



**RED EAGLE MINING CORPORATION**  
**Management's Discussion and Analysis**  
**For the three and nine months ended September 30, 2017**

## RED EAGLE MINING CORPORATION

### Management's Discussion and Analysis

#### For the three and nine months ended September 30, 2017

(amounts are in thousands of US dollars, unless otherwise stated)

This management's discussion and analysis ("MD&A") focuses on significant factors that affected Red Eagle Mining Corporation and its subsidiaries ("Red Eagle" or the "Company") during the three and nine months ended September 30, 2017 and to the date of this report. The MD&A supplements, but does not form part of, the unaudited condensed interim consolidated financial statements of the Company and the notes thereto for the three and nine months ended September 30, 2017. This MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2017 and the notes thereto and the audited consolidated financial statements for the year ended December 31, 2016, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Effective January 1, 2017, the presentation currency of the Company was changed from the Canadian dollar to the US dollar. As a result, all dollar amounts in this MD&A are expressed in thousands of US dollars, unless otherwise indicated. All prior period amounts have been adjusted to conform with the current year presentation. The change in presentation currency is to better reflect the Company's business activities and to improve comparability of the Company's financial results with other publicly traded gold mining businesses. Please refer to note 2 of the unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2017.

Additional information related to Red Eagle is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.redeaglemining.com](http://www.redeaglemining.com).

This MD&A contains information up to and including November 14, 2017.

#### FORWARD-LOOKING INFORMATION

Certain statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements. For more information on forward-looking information, please refer to page 19 of this MD&A.

#### CORPORATE OVERVIEW

The Company was incorporated under the *Business Corporations Act (British Columbia)* on January 4, 2010. The Company completed its initial public offering ("IPO") on June 24, 2011 and commenced trading its common shares in Canada under the symbol "RD" on the TSX Venture Exchange ("TSX-V") on June 28, 2011. On September 20, 2016, the Company started trading on the Lima Stock Exchange under the symbol "R", and on November 4, 2016, the Company received final approval to graduate to the Toronto Stock Exchange ("TSX") and began trading on the TSX under the new symbol "R". The Company is also publicly listed on the OTCQX in the USA under the symbol "RDEM".

The Company is a gold and silver company that is focused on building shareholder value through acquiring, developing and operating gold and silver projects with low costs and low technical risks in Colombia, a jurisdiction with prolific historic production but until recently limited modern exploration. The Company's primary project is the San Ramon Gold Mine and Mill. The Company also owns an 80% controlling interest in Red Eagle Exploration Limited ("Red Eagle Exploration") which holds exploration projects in Colombia.

#### QUALIFIED PERSONS

The scientific and technical information contained in this MD&A has been reviewed and approved by Jeff Toohey, P.Eng., Vice President Exploration, who is a "Qualified Person" as defined under National Instrument 43-101.

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**COMPANY DEVELOPMENTS AND OUTLOOK**

**Development of the San Ramon Gold Mine and Mill and Outlook**

The Company commenced construction of the San Ramon Gold Mine and Mill in August 2015 after completing a positive feasibility study in October 2014, followed by completion of permitting in March 2015 and project financing in August 2015. During the fourth quarter of 2016, construction and commissioning of the Mill was completed with first gold pour in November 2016. The Company announced commercial production readiness at the end of the first quarter of 2017. The criteria used by the Company to determine that the mill assets were operating in a manner intended by management was based on the Santa Rosa processing plant operating, over 30 consecutive days, at an average of at least 75% of design capacity. However, subsequently, the underground mine did not consistently achieve planned operating levels due to challenging ground conditions.

**2017 Key Production Metrics**

<b>Total</b>		<b>Q1 2017</b>	<b>Q2 2017</b>	<b>Q3 2017</b>
Decline Development	(metres)	949	1,350	1,756
Ore Development	(metres)	589	917	-
Ore Mined	(tonnes)	34,210	34,504	-
Ore Processed	(tonnes)	23,666*	35,006	-
Au Produced	(ounces)	1,758*	1,944	-
Recovery		90%*	88%	-
<b>Average Per Day</b>				
Development	(metres)	17	25	19
Ore Mined	(tonnes)	380	379	-
Ore Processed	(tonnes)	763*	385	-

*\*March only as processing commenced March 1, 2017*

***Mine Development***

To improve ground stability and minimize gold losses, the Company is implementing back fill. Back fill utilizing waste tailings material has been successfully tested providing much improved ground stability and an add-on plant has been designed with capital expenditures estimated at \$3,000. Until the add-on back fill plant is completed, mining ore in stopes was temporarily suspended as ore was not being efficiently extracted, resulting in unnecessary dilution and ore loss. While the add-on backfill plant is constructed, production crews have been diverted to underground mine development. The additional underground development will ensure greater operational flexibility once stope mining resumes.

Underground development at the San Ramon Gold Mine continues to advance according to plan with 1,756 metres completed in the third quarter of 2017, 438 metres in October 2017 and 4,493 metres completed year-to-date. Development has been primarily focused on secondary access ramps and advancing sixteen attack ramps on levels -125, -150, -175 and -200 metres, measured from surface.

