

BATERO GOLD CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE PERIODS ENDED NOVEMBER 30, 2016 AND 2015

Introduction

The following management discussion and analysis and financial review, prepared as of January 20, 2017, should be read in conjunction with the Batero Gold Corp. ("the Company" or "Batero") consolidated financial statements and the accompanying notes for the periods ended November 30, 2016 and 2015. 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, 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.

1. GENERAL

General Company Overview and Going Concern

Batero 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.

2. OVERALL PERFORMANCE AND OUTLOOK

Performance Highlights

During the period ended November 30, 2016 all of the CB Gold Inc. shares held by the Company were sold for cash proceeds of \$7,006,395, with a cost of \$4,659,114, giving rise to a gain of \$2,347,281.

Having completed a drilling program during fiscal 2016, Batero is working towards the preparation of an updated resource estimate, focused on La Cumbre's high grade oxidized gold mineralization at surface as the basis of a comprehensive technical report that will encompass all of the work completed to date at La Cumbre. The high grade core at La Cumbre is expected to improve both the average grade and contained ounces of an updated mineral resource estimate, as the +1 g/t grade of the core is above the average grade of the oxide mineral resource previously reported.

The Company is also evaluating the most efficient and cost effective mining and processing scenario, including a leach processing circuit, and the optimum starter pit production rate from the high grade oxidized mineralization at La Cumbre. La Cumbre's transition zone, which was not included in the initial oxide resource estimate, will be included in this evaluation. The resulting mine scenario is anticipated to be the first stage of a potentially larger mine plan. The Company has taken advantage of Colombian mining law which has allowed it to integrate three mining titles into one tenement, reducing the need to develop three separate mining projects, one for each title. This will allow for more economic development of the project and the deposit.

Batero is focused on accelerating the La Cumbre deposit towards a development decision. Engineering, environmental impact assessment, archaeological studies, and social baseline studies are all sufficiently advanced to support a review of any development options. The company intends to initiate a hydrogeological study which is a key component of future environmental permits. Pending the positive results of the technical report, the Company will assess the merits of advancing the development of the La Cumbre deposit.

Outlook

The outlook for Batero-Gold is positive, despite the current poor market conditions for junior mining companies. Significantly Batero is:

- Well capitalized at November 30, 2016 with cash of Cdn \$13,018,811 mostly held in US dollars. Since 2013 the US Dollar has appreciated approximately 60% vis-à-vis the Colombian peso. The costs of the operating in Colombia are mostly in Colombian pesos, making the project costs in USD decrease significantly.
- Continuing to advance the Batero-Quinchia project in a cost effective and timely manner. Notably, the Company has taken advantage of Colombian mining law which has allowed it to integrate three mining titles into one tenement, reducing the need to develop three separate mining projects, one for each title. This will allow for more economic development of the project and the deposit.
- Fully funded for planned work to advance the La Cumbre Oxide deposit, including completion of the PTO, metallurgical testing of a bulk sample and an environmental impact assessment.

3. SELECTED ANNUAL INFORMATION

	2016	2015	2014
Audited data, for fiscal years ended August 31,	\$	\$	\$
Interest and other income	30,936	101,720	206,521
Net loss for the year	(3,576,390)	(1,239,930)	(1,725,048)
Net loss and comprehensive income loss	(1,429,652)	(1,299,730)	(1,725,048)
Basic and diluted loss per share	(0.03)	(0.01)	(0.02)
Total Assets	23,335,173	22,821,181	23,606,561

4. RESULTS OF OPERATIONS

Overview

The following table, which should be read in conjunction with the financial statements of the Company, provides selected financial information:

	For the period ended November 30,	
	2016	2015
	\$	\$
Interest and other income	3,200	3,251
Exploration expenses	(348,844)	(271,423)
Write-off of deferred acquisition costs	-	(574,687)
Operating expenses	(79,538)	(78,538)
Gain on disposal of marketable securities	2,347,281	-
Net income (loss)	1,739,901	(851,318)
Basic and diluted income (loss) per share	0.02	(0.01)
Total assets	23,084,615	23,327,798

Operating expense items are outlined in the table that follows:

	For the period ended November 30,	
	2016	2015
	\$	\$
Consulting and salaries	58,173	51,575
Administration	1,166	4,668
Professional fees	18,462	2,113
Share-based payments	-	6,122
Transfer agent and filing fees	1,737	14,060
Operating expenses	79,538	78,538

Revenues

None of the Company's properties have advanced to the point where a production decision can be made. As a consequence, the company has no producing properties and no sales or revenues from that source.

