



RED EAGLE MINING CORPORATION

Management's Discussion and Analysis

For the three months ended March 31, 2018

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(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 months ended March 31, 2018 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 months ended March 31, 2018. This MD&A should be read in conjunction with the unaudited condensed interim financial statements of the Company for the three months ended March 31, 2018 and the notes thereto, and the audited consolidated financial statements of the Company for the year ended December 31, 2017, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

All dollar amounts in this MD&A are expressed in thousands of US dollars, unless otherwise indicated.

Additional information related to Red Eagle, including its annual information form, is available on SEDAR at www.sedar.com and on the Company's website at www.redeaglemining.com.

This MD&A is dated as at May 15, 2018.

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 14 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 producer that is focused on building shareholder value through acquiring, developing and operating gold and silver projects 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. As of March 31, 2018, the Company owned a 76.4% controlling interest in Red Eagle Exploration Limited (TSX.V: XR) ("Red Eagle Exploration") which holds gold and silver exploration projects in Colombia. On April 24, 2018, the Company and Red Eagle Exploration completed an amalgamation, pursuant to which the Company acquired all of the issued and outstanding common shares of Red Eagle Exploration, not already owned by it, and now owns 100% of Red Eagle Exploration.

QUALIFIED PERSONS

The scientific and technical information contained in this MD&A has been reviewed and approved by David G. Thomas, P.Geo., Vice President of 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. Construction and commissioning of the mill was completed in Q4 2016, however, development of the underground mine was not complete until Q4 2017. Five kilometres of underground development and 16,000 metres of underground infill drilling were completed during 2017. This development and infill drilling facilitated stope mining to recommence in Q4 2017 and the mill to restart on January 2, 2018. Mining rates have increased each month since October 2017 and production is forecast to increase to 3,000 ounces of gold per month in May 2018.

Key Q1 2018 Production Metrics

Total		Q1 2018	April 2018
Ore Mined	(tonnes)	48,616	20,390
Ore Processed	(tonnes)	60,695	21,027
Processed Gold Grade	(g/t Au)	3.15	3.02
Gold Produced	(ounces)	5,727	1,878
Recovery	(%)	93%	92%
Average Per Day			
Ore Mined	(tonnes)	540	680
Ore Processed	(tonnes)	682	701

Mine Development

During Q1 2018, underground development at the mine continued to advance according to plan with 1,141 meters completed. Development during Q1 2018 was primarily focused on secondary access ramps and advancing attack ramps on levels -100, -125, -150 and -175 metres, measured from surface. The mine currently has 21 active attack ramps with 11 in production (which provided 31 active ore production faces in April) and the remaining attack ramps in breasting and backfill.

Stope mining operations continued to ramp up with an average of 614 tonnes per day mined in March and an average of 680 tonnes per day mined in April.

With the arrival of two additional scoops in April and development currently underway, six new attack ramps are expected to be completed during Q2 to begin ore production in high-grade areas to the west, to the east and at depth from existing production areas. These additional production faces will allow mining rates to continue to increase to an estimated 900 tonnes per day in June and to an estimated 1,000 tonnes per day in July as planned.

Plant

The mill successfully restarted on January 2, 2018, as planned, and has been operating continuously to date. Process improvements in flotation and regrinding are expected to lead to sustained higher recoveries going forward.

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COMPANY DEVELOPMENTS AND OUTLOOK (CONTINUED)

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

Plant (continued)

Ore processed to date has an average grade of 3.12 grams per tonne and a mine call factor of 80%, though the mine call factor has gradually increased during the year to 89% during April 2018. This compares to a life of mine processed grade of 4.57 grams per tonne and a mine call factor of 88% in the feasibility study. The Company expects the mined grade to continually improve over time with increased experience mining the San Ramon deposit.

Rather than constructing a paste backfill plant, a thin layer of cemented paste fill is being injected on top of the backfill where appropriate to tighten fill and minimize ore loss. This alternative will result in lower capital and operating costs and more operational flexibility with a similar production profile.

Delineation Drilling

The mining stope delineation underground drill program continued during Q1 2018. Approximately, 21,688 metres have been drilled to date on ten metre centres in 250 delineation holes. The delineation drilling program continues to return intercepts with grades significantly higher than the reserve grade of 5.2 g/t Au.

Underground exploration drilling at the mine during the quarter intersected high grade mineralization including 4.75 metres at 20.3 grams per tonne gold. The drilling was below the mine workings along 300 metres of strike between sections 856,970 E and 857,200 E extending the vertical extent of known gold mineralization. Mineralization is open to depth in an area with no previous drilling and outside of the mineral resource and mineral reserve.

For complete drilling results, refer to the press releases dated February 13, 2018, March 19, 2018, and April 23, 2018.

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.

Financing Update

Credit Facility and Forbearance Agreement

Subsequent to March 31, 2018, the Company and Orion Fund JV Limited ("Orion") and Liberty Metals & Mining Holdings LLC ("LMM" and together with Orion, the "Lenders") entered into a forbearance agreement (the "Forbearance Agreement"), pursuant to which the April 1, May 1, and June 1, 2018, amortization payments were deferred, and the Lenders agreed to refrain from exercising any rights or remedies under the Amended Credit Facility until June 15, 2018. The Company is currently working with its Lenders to amend the terms of the Amended Credit Facility. Refer to the "Liquidity and Capital Resources" section of this MD&A for information about the Company's liquidity position and funding plans.

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COMPANY DEVELOPMENTS AND OUTLOOK (CONTINUED)

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 the Company's consolidated financial statements and MD&A for the year ended December 31, 2017, that can be found on SEDAR at www.sedar.com.