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**COMPANY DEVELOPMENTS AND OUTLOOK (CONTINUED)**

**Development of the San Ramon Gold Mine and Mill and Outlook** (continued)

*Mine Development* (continued)

During September 2017, four of these attack ramps crossed the mineralized shear zone defining economic ore headings with channel sampling averaging 7.35 grams per tonne gold over an average stope width of 3 metres. During October 2017, four additional attack ramps crossed the shear zone. Development of an average of about 20 metres per day is planned for the remainder of 2017 and an additional four kilometres of development will have been completed giving access to 54 ore development headings by December 2017. Development ore will continue to be mined and stockpiled. Stope mining operations resumed in October with 4,373 tonnes at 6.09 grams per tonne gold mined and stockpiled. Prior to the anticipated mill start-up in January 2018, the Company expects to have stockpiled 21,000 tonnes of development ore. Upon completion, the additional development, infill drilling and back fill system will allow consistent production resulting in an estimated 50,000 ounces of gold produced during 2018.

Updated ground support, drilling and blasting procedures were successfully implemented following the recently completed geotechnical study that resulted in greatly improved ground conditions, lower costs and reduced dilution.

During October 2017, twin primary ventilation fans were commissioned on top of the exhaust shaft providing 120,000 cubic feet per minute to the underground mine. Each fan can deliver 120,000 cubic feet per minute with one operating and one on standby.

*Mill and Add-on Backfill Plant*

The mill processing facility commissioning is complete. The mill has demonstrated the ability to exceed the nameplate design throughput by 20%, with the capability to process up to 1,200 tonnes per day.

Design of the proposed add-on backfill plant was completed during October 2017. Testing will continue through November 2017. Construction is planned to commence before the end of the year and is expected to be completed during Q1 2018.

*Delineation Drilling*

The 2017 mining stope delineation underground drill program has commenced as planned, utilizing increased access to the ore body from the mine development program. The program commenced in June 2017 with two underground diamond drill rigs and during August 2017, a third rig was mobilized to site. As of October 31, 2017, 10,015 metres have been drilled in 123 delineation holes with assays pending on holes SRDU-0044 to SRDU-0123.

In August and September, 2017, the Company announced the results from the ongoing program. A total of 43 underground stope delineation holes have been completed to date (SRDU-0001 to SRDU-0043) with highlights including intersections:

- SRDU-0003 – 0.60m at 44.14 g/t Au from 45.10m down hole
- SRDU-0008 – 2.25m at 10.04 g/t Au from 82.20m down hole
- SRDU-0008 – 4.75m at 5.38 g/t Au from 97.80m down hole (incl. 0.60m at 27.30 g/t Au)
- SRDU-0010 – 3.80m at 5.35 g/t Au from 58.35m down hole
- SRDU-0011 – 1.50m at 25.92 g/t Au from 85.90m down hole
- SRDU-0019 – 2.45m at 36.93 g/t Au from 59.05m down hole (incl. 0.50m at 108.54 g/t Au)
- SRDU-0020 – 1.60m at 19.10 g/t Au from 87.40m down hole
- SRDU-0038 – 1.35m at 63.38 g/t Au from 29.80m down hole
- SRDU-0042 – 0.50m at 108.64 g/t Au from 56.70m down hole

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**COMPANY DEVELOPMENTS AND OUTLOOK (CONTINUED)**

**Development of the San Ramon Gold Mine and Mill and Outlook** (continued)

*Delineation Drilling* (continued)

As was observed in the surface stope delineation drilling, the results from the underground stope delineation drilling have returned intercepts with grades significantly higher than the reserve grade of 5.2 g/t Au. Drill assays were composited by length-weighted averaging into intersections using a 2 g/t Au cut-off grade. Due to the mining method and mining selectivity contemplated for the deposit, internal dilution was included in some intersections where considered appropriate for mining continuity. For complete drilling results, refer to the press releases dated August 1, 2017 and September 18, 2017.

*Safety*

Operations have continued to adopt and promote best practices in safety with many awareness programs in place and monitoring occurring on a continuous basis. The results have been demonstrated in the safety statistics to date.

*Social and Environmental*

The Company continues to maintain positive relationships with and be involved with the local communities. Continuous information flow and communication has been maintained with all stakeholders regarding the advances of the operations. Red Eagle Mining continues to strictly adhere to the terms of its Environmental License and the associated Environmental Management Plan. The Environmental Agency, along with local committees, has maintained a strict monitoring program as the project has progressed with visits at least monthly. The Company has received positive inspection reports from all inspections.

**Exploration Discovery at the Santa Rosa Gold Project**

In July 2017, the Company announced results to date from the on-going exploration drilling program at the 100% owned 100 km<sup>2</sup> Santa Rosa Gold Project, Antioquia, Colombia. A total of 8,268 metres have been drilled in 22 core holes from eight widely-spaced platforms spread over several new target zones within a four square kilometer area to the west of the San Ramon Gold Deposit. The new targets are all located within five kilometres of the completed Santa Rosa Mill. Highlights from the program include the following intersections:

- PL-007 – 1.00m at 42.09 g/t Au from 119.30m down hole (Luis Bran zone)
- PL-007 – 0.55m at 73.47 g/t Au from 252.15m down hole (Luis Bran zone)
- PL-018 – 0.73m at 40.16 g/t Au from 202.37m down hole (Canada Rica zone)
- PL-020 – 0.50m at 29.20 g/t Au from 225.30m down hole (Guacamaya zone)
- PL-020 – 0.50m at 36.19 g/t Au from 397.65m down hole (Guacamaya zone)
- PL-021 – 0.50m at 26.40 g/t Au from 305.40m down hole (Guacamaya zone)

Results from the exploration drilling are very encouraging and confirm the existence of numerous high-grade gold veins distributed throughout the western sector of the large Santa Rosa Gold Project, and notably within trucking distance of the Santa Rosa Mill. The gold mineralized veins are hosted in competent granodiorite and extend to surface. For complete drilling results, refer to the press release dated July 10, 2017.