During the period ended November 30, 2016, the Company realized net income of \$1,739,901 (2015 – a net loss of \$851,318). Results were affected by the following:

- A gain on disposal of marketable securities of \$2,347,281 was realized (2015 - \$Nil).
- Deferred acquisition costs in the amount of Nil (2015 - \$574,687) were recorded.

- Exploration costs in the amount of \$348,844 (2015 - \$271,423) were expensed.
- A foreign exchange gain of \$129,802 (2015 - \$70,079) was recorded.
- Deferred income tax in the amount of \$312,000 (2015 – Nil) was recorded.

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

Acquisition and Exploration Expenditures

During the period ended November 30, 2016 the company spent a total of \$348,844 (2015 - \$271,423) on exploration and evaluation expenditures. A summary of the expenditures for the Batero-Quinchia Property is as follows:

	November 30,	
	2016	2015
	\$	\$
Camp supplies and office	26,908	69,986
Consulting and salaries	166,366	107,895
Depreciation	8,737	5,712
Field workers	23,940	25,325
Foreign corporate taxes	10,166	13,985
Maintenance and construction	-	880
Metallurgy	-	3,438
Professional fees	86,689	22,083
Social and environmental	14,606	-
Telephone and communications	536	736
Topography	2,661	7,920
Travel	8,236	13,463
	348,844	271,423

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 176.25 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 was under technical evaluation and the area has been reduced to 176.25 hectares. The reduction in area has been approved by the Company, the application has been approved by the government, and the next step will be the granting of the Concession Agreement by the Colombian mining authorities.

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 included outcrop mapping, rock channel and chip sampling, soil sampling, test pitting, ground based magnetic, induced polarization and radiometric surveys and drilling. Four areas have been explored; Dos Quebradas, La Lenguita, Mandeval and La Cumbre . As a result of those activities it has been determined that la Cumbre shows the most promise.

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.

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).

To date 444 producers (in jewelry and sugar cane farming) and 200 students from the Quinchia district have benefitted from the program. Sugar Cane farmers have seen increased productivity of 32% over 212 farms and increased sugar sales of 31%. Jewelry sales have also increased between 64% and 85% over the previous year.

Work is ongoing to provide more efficient transportation of raw materials and sugar cane including a planned aerial cable that will connect 61 families in the region to the transportation system more easily. Work is also underway reviewing the community mills to ensure compliance with regulations and funding is provided where necessary for the mills to meet the standards. Composting materials were delivered to 194 farming families enabling them to save on the cost of fertilizer. Sugar cane seed was also made available to 83 families from 13 villages in the Quinchia region.

Branding and marketing of the sugar and jewelry products was also undertaken, and Los Cerros jewelers have concluded an agreement with the Britt Shop in Bogota.

60 young children from two of the schools in the municipality were involved in the Quinchia Challenge where 10 teams came up with solutions to sugar cane marketing challenges. Telecommunications giant Telefonica attended the event as observers and gave support in the form of computers and internet.

Environmental work throughout 2016, focused on the measurement of environmental parameters such as stream flow, precipitation, evaporation, wind patterns and others to monitor and control and is ongoing.

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

The following table sets out selected quarterly financial information for the eight most recent quarters (all reported under IFRS).

