(iv) Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. The Company classifies its receivables, advances and deposits as loans and receivables. Loans and receivables are initially recognized at the transaction value and subsequently carried at amortized cost less impairment losses. The impairment loss on receivables is based on a review of all outstanding amounts at period end. Bad debts are written off during the year in which they are identified.

Financial liabilities are classified into one of two categories:

The Company classifies its financial liabilities into one of two categories as follows:

(i) Fair value through profit or loss

This category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

(ii) Other financial liabilities

This category consists of liabilities carried at amortized cost using the effective interest method. The Company classifies its accounts payable and accrued liabilities as other financial liabilities.

Fair Value Hierarchy

The inputs used in making fair value measurements are classified within a hierarchy that prioritizes their significance. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets and 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.

Cash is measured at fair value using Level 1 inputs.

Credit Risk

Credit risk is the risk of potential loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and receivables. Cash is held in large Canadian and Colombian financial institutions. Receivables consist primarily of goods and services tax due from the Federal Government of Canada. Management believes that the credit risk concentration with respect to cash and receivables is low. The Company currently has limited credit risk from operations.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due. The Company prepares expenditure budgets which are regularly monitored and updated as considered necessary. To facilitate its exploration program and ongoing corporate, general and administrative overhead, the Company raises funds through private equity placements, public offerings and option agreements with third parties.

As at February 28, 2015 the Company had cash of \$12,547,900 to settle current liabilities of \$113,322.

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. There is limited interest rate risk due to the short-term nature of the Company's financial instruments.

Currency Risk

The Company conducts its business in Colombia in Colombian pesos, and in Canada in Canadian dollars. An insignificant dollar value of business in each country is transacted in a currency that is foreign to that operation, and as a result any foreign currency risk inherent in day-to-day operations is minimal.

The Company funds activities in the Colombian operation and advances funds from time to time by way of direct investment. As at February 28, 2015 the Company had a large balance of cash on hand denominated in US funds of US\$9,076,923, and is of the view that the US dollar will appreciate vis a vis the Colombian peso, and the Canadian dollar; however, the Company has assumed a foreign exchange risk. Should the US dollar appreciate 10% vis a vis the Canadian dollar, the company would experience a net gain of approximately \$1,000,000. Should it depreciate 10% vis a vis the Canadian dollar, the company would experience a net loss of approximately \$1,000,000.

Critical Accounting Estimates

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the depreciation of plant and equipment, recoverability of exploration and evaluation assets, valuation of share-based payments and recognition of deferred tax amounts.

Critical judgments

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

Economic recoverability and probability of future economic benefits of exploration and evaluation acquisition costs

Management has determined that exploration and evaluation acquisition costs incurred which were capitalized have future economic benefits and are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and metallurgic information, history of conversion of mineral deposits to proven and probable reserves, scoping and feasibility studies, accessible facilities, existing permits and life of mine plans. Management determined there were no triggering events for impairment as defined by IFRS 6.

Functional Currency

Management is required to assess the functional currency of each entity of the company. In concluding that the Canadian dollar is the functional currency of the parent and its subsidiary companies, management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the company operates. As no single currency was clearly dominant the company also considered secondary factors including the currency in which funds from financing activities are denominated and the currency in which funds are retained.

Estimation uncertainty

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

Depreciation for plant and equipment

Depreciation expense is allocated based on assumed asset lives. Should the asset life or depreciation rates differ from the initial estimate, an adjustment would be made in the consolidated statements of operations and comprehensive loss.

Corporate Governance, Director and Advisory Board Changes

On December 17, 2014, Darryl Lindsay resigned as a director.

At the Company's Annual General Meeting on February 27, 2015 Ernesto Bendezu was elected to the Board of Directors.

The Company's Board and its committees substantially follow the recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The current Board is comprised of four individuals, none of whom are either executive officers or employees of the Company and are unrelated in that they are independent of management. The Audit Committee is comprised of three directors, all of whom, are independent of management.