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**COMPANY DEVELOPMENTS AND OUTLOOK (CONTINUED)**

**Financing Update**

*Bought Deal Equity Financing*

In February 2017, the Company completed a bought deal equity financing of 23,000,000 Common Shares at a price of CAD \$0.75 per Common Share for aggregate gross proceeds of \$13,119 (CAD \$17.3 million). The Common Shares were issued by way of public offering pursuant to a short form prospectus dated February 14, 2017, and were underwritten by a syndicate of underwriters led by BMO Capital Markets and including National Bank Financial Inc. The net proceeds of the offering were used to advance exploration of the Santa Rosa Gold Project and for working capital purposes.

*Rights Offering*

In order to fund the add-on paste backfill plant and to provide working capital before gold production resumes, the Company successfully completed a rights offering on August 11, 2017 for gross proceeds of \$23,595 (CAD \$30.0 million) consisting of 85,629,689 Units at a price of CAD \$0.35 per Unit. Each Unit consists of one common share of the Company and one transferable purchase warrant exercisable into one common share of the Company at CAD \$0.50 per common share for a period of five years from the issue date. The proceeds of the Rights Offering will be used for constructing the add-on backfill plant and working capital.

*Bridge Funding Agreement*

On July 24, 2017, the Company obtained a bridge loan of \$6,500 added to the existing credit facility. Upon completion of the successful rights offering and entering into an amendment to the credit agreement, the bridge loan was repaid out of Orion Fund JV Limited ("Orion") and Liberty Metals & Mining Holdings LLC's ("LMM") participation in the rights offering on August 11, 2017.

*Amendment to the Credit Agreement*

On August 11, 2017, the Company entered into an amendment to the credit agreement. Highlights of the new terms of the Credit Facility are the following:

- Interest will be capitalized and the interest rate will be increased to LIBOR plus 11%
- Monthly principal payments of \$1,600 commence on April 1, 2018
- Financial covenants are waived until July 1, 2018
- As an amendment fee, the Company issued 33,105,362 shares in Red Eagle Exploration from its current holdings to the lenders

**Red Eagle Exploration Developments**

Red Eagle Exploration, owns an option on the California Gold Project and owns 100% of each of the Vetas Gold and Santa Ana Silver Projects. Further detailed information on the mineral properties for Red Eagle Exploration can be found in its consolidated financial statements and MD&A for the year ended December 31, 2016 and unaudited condensed interim consolidated financial statements and MD&A for the three and nine months ended September 30, 2017.

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**COMPANY DEVELOPMENTS AND OUTLOOK (CONTINUED)**

**Red Eagle Exploration Developments** (continued)

*California Gold Project*

On February 15, 2017, Red Eagle Exploration announced an option to purchase 100% of six exploitation mining concessions from local miners for aggregate consideration of \$5,684 in cash and \$7,562 which is payable in shares of Red Eagle Exploration. Initial payments of \$345 and 2,180,985 common shares of Red Eagle Exploration were paid upon closing.

On March 15, 2017, Red Eagle Exploration announced an option to purchase 100% of two additional exploitation mining concessions for aggregate consideration of \$7,493 of which 50% is payable in cash and 50% is payable in shares of Red Eagle Exploration. Initial payments of \$62 and 520,367 common shares of Red Eagle Exploration were paid upon closing.

In October 2017, Red Eagle Exploration agreed to amend the terms of the California option agreements previously announced on February 15, 2017. Pursuant to the amendment, the Company will issue additional consideration to the landowners consisting of 1,907,117 common shares of Red Eagle Exploration.

The balance of the payments for both acquisitions are due over a two-year period subsequent to title transfer, at the option of Red Eagle Exploration. An additional payment is due three years from the date of title transfer equivalent to 1.5% of the value of gold and silver measured and indicated resources in the event that any are included in a NI 43-101 Technical Report. The eight properties, which collectively comprise the California Gold Project, total 250 hectares in the prolific California-Vetas Gold District located in Santander, Colombia.

On June 28, 2017, Red Eagle Exploration reported the results of underground rock chip panel samples collected on the Machuca zone within the California Gold Project. For further details, refer to the Red Eagle Exploration MD&A for the three and nine months ended September 30, 2017.

On September 26, 2017, Red Eagle Exploration announced new high-grade discoveries on the Los Andes zone within the California Gold Project. For further details, refer to the Red Eagle Exploration MD&A for the three and nine months ended September 30, 2017.

On November 14, 2017, Red Eagle Exploration announced a new discovery at the San Marcos Zone within the California Gold Project. Mineralization has been mapped and sampled underground in multiple locations over a strike length of 750 metres and vertical distance of 350 metres. Highlights included 24.04 g/t Aueq over 0.60 metres, 136.11 g/t Aueq over 0.20 metres, 16.13 g/t Aueq over 1.30 metres, 15.29 g/t Aueq over 1.00 metres and 34.13 g/t Aueq over 0.50 metres. For further details, refer to press release dated November 14, 2017.