		Q1 November 30, 2016	Q4 August 31, 2016	Q3 May 31, 2016	Q2 Feb 29, 2016
Interest and other income	\$	3,200	1,082	20,501	6,102
Exploration and evaluation expenditures	\$	(348,844)	(577,357)	(785,189)	(554,256)
Net income (loss)	\$	1,739,901	(1,342,937)	(617,254)	(764,881)
Net income (loss) per common share	\$	0.02	0.00	0.00	(0.01)
Number of shares outstanding		115,182,383	115,182,383	115,182,383	115,182,383
		Q1 November 30, 2015	Q4 August 31, 2015	Q3 May 31, 2015	Q2 Feb 28, 2015
Interest and other income	\$	3,251	10,608	8,695	36,119
Exploration and evaluation expenditures	\$	(271,423)	(422,282)	(578,721)	(207,487)
Net income (loss)	\$	(851,318)	91,770	(666,070)	(283,303)
Net Loss per common share	\$	(0.01)	0.00	(0.01)	0.00
Number of shares outstanding		115,182,383	87,961,294	87,961,294	87,961,294

Discussion of significant items affecting results by quarter:

Q1 2017 – During the period ended November 30, 2016, the Company realized net income of \$1,739,901 (2015 – a net loss of \$851,318). Results were affected by the following:

- A gain on disposal of marketable securities of \$2,347,281 was realized (2015 - \$Nil).
- Deferred acquisition costs in the amount of Nil (2015 - \$574,687) were recorded.

- Exploration costs in the amount of \$348,844 (2015 - \$271,423) were expensed.
- A foreign exchange gain of \$129,802 (2015 - \$70,079) was recorded.
- Deferred income tax in the amount of \$312,000 (2015 – Nil) was recorded.

Q4 2016 - Unusual items during the quarter are as follows - the Company recorded; exploration and evaluation expenditures of 577,357 (2015 - \$422,282); foreign exchange gain of \$2,336 (2015 - \$617,743 gain); a tax provision of \$653,000 (2015 – Nil).

Q3 2016 – Unusual items during the quarter are as follows - the Company recorded; exploration and evaluation expenditures of \$785,189 (2015 - \$578,721); share based payments expense of \$487,500 (2015 – 12,362); foreign exchange loss of \$225,874 (2015 - \$6,290 gain); a tax recovery of \$965,000 (2015 – Nil).

Q2 2016 - Results for the quarter were adversely affected by the following: On August 11, 2015, the Company commenced a takeover bid to acquire all of the issued and outstanding shares of CB Gold Inc. with the intention of gaining control over the company. On October 5, 2015, the takeover bid expired. Due to the fact that Batero was not successful in obtaining majority control of CB Gold, the acquisition-related costs incurred during the quarter in the amount of \$291,810 were expensed. Exploration expenditures in the amount of \$554,256 (2015- \$207,487) were expensed. Results were favourably impacted by foreign exchange gains in the amount of \$162,085 (2015 – a loss of \$16,203) realized during the quarter.

6. LIQUIDITY

The Company has no significant revenues and no expectation of significant revenues in the near term. In order to manage this risk, the Company closely monitors its cash requirements and expenditures to maintain sufficient liquidity.

As at November 30, 2016 the Company had working capital of \$12,701,724. 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.

The Company has followed a policy of converting a significant portion of its Canadian dollar cash holdings into US funds in the belief that the US dollar will strengthen.

The Company holds most of its cash in US\$ and funds its operations mostly in Colombian pesos. The US \$ has appreciated approximately 60% over the past three years with the exchange rate going from 1,915 pesos per US dollar at August 31, 2013 to 3,072 pesos per US dollar at November 30, 2016. As a result of the weakening Colombian peso the cost to the company of funding operations in US dollars has declined significantly over the past years.

7. CAPITAL RESOURCES

Other than the disposition of CB Gold Inc. shares for cash of \$7,006,395, and the conversion of Cdn \$6,690,000 into Us \$4,978,000 during the period ended November 30, 2016 there were no significant events that affected the Company's capital resources.

8. OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements as of November 30, 2016.

9. RELATED PARTY TRANSACTIONS

During the periods ended November 30, 2016 and 2015 the Company paid or accrued the following amounts to key management and private corporations owned by them:

	November 30,	November 30,
	2016	2015
	\$	\$
Consulting fees of key management	53,122	50,000
Share-based payments	-	4,898
	<u>53,122</u>	<u>54,898</u>

- In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any directors (executive and non-executive) of the Company.

- The remuneration of directors and key executives is determined by the Compensation Committee.