Outstanding Share Data

As at April 23, 2015, there were 87,961,294 common shares outstanding. Also outstanding were 2,270,500 stock options and 5,000,000 share purchase warrants. The options' exercise prices range from \$0.125 to \$4.20 and the warrants' exercise prices are \$0.90.

Other Matters

Shareholder Rights Plan Agreement

On December 31, 2012 the Company announced shareholder approval of the Company's Shareholder Rights Plan Agreement at its Annual General and Special Meeting of shareholders. The Rights Plan will have a term of three years. Please refer to www.sedar.com for further details regarding the Company's Shareholder Rights Plan Agreement.

Legal Proceedings

There are no ongoing legal proceedings of any kind initiated by the Company or by third parties against the Company.

Contingent Liabilities

The Company has a 100% interest in the Batero-Quinchia Property and will be required to issue an additional 2,000,000 shares if a National Instrument 43-101 compliant report is prepared at any time by the Company that establishes the existence of at least five million ounces of gold categorized as measured resources (as such term is defined in NI 43-101) at a cut-off grade of 0.7 grams per tonne of gold or gold equivalent on the Batero-Quinchia property.

Risk Factors

An investment in the Company involves a number of risks. Prospective investors should carefully consider the following risks and uncertainties in addition to other information in this report in evaluating the Company and its business before making any investment decision in regards to the common shares of the Company. The Company's business, operating and financial condition could be harmed due to any of the following risks. The risks described below are not the only ones facing the Company. Additional risks not presently known to us may also impair business operations.

Exploration and Mining Risks

The Company is engaged in mineral exploration and development activities. Mineral exploration and development involves a high degree of risk and few properties which are explored are ultimately developed into producing mines. The long-term profitability of our operations will be in part directly related to the cost and success of our exploration programs, which may be affected by a number of factors beyond our control. Mineral exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of mineral resources, any of which could result in work stoppages, damage to property, and possible environmental damage.

Hazards such as unusual or unexpected formations and other conditions such as formation pressures, fire, power outages, labour disruptions, flooding, explorations, cave-ins, landslides and the inability to obtain suitable machinery, equipment or labour are involved in mineral exploration, development and operation. We may become subject to liability for pollution, cave-ins or hazards against which we cannot insure or against which we may elect not to insure. The payment of such liabilities may have a material, adverse effect on our financial position.

The Company relies upon consultants and others for exploration and development expertise. Substantial expenditures are required to establish ore reserves through drilling, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining.

Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis.

The economics of developing mineral properties are affected by many factors including the cost of operations, variations in the grade of ore mined, fluctuations in metal markets, allowable production, importing and exporting of minerals and environmental protection.

Financing Risks

The Company is limited in both financial resources, and sources of operating cash flow and has no assurance that additional funding will be available to us for further exploration and development of our projects or to fulfill our obligations under any applicable agreements. There can be no assurance that we will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of our projects with the possible loss of such properties.

Regulatory Requirements

Even if our mineral properties are proven to host economic reserves of mineral resources, factors such as governmental expropriation or regulation may prevent or restrict mining of any such deposits or repatriation of profits. The Company may acquire other properties in other jurisdictions or countries. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may adversely affect our business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, and expropriation of property, environmental legislation and mine safety.

Uninsurable Risks

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. It is not always possible to fully insure against such risks and the Company has currently decided not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company.

No Assurance of Titles

It is possible that any of our properties may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by undetected defects.

Permits and Licenses

The operations of the Company may require licenses and permits from various governmental authorities. There can be no assurance that such licenses and permits as may be required to carry out exploration, development and mining operations at our projects will be granted.

Competition

The mineral industry is intensely competitive in all its phases. We compete with many companies possessing greater financial resources and technical facilities than the Company for the acquisition of mineral concessions, claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees.

In addition, there is no assurance that a ready market will exist for the sale of commercial quantities of ore. Factors beyond the control of the Company may affect the marketability of any substances discovered.

These factors include market fluctuations, the proximity and capacity of natural resource markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital or losing our investment capital.

Environmental Regulations

Our operations may be subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution.