*Vetas Gold Project*

On February 14, 2017, Red Eagle Exploration amended the pre-existing acquisition agreements for the San Bartolo and San Antonio properties, which together with other properties collectively comprise the Vetas Gold Project. A portion of the properties were affected by the delineation of the Paramo boundaries and the outstanding amount of the purchase price was reduced proportionately. As final payment, Red Eagle Exploration issued 4,550,000 common shares and paid \$500 in cash with respect to the San Bartolo property and issued 116,700 common shares with respect to the San Antonio property.

Red Eagle Exploration has now settled all outstanding mineral property obligations.

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**COMPANY DEVELOPMENTS AND OUTLOOK (CONTINUED)**

**Red Eagle Exploration Developments** (continued)

*Financing Update*

On June 23, 2017, the Red Eagle Exploration completed a non-brokered private placement consisting of 6,854,722 units at a price of CAD \$0.15 per unit for gross proceeds of \$775 (CAD \$1.0 million). Each unit consists of one common share and one warrant, with each warrant exercisable at a price of CAD \$0.25 per unit until June 23, 2022.

The net proceeds of the Offering will be used to fund exploration programs at the Vetás and California Gold Projects, and for general corporate and working capital purposes.

**MINERAL PROPERTIES**

On April 15, 2011, the Company acquired 100% of the Santa Rosa Gold Project in Antioquia, Colombia. The Company subsequently consolidated the district through staking and additional acquisitions through 2014. The initial project area including the San Ramon Gold Mine is subject to a 3% NSR royalty. The Company has the option to repurchase a 1% royalty for CAD \$8.3 million at any time during the first two years of commercial gold production. The remainder of the project is subject to a 0%, 1.5% or 2% NSR royalty depending on the concession.

During 2015, the Company also acquired a controlling interest in the public company, Red Eagle Exploration, which owns an option to acquire the California Gold Project and owns 100% of each of the Vetás Gold and Santa Ana Silver Projects. Further information on the mineral properties can be found in the Company's unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2017 and this MD&A as well as the consolidated financial statements and MD&A for the year ended December 31, 2016.

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**RESULTS OF OPERATIONS**

**THREE MONTHS ENDED SEPTEMBER 30, 2017 COMPARED TO THREE MONTHS ENDED SEPTEMBER 30, 2016**

The Company recorded a loss of \$5,010 for the three months ended September 30, 2017 compared to a loss of \$568 for the three months ended September 30, 2016. The Company has a controlling interest in Red Eagle Exploration. Accordingly, the consolidated results of operations for the three months ended September 30, 2017, include a loss of \$752 (2016 includes a loss of \$433) related to Red Eagle Exploration.

Following is an analysis of the significant items and variances between the three months ended September 30, 2017 and September 30, 2016:

<b>For the three months ended</b>	<b>September 30, 2017</b>	<b>September 30, 2016</b>	
Mineral property exploration cost	<b>1,080</b>	523	Mineral property exploration costs primarily consist of exploration costs related to Red Eagle Exploration and exploration drilling costs for targets within the Santa Rosa Gold Project. The increase from the prior period relates to the Company advancing its exploration programs.
Mine site expenses	<b>1,076</b>	-	Support cost related to maintaining the site and processing plant in a state of operational readiness. In the prior period, these support costs were capitalized as the processing plant was under construction.
Salaries and benefits	<b>633</b>	266	Increase primarily due to an increase in non-cash share-based payment expense and increased personnel as the San Ramon Gold Mine and Mill ramped up.
Office and administration	<b>835</b>	546	Increase due to higher non-cash share-based payment expense as a result of the grant of stock options, restricted share units and deferred share units during the quarter.
Professional fees	<b>305</b>	47	Increase in accounting fees, legal fees and consulting fees as a result of higher corporate activities.

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**RESULTS OF OPERATIONS (CONTINUED)**

**THREE MONTHS ENDED SEPTEMBER 30, 2017 COMPARED TO THREE MONTHS ENDED SEPTEMBER 30, 2016**

Following is an analysis of the significant items and variances between the three months ended September 30, 2017 and September 30, 2016 (continued):

<b>For the three months ended</b>	<b>September 30, 2017</b>	<b>September 30, 2016</b>	
Foreign exchange loss (gain)	<b>718</b>	(1,033)	Decrease relates to a change in the functional currency, effective January 1, 2017, of the Company's subsidiaries to USD resulting in lower foreign exchange fluctuations. The foreign exchange loss is a result of the weakening of the USD against COP and CAD net liabilities.
Interest and other expense	<b>249</b>	68	Amounts primarily relate to interest and penalties on outstanding amounts payable, which have been subsequently settled, and non-cash accretion expense related to the Company's reclamation provision.

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**RESULTS OF OPERATIONS (CONTINUED)**

**NINE MONTHS ENDED SEPTEMBER 30, 2017 COMPARED TO NINE MONTHS ENDED SEPTEMBER 30, 2016**

The Company recorded a loss of \$11,940 for the nine months ended September 30, 2017 compared to a loss of \$1,204 for the nine months ended September 30, 2016. The Company has a controlling interest in Red Eagle Exploration. Accordingly, the consolidated results of operations for the nine months ended September 30, 2017, include a loss of \$2,624 (2016 includes a loss of \$1,570) related to Red Eagle Exploration.