During the period the Company made payments to Antioquia Gold Ltd. and Infinita Prosperidad Minera, companies with key management personnel common to Batero, in the amount of \$128,108 and \$55,260 respectively. Batero shares office space with Antioquia Gold Ltd. and the payments made to it were primarily for shared office costs. The payment to Infinita Prosperidad Minera was primarily for the reimbursement of expenses related to management studies incurred on behalf of Batero.

Included in accounts payable and accrued liabilities as at November 30, 2016 is \$21,020 (2015 - \$28,889) owing to related parties.

10. EVENTS AFFECTING THE COMPANY'S FINANCIAL CONDITION

Other than the disposition of CB Gold Inc. shares for cash of \$7,006,395, and the conversion of Cdn \$6,690,000 into Us \$4,978,000 during the period ended November 30, 2016 there were no significant events that affected the Company's capital resources.

11. PROPOSED TRANSACTIONS

There are no asset or business acquisitions or dispositions proposed by the Company at November 30, 2016.

13. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Use of 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, valuation of the marketable securities, 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:

Impairment of long lived assets

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 are no triggering events for impairment as defined by IFRS 6.

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 property 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.

Valuation of marketable securities

The Company recognizes its shares held in CB Gold Inc. at fair value using level 2 inputs. There is inherent uncertainty in the inputs which can affect fair value. Changes in inputs used in valuing the investment in CB Gold Inc. could affect the estimated fair value.

14. CHANGES IN ACCOUNTING POLICIES AND ACCOUNTING PRONOUNCEMENTS

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods beginning on or after December 1, 2016 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded below. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 9 *Financial Instruments*; tentatively effective for annual periods beginning on or after January 1, 2018.

IFRS 9 replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortized cost and fair value. IFRS 9 prohibits reclassifications except in rare circumstances when the entity's business model changes. The new standard removes the requirement to separate embedded derivatives from financial asset hosts. It requires a hybrid contract to be classified in its entirety at either amortized cost or fair value.

Management is currently assessing the impact of this new standard on the Company's accounting policies and financial statement presentation.

15. FINANCIAL INSTRUMENTS AND OTHER RISK EXPOSURES

Financial Instruments

The carrying amounts for cash, accounts receivable and accounts payable and accrued liabilities approximate their estimated fair value due to the short term nature of these financial instruments.

Cash and accounts receivable are classified as loans and receivables and are recorded at amortized cost, which upon their initial measurement is equal to their fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method.

Cash equivalents are classified as FVTPL and are measured at fair value.

Accounts payable are classified as other financial liabilities and are initially measured at their fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method.

The Company's financial instruments that are carried at fair value consist of cash and marketable securities. Cash has been classified as level 1, and marketable securities have been classified as level 2, within the fair value hierarchy.

Risk exposures - financial

The Company's primary risk management objective is to protect assets, earnings and cash flow and, ultimately, shareholder value. Risk management strategies, as discussed below, are designed and implemented to ensure that the Company's risks and the related exposure are consistent with its business objectives and risk tolerance. There have been no changes to the risks to which the Company is exposed or to the corresponding risk management strategies during the current period.

Credit Risk

Credit risk is the risk of potential loss associated with a counter-party'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.

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.

Foreign Currency Risk

The Company conducts its business in Colombia in Colombian pesos, and in Canada in Canadian dollars, but currently its cash are mostly in US 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 November 30, 2016 the Company had a large balance of cash on hand denominated in US funds of US\$9,143,493, 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 \$915,000. Should it depreciate 10% vis a vis the Canadian dollar, the company would experience a net loss of approximately \$915,000.

Devaluation of the Colombian peso against the US Dollar in the last two years has been significant: Due to the fact that most of the costs and expenses on the project are carried-out in pesos, and the Company's cash is in USD, exchange rates have had a positive impact on the Company.

Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. As the Company's properties are in the exploration stage and to date do not contain any identified mineral resources or reserves, the Company does not hedge against commodity price risk.

Risk exposures – other

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.

16. OUTSTANDING SHARE, WARRANT AND OPTION DATA

As at November 30, 2016, and the date hereof, there were outstanding; 115,182,383 common shares; and Nil share purchase warrants. As at November 30, 2016, and the date hereof, there were 10,900,000 stock options, respectively, outstanding.

17. 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.