A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments.

Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. There is no assurance that future changes in environmental regulation, if any, will not adversely affect our operations.

Stage of Development

The Company is in the business of exploring for, with the ultimate goal of producing, mineral resources from our mineral exploration properties. None of our properties have commenced commercial production and we have no history or earnings or cash flow from our operations. As a result of the foregoing, there can be no assurance that we will be able to develop any of our properties profitably or that our activities will generate positive cash flow. A prospective investor in the Company must be prepared to rely solely upon the ability, expertise, judgment, discretion, integrity and good faith of our management in all aspects of the development and implementation of our business activities.

Markets for Securities

There can be no assurance that an active trading market in our securities will be established and sustained. The market price for our securities could be subject to wide fluctuations. Factors such as commodity prices, government regulation, interest rates, share price movements of our peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of the securities of the Company. The stock market has from time to time experienced extreme price and volume fluctuations, particularly in the mining sector, which have often been unrelated to the operating performance of particular companies.

Reliance on Key Individuals

Our success depends to a certain degree upon certain key members of the management. It is expected that these individuals will be a significant factor in our growth and success. The loss of the service of members of the management and certain key employees could have a material adverse effect on the Company.

Geopolitical Risks

The Company may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on future exploitation and production, price controls, export controls, currency availability, income taxes, delays in obtaining or the inability to obtain necessary permits, opposition to mining from environmental and other non-governmental organizations, expropriation of property, ownership of assets, environmental legislation, labour relations, limitations on mineral exports, increased financing costs, and site safety. In addition, legislative enactments may be delayed or announced without being enacted and future political action that may adversely affect the Company cannot be predicted.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this MD&A are forward-looking statements or forward-looking information (collectively “forward-looking statements”) within the meaning of applicable securities legislation. We are hereby providing cautionary statements identifying important factors that could cause the actual results to differ materially from those projected in the forward-looking statements. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance are not historical facts and may be forward-looking and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes” or the negatives thereof or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved.

Forward-looking statements in this MD&A include, but are not limited to, statements with respect to: (i) the estimation of inferred and indicated mineral resources; (ii) the registration of the concession agreements comprising the Batero-Quinchia project; (iii) the market and future price of gold; (iv) the timing, cost and success of future exploration activities, including, but not limited to, the advancement of the La Cumbre sector of the Batero-Quinchia project towards a production decision; (v) currency fluctuations; (vi) requirements for additional capital; and (vii) increases in mineral resource estimates.

Forward-looking statements are based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, but which may prove to be incorrect. The Company believes that the assumptions and expectations reflected in such forward-looking information are reasonable.

Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used. While the Company considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predicted outcomes may not occur or may be delayed.

The risks, uncertainties and other factors, many of which are beyond the control of the Company, that could influence actual results include, but are not limited to: risks inherent in the exploration and development of mineral deposits, including risks relating to changes in project parameters as plans continue to be redefined, risks relating to variations in ore reserves, grade or recovery rates resulting from current exploration and development activities, risks relating to changes in the price of gold, silver and copper and the worldwide demand for and supply of such metals, risks related to current global financial conditions, uncertainties inherent in the estimation of mineral resources, access and supply risks, reliance on key personnel, risks inherent in the conduct of mining activities, including the risk of accidents, labour disputes, increases in capital and the risk of delays or increased costs that might be encountered during the development process, regulatory risks, including risks relating to the acquisition of the necessary licenses and permits, financing, capitalization and liquidity risks, including the risk that the financing necessary to fund the exploration and development activities at the Batero-Quinchia project may not be available on satisfactory terms, or at all, risks related to disputes concerning property titles and interest, and environmental risks.

Readers are cautioned that the foregoing lists of factors are not exhaustive.

The forward-looking statements in this MD&A are based on the reasonable beliefs, expectations and opinions of management on the date of this MD&A. Although we have attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There is no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information.

The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement. Except as required by applicable securities laws, the Company does not undertake any obligation to publicly update or revise any forward-looking statements contained in this MD&A.