Following is an analysis of the significant items and variances between the nine months ended September 30, 2017 and September 30, 2016:

<b>For the nine months ended</b>	<b>September 30, 2017</b>	<b>September 30, 2016</b>	
Mineral property exploration cost	2,550	1,125	Mineral property exploration costs primarily consist of exploration costs related to Red Eagle Exploration and exploration drilling costs for targets within the Santa Rosa Gold Project. The increase from the prior period relates to the Company advancing its exploration programs.
Mine site expenses	2,424	-	Support cost related to maintaining the site and processing plant in a state of operational readiness. In the prior period, these support costs were capitalized as the processing plant was under construction.
Salaries and benefits	2,356	1,020	Increase primarily due to an increase in non-cash share-based payment expense and increased personnel as the San Ramon Gold Mine and Mill ramped up.
Office and administration	1,999	1,588	Increase due to higher insurance and non-cash share-based payment expense as a result of the grant of stock options, restricted share units and deferred share units during the quarter.
Professional fees	495	275	Increase in accounting fees, legal fees and consulting fees as a result of higher corporate activities.

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**RESULTS OF OPERATIONS (CONTINUED)**

**NINE MONTHS ENDED SEPTEMBER 30, 2017 COMPARED TO NINE MONTHS ENDED SEPTEMBER 30, 2016**

Following is an analysis of the significant items and variances between the nine months ended September 30, 2017 and September 30, 2016 (continued):

<b>For the nine months ended</b>	<b>September 30, 2017</b>	<b>September 30, 2016</b>	
Foreign exchange loss (gain)	695	(3,284)	Decrease relates to a change in the functional currency, effective January 1, 2017, of the Company's subsidiaries to USD resulting in lower foreign exchange fluctuations. The foreign exchange loss is a result of the weakening of the USD against COP and CAD net liabilities.
Interest and other expense	1,127	46	Amounts primarily relate to interest and penalties on outstanding amounts payable, which have been subsequently settled, and non-cash accretion expense related to the Company's reclamation provision.

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**SUMMARY OF QUARTERLY RESULTS**

Following is a summary of quarterly results for the eight most recently completed quarters. These results are taken from the interim and annual consolidated financial statements of Red Eagle Mining Corporation, which are prepared in accordance with IFRS.

	<b>For the three months ended September 30, 2017</b>	<b>For the three months ended June 30, 2017</b>	<b>For the three months ended March 31, 2017</b>	<b>For the three months ended December 31, 2016</b>
Interest and other expense	249	790	88	40
Net loss attributable to equity holders	4,888	4,226	2,536	5,427
Basic and diluted loss per share	0.02	0.02	0.01	0.02

	<b>For the three months ended September 30, 2016</b>	<b>For the three months ended June 30, 2016</b>	<b>For the three months ended March 31, 2016</b>	<b>For the three months ended December 31, 2015</b>
Interest and other expense (income)	68	(20)	(3)	(10)
Net loss (income) attributable to equity holders	436	299	(66)	1,972
Basic and diluted loss per share	0.00	0.00	0.00	0.01

The analysis provided in the Results of Operations section above provides information regarding the movements during the three and nine month periods ended September 30, 2017 and September 30, 2016. Due to the nature of operations, there is no significant seasonality in the business.

As at October 8, 2015, the Company acquired a controlling interest in Red Eagle Exploration. Accordingly, consolidated results of operation for the three months ended December 31, 2015 include a loss of \$371 related to Red Eagle Exploration for the period from October 8, 2015 to December 31, 2015. Capitalization of direct costs associated with the development of the San Ramon Gold Mine and Mill and recognition of VAT taxes receivable were offset by a higher non-cash foreign exchange loss during the three months ended December 31, 2015.

For the three month period ended March 31, 2016, net income attributable to equity holders of the parent was a result of a non-cash foreign exchange gain and the capitalization of direct costs associated with the development of the San Ramon Gold Mine and Mill.

For the three month period ended June 30, 2016 and September 30, 2016, net loss attributable to equity holders of the parent was a result of higher general expenses due to increased activities and profile for the Company, and expenses associated with Red Eagle Exploration, which were partially offset by a higher non-cash foreign exchange gain.

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#### SUMMARY OF QUARTERLY RESULTS (CONTINUED)

For the three month period ended December 31, 2016, net loss attributable to equity holders of the parent increased due to a non-cash foreign exchange loss due to the weakening of the CAD against the USD during Q4 2016 on the USD denominated long-term debt and a higher share-based payment expense due to the grant of share purchase options as well as restricted and deferred share units to officers and directors.

For the three month period ended March 31, 2017, net loss attributable to equity holders of the parent decreased compared to prior quarter due to the change in the functional currency, effective January 1, 2017, of the Company's subsidiaries to USD resulting in lower foreign exchange fluctuations, and the grant of non-cash share-based payments in the prior quarter.

For the three month period ended June 30, 2017 net loss attributable to equity holders increased as costs to maintain the site and processing plant in a state of operational readiness were being allocated directly to the consolidated statements of comprehensive loss. Approximately \$1,348 in costs related to the plant and site support activities were recorded to mine site expenses in the consolidated statements of comprehensive loss.

#### LIQUIDITY AND CAPITAL RESOURCES

As at	September 30, 2017	December 31, 2016	December 31, 2015
Working capital (deficiency)	(13,358)	(25,674)	(1,107)
Total assets	153,547	122,020	45,124
Total liabilities	84,456	84,591	24,206
Share capital	108,102	81,504	58,939
Deficit	57,074	47,736	42,788

For working capital and exploration purposes, the Company completed a bought deal equity financing in February 2017 for gross proceeds of \$13,119 (CAD \$17.3 million) consisting of 23,000,000 common shares at a price of CAD \$0.75 per share. The Company announced commercial production readiness at the end of the first quarter of 2017. However, subsequently, the underground mine did not consistently achieve planned operating levels due to challenging ground conditions. To improve ground stability and minimize gold losses, the Company is implementing back fill. While the add-on backfill plant is constructed, production crews have been diverted to underground mine development.

As at September 30, 2017, the Company had a working capital deficiency of \$13,358 (December 31, 2016: \$25,674) with cash and cash equivalents of \$3,625 (December 31, 2016: \$4,202), as the Company has incurred costs to complete the construction, commissioning, and development of the San Ramon Gold Mine and Mill and ramp up into normal course operations, while not having recognized the benefit of material cash-flows from gold sales.

Under the terms of the US \$60,000 credit facility, principal repayments commenced on May 1, 2017 and contractually were due to be made in forty-two equal monthly amortization amounts of \$1,579. Orion and LMM waived the Company's requirement under the credit facility to make the June, July and August 2017 amortization payments. Effective with the signing of the amended credit agreement on August 11, 2017, the Company is no longer in default.

## RED EAGLE MINING CORPORATION

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#### LIQUIDITY AND CAPITAL RESOURCES (CONTINUED)

In order to fund working capital requirements, on July 24, 2017, the Company entered into a bridge funding agreement for \$6,500. Upon completion of the successful rights offering and entering into an amendment to the credit agreement, the bridge loan was repaid out of Orion and LMM's participation in the rights offering on August 11, 2017.

Additionally, in order to fund the backfill plant and to provide working capital before gold production resumes, the Company successfully completed a rights offering on August 11, 2017 for gross proceeds of \$23,595 (CAD \$30.0 million) consisting of 85,629,689 Units at a price of CAD \$0.35 per Unit. Each Unit consists of one common share of the Company and one transferable purchase warrant exercisable into one common share of the Company at CAD \$0.50 per common share for a period of five years from the issue date.

The Company relies on equity financings and the exercise of options and warrants to fund its operations. Many factors influence the Company's ability to raise funds including the health of the resource market, the climate for mineral exploration and development investment, the Company's track record, and the experience and caliber of its management and personnel. Actual funding requirements may vary from those planned due to a number of factors, including the progress and results of operational, development and exploration activities. There is no guarantee that the Company will be able to continue to secure additional financings in the future at terms that are favourable should the Company require additional funding.

The Company's operations to date have been financed by issuing equity, the sale of a royalty over a portion of the Santa Rosa property, and the use of proceeds from the credit facility. The Company's ability to continue operations in the normal course of business is dependent upon the successful execution of backfill and mine development in order to resume gold production and generate sufficient cash flows from operations. The nature and significance of these conditions, along with the working capital deficiency and current portion of long term debt outstanding, may cast significant doubt about the appropriateness of the going concern assumption. Refer to Note 1 of the unaudited condensed interim consolidated financial statements.

#### OUTSTANDING SHARE DATA

##### Common shares

The authorized capital of the Company is an unlimited number of common and preferred shares (nil outstanding) without par value.

As at September 30, 2017, the Company had 350,654,810 common shares issued and outstanding (December 31, 2016: 241,005,121). As at the date of this MD&A, the Company had 351,004,810 common shares issued and outstanding.

In February 2017, the Company completed a bought deal financing for gross proceeds of \$13,119 (CAD \$17.3 million), consisting of 23,000,000 common shares at a price of CAD \$0.75 per share.

On August 11, 2017, the Company successfully completed a rights offering for gross proceeds of \$23,595 (CAD \$30.0 million) consisting of 85,629,689 Units at a price of CAD \$0.35 per Unit. Each Unit consists of one common share of the Company and one transferable purchase warrant exercisable into one common share of the Company at CAD \$0.50 per common share for a period of five years from the issue date.

##### Warrants, Share Purchase Options, Deferred Share Units, and Restricted Share Units

As at the date of this MD&A, the Company had 90,629,689 warrants, 22,245,000 share purchase options, 1,825,000 deferred share units, and 1,775,000 restricted share units outstanding.

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**TRANSACTIONS WITH RELATED PARTIES**

Key management, directors, and officers received the following salaries and benefits:

<b>For the nine months ended</b>	<b>September 30, 2017</b>	<b>September 30, 2016</b>
Share-based payments	\$ 1,365	\$ 107
Employee salaries and benefits	614	801
Director fees	193	164
	<u>\$ 2,172</u>	<u>\$ 1,072</u>

The following table provides the total amount of transactions entered into by the Company with related parties during the nine months ended September 30, 2017 and 2016, and the outstanding balances as at September 30, 2017 and December 31, 2016:

<b>For the nine months ended</b>	<b>September 30, 2017</b>	<b>September 30, 2016</b>
<b>Purchases:</b>		
Mine development and operating costs by Stracon GyM to which its CEO, Steve Dixon, is a director and a shareholder of the Company	\$ 15,091	\$ 9,973
Costs recharged from a company controlled by directors, Robert Bell and Ian Slater	\$ 563	\$ 913
Legal fees to Farris, Vaughan, Wills & Murphy LLP in which a director, Jay Sujir, is a partner	\$ 138	\$ 142
<b>As at</b>	<b>September 30, 2017</b>	<b>December 31, 2016</b>
<b>Amounts owed to:</b>		
Stracon GyM to which its CEO, Steve Dixon, is a director and a shareholder of the Company	\$ 8,278	\$ 6,336
Farris, Vaughan, Wills & Murphy LLP in which a director, Jay Sujir, is a partner	\$ 98	\$ 69
A company controlled by directors, Robert Bell and Ian Slater	\$ 297	\$ -

As part of the rights offering on August 11, 2017, 14,545,455 Units were issued to Stracon GyM to settle \$4,000 of accounts payable.

Related party transactions are in the normal course of business and measured at the amounts agreed upon by the parties.

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**CHANGES IN ACCOUNTING POLICIES**

**Standards and interpretations issued but not yet effective**

The following new standards, and amendments to standards and interpretations, were not yet effective for the three and nine months ended September 30, 2017, and have not been applied in preparing these unaudited condensed interim consolidated financial statements.

*IFRS 15 Revenue from Contracts with Customers*

In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers ("IFRS 15"). The standard replaces IAS 11, Construction Contracts, IAS 18, Revenue, IFRIC 13, Customer Loyalty Programmes, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets From Customers and SIC 31 Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contract with customers. This standard is effective for annual periods beginning on or after January 1, 2018, and permits early adoption. As the Company has not yet recognized revenue, this standard will only impact the Company when the San Ramon Mine and Mill resumes operations in 2018.

*IFRS 9 Financial Instruments*

In July 2014, the IASB issued the final version of IFRS 9, Financial Instruments ("IFRS 9") which will replace IAS 39, Financial Instruments ("IAS 39"). This standard is effective for annual periods beginning on or after January 1, 2018, and permits early adoption. IFRS 9 provides a revised model for recognition and measurement of financial instruments with two classification categories: amortized cost and fair value. As well, under the new standard a single impairment method is required, replacing the multiple impairment methods in IAS 39. IFRS 9 also includes a substantially reformed approach to hedge accounting that aligns accounting more closely with risk management. The Company is assessing IFRS 9's impact on its financial statements and has not yet determined the impact.

*IFRS 16 Leases*

In January 2016, the IASB issued IFRS 16, Leases ("IFRS 16"). This standard is effective for annual periods beginning on or after January 1, 2019, and permits early adoption provided that IFRS 15 is also adopted. The objective of IFRS 16 is to bring all leases on-balance sheet for lessees. IFRS 16 requires lessees to recognize a "right of use" asset and liability calculated using a prescribed methodology. The Company is assessing IFRS 16's impact on its financial statements and has not yet determined the impact.

**FINANCIAL INSTRUMENTS**

Refer to note 13 of the Company's unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2017 for full disclosure regarding the Company's financial instruments. There has been no change in designation of financial instruments or nature of risks in the three and nine months ended September 30, 2017. The Company's financial instruments consist of cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities, and long-term debt. The Company does not hold any complex financial instruments or derivatives. The cash is held to fund ongoing exploration and development work and head office costs and the cash equivalents are held to earn interest until they are needed to fund exploration work and head office costs.

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**FINANCIAL INSTRUMENTS (CONTINUED)**

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**Credit risk**

The Company is exposed to credit risk with respect to its cash and cash equivalents and amounts receivables. All cash and cash equivalents are on deposit with major Canadian or Colombian financial institutions.

The risk arises from the non-performance of counterparties of contractual financial obligations. The Company manages credit risk by purchasing highly liquid, short-term investment-grade securities held at major financial institutions.

**Interest rate risk**

The Company has cash balances, investment-grade short-term deposit certificates issued by its banking institution and long-term debt under the credit facility. Interest income is not material to the Company. Advances under the credit facility will bear interest at the higher of LIBOR or 1%, plus 11%. The Company manages this risk by monitoring fluctuations in LIBOR, which are not expected to be significant.

**Foreign currency risk**

The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in US dollars. The Company has not entered into any foreign currency contracts to mitigate this risk.

Certain of the Company's cash and cash equivalents, amounts receivable, and accounts payable and accrued liabilities are in Colombian Peso ("COP"); therefore, COP amounts are subject to fluctuation against the US dollar.

The Company also has transactional currency exposures. Such exposures arise from purchases in currencies other than the respective functional currencies, typically the COP. The Company manages this risk by matching receipts and payments in the same currency and monitoring the movements in foreign currency.

**Other price risk**

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk. The Company is not exposed to significant other price risk.

**Liquidity risk and going concern**

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

The Company's capital management objectives include working to ensure that it has sufficient liquidity to fund Company activities. The Company endeavours to ensure that it will have sufficient liquidity in order to meet short to medium-term business requirements and all financial obligations as those obligations become due. Historically, sufficient liquidity has been provided predominantly through external financing initiatives. There is no assurance that financing of sufficient amounts or on terms acceptable to the Company will be available. For further discussion, refer to note 1 of the unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2017.

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**CAPITAL COMMITMENTS AND OFF BALANCE SHEET ARRANGEMENTS**

The Company has commitments for certain operational commitments as at September 30, 2017.

	<b>Less than 1 year</b>	<b>1 - 5 years</b>	<b>More than 5 years</b>	<b>Total</b>
Capital and operational	\$ <b>6,191</b>	\$ <b>4,047</b>	\$ <b>1,391</b>	\$ <b>11,629</b>

The Company may be involved in various claims or legal proceedings arising in the ordinary course of business. The Company does not currently believe that adverse decisions in any pending or threatened proceedings related to any matter, will have a material impact on the financial condition or future results of operations of the Company.

**RISKS AND UNCERTAINTIES**

The Company is in the business of operating, acquiring, exploring and developing mineral properties. It is exposed to a number of risks and uncertainties that are common to other mining companies. The industry is capital intensive at all stages and is subject to variations in commodity prices, market sentiment, inflation and other risks. For further discussion related to risks and uncertainties, please refer to the Company's annual information form and annual Management's Discussion and Analysis for the year ended December 31, 2016 available on SEDAR at [www.sedar.com](http://www.sedar.com).

**INTERNAL CONTROL OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS AND PROCEDURES**

As the Company became a non-venture issuer, as such term is defined in National Instrument 52-109 ("NI 52-109"), on November 4, 2016, the Company has filed the Chief Executive Officer and Chief Financial Officer certificate of interim filing under Form 52-109F2 which requires certification on design of controls but not effectiveness of controls.

**APPROVAL**

The Board of Directors has approved the disclosure contained in this MD&A on November 14, 2017. A copy of this MD&A is filed on SEDAR.

**FORWARD-LOOKING INFORMATION**

This MD&A contains "forward-looking information" (also referred to as "forward-looking statements") within the meaning of applicable Canadian securities legislation. Forward-looking statements are provided for the purpose of providing information about management's current expectations and plans and allowing investors and others to get a better understanding of the Company's operating environment. All statements, other than statements of historical fact, are forward-looking statements.

In this MD&A, forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company at this time, are inherently subject to significant business, economic and competitive uncertainties and contingencies that may cause the Company's actual financial results, performance, or achievements to be materially different from those expressed or implied herein.

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#### FORWARD-LOOKING INFORMATION (CONTINUED)

Some of the material factors or assumptions used to develop forward-looking statements include, without limitation, the uncertainties associated with: regulatory and permitting considerations, financing of the Company's acquisitions and other activities, exploration, development and operation of mining properties and the overall impact of misjudgments made in good faith in the course of preparing forward-looking information as well as other risks and uncertainties referenced under "Risks and Uncertainties" in this MD&A.

Forward-looking statements involve risks, uncertainties, assumptions, and other factors including those set out below and including those referenced in the "Risks and Uncertainties" section of this MD&A, and, as a result they may never materialize, prove incorrect or materialize other than as currently contemplated which could cause the Company's results to differ materially from those expressed or implied by such forward-looking statements.

Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, identified by words or phrases such as "expects", "is expected", "anticipates", "believes", "plans", "projects", "estimates", "assumes", "intends", "strategy", "goals", "objectives", "potential", "possible" or variations thereof or stating that certain actions, events, conditions or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of fact and may be forward-looking statements.

Numerous factors could cause actual results to differ materially from those in the forward-looking statements, including without limitation:

- regulatory risks relating to mineral tenure, permitting, environmental protection, taxation, and royalties;
- volatility of currency exchange rates, metal prices and metal production;
- financing, capitalization and liquidity risks;
- mineral exploitation and exploration program cost estimates;
- future and anticipated mine productivity and mill capacity of the San Ramon Gold Mine and Mill;
- future plans for the San Ramon Gold Mine and Mill including whether commercial production will continue as currently anticipated or at all;
- the ability to realize estimated Mineral resources and Mineral Reserves as contemplated in the Santa Rosa Technical Report, the Company's expectations that the San Ramon Gold Mine and Mill will be profitable with positive economics from mining, recoveries, grades and annual production;
- successful execution of the development plans set forth in the Santa Rosa Technical Report;
- the nature and impact of drill results and future exploration;
- the ability of the Company to satisfy all principal and interest payment under its credit facility;
- the ability of the Company to satisfy its working capital deficiency;
- other factors referenced under "Risks and Uncertainties"; and
- other risks normally incident to the acquisition, exploration, development and operation of mining properties.

**RED EAGLE MINING CORPORATION**

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**FORWARD-LOOKING INFORMATION (CONTINUED)**

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This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements. Investors are cautioned not to put undue reliance on forward-looking statements, and investors should not infer that there has been no change in the Company's affairs since the date of this report that would warrant any modification of any forward-looking statement made in this document, other documents periodically filed with or furnished to the relevant securities regulators or documents presented on the Company's website. All subsequent written and oral forward-looking statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by this notice. The Company disclaims any intent or obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of assumptions or factors, whether as a result of new information, future events or otherwise, subject to the Company's disclosure obligations under applicable Canadian securities regulations. Investors are urged to read the Company's filings with Canadian securities regulatory agencies, which can be viewed online at [www.sedar.com](http://www.sedar.com).