Amalgamation Completed

On April 24, 2018, the Company and Red Eagle Exploration completed the amalgamation previously announced pursuant to which the Company acquired the non-controlling interest in Red Eagle Exploration and it now owns 100% of Red Eagle Exploration.

Under the terms of the Amalgamation, Red Eagle Exploration shareholders received one (1) common share of the Company for every two (2) Red Eagle Exploration common shares held ("Exchange Ratio"). Pursuant to the transaction, the Company acquired an aggregate of 91,892,516 common shares of Red Eagle Exploration through the issuance of 45,946,281 common shares of the Company. Prior to the transaction the Company owned 297,948,252 Red Eagle Exploration Shares, representing 76.43% of the issued and outstanding Shares. As a result of the acquisition, the Company now owns 100% of the issued and outstanding shares of Red Eagle Exploration.

The combination of the Company and Red Eagle Exploration will create a strong exploration, development and operating company with four 100% owned high grade gold and silver projects in Colombia. The combined company will continue operating the producing Santa Rosa Gold Project and will be able to progress the Vetas Gold, California Gold and Santa Ana Silver Properties held by Red Eagle Exploration.

Financing Update

On March 1, 2018, Red Eagle Exploration completed a non-brokered private placement of 11,042,000 units at a price of CAD \$0.12 per unit for total gross proceeds of CAD \$1,325. Each unit consisted of one common share and one warrant. Each warrant entitled the holder thereof to purchase one common share of Red Eagle Exploration at a price of CAD \$0.25 per share until June 23, 2022. As a result of the Amalgamation these warrants will be exercisable into common shares of the Company at the Exchange Ratio.

The net proceeds of the financing were used for working capital and general corporate purposes.

Mineral Property Acquisition

On April 13, 2018, Red Eagle Exploration acquired the Potosi property which adjoins the Vetas Gold Project for \$40 in cash and 5,257,835 common shares of the Company at a price of CAD \$0.26 per share. In addition, \$800 is due in cash over a two-year period after the new delineation of the Paramo boundaries is enacted by the Government of Colombia, and as long as the Potosi property is not negatively affected by the new delineation. An additional payment equivalent to 1.5% of the value of gold and silver measured and indicated resources, if any, included in a NI 43-101 Technical Report is due in 3 years from the time of the new delineation.

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MINERAL PROPERTIES AND EXPLORATION AND EVALUATION ASSETS

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 remainder of the project is subject to a 0%, 1.5% or 2% NSR royalty depending on the concession.

The Company also owns 100% of Red Eagle Exploration, which owns an option to acquire the California Gold Project and owns 100% of each of the Vetas Gold and Santa Ana Silver Projects.

Further information on the mineral properties can be found in the Company's audited consolidated financial statements and MD&A for the year ended December 31, 2017 as well as the Company's Annual Information Form.

RESULTS OF OPERATIONS

THREE MONTHS ENDED MARCH 31, 2018 COMPARED TO THREE MONTHS ENDED MARCH 31, 2017

The Company recorded a loss of \$4,201 for the three months ended March 31, 2018 compared to a loss of \$2,591 for the three months ended March 31, 2017. As of March 31, 2018, the Company had a controlling interest in Red Eagle Exploration. Accordingly, the consolidated results of operations for the three months ended March 31, 2018, include a loss of \$580 (2017 includes a loss of \$755) related to Red Eagle Exploration.

Following is an analysis of the significant items and variances between the three months ended March 31, 2018 and March 31, 2017:

For the three months ended	March 31, 2018	March 31, 2017	
Mine site expenses	1,410	-	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	484	860	Decrease primarily due to a decrease in non-cash share-based payment expense of the subsidiary, Red Eagle Exploration, due to the timing of stock options grants
Office and administration	441	698	Decrease due to a decrease in service fees and insurance cost in Q1 2018, and in non-cash share-based payment expense due to a grant of DSUs to directors in Q1 2017.
Professional fees	311	73	Increase due to an increase in legal fees in connection with the Amalgamation and an increase in external consulting for various corporate initiatives.
Foreign exchange loss	912	222	Increase primarily relates to the impact on Colombian Peso denominated accounts payable on the strengthening of the Colombian peso against the USD during the period.

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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.

	For the three months ended March 31, 2018	For the three months ended December 31, 2017	For the three months ended September 30, 2017	For the three months ended June 30, 2017
Interest and other expense (income)	(4)	(25)	249	790
Net loss attributable to equity holders	4,073	3,695	4,888	4,226
Basic and diluted loss per share	0.01	0.01	0.02	0.02

	For the three months ended March 31, 2017	For the three months ended December 31, 2016	For the three months ended September 30, 2016	For the three months ended June 30, 2016
Interest and other expense (income)	88	40	68	(20)
Net loss (income) attributable to equity holders	2,536	5,427	436	299
Basic and diluted loss per share	0.01	0.02	0.00	0.00

The analysis provided in the Results of Operations section above provides information regarding the movements during the three months ended March 31, 2018 and March 31, 2017. Due to the nature of operations, there is no significant seasonality in the business.

For the three-month period ended June 30, 2016 and September 30, 2016, the increase in net loss attributable to equity holders 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.

For the three-month period ended December 31, 2016, net loss attributable to equity holders increased due to a non-cash foreign exchange loss due to the weakening of the CAD against the USD during Q4 2016 impacting the USD denominated long-term debt, and 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 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 periods ended June 30, 2017, September 30, 2017, and December 31, 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 charged directly to the consolidated statements of comprehensive loss.

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LIQUIDITY AND CAPITAL RESOURCES

As at	March 31, 2018	December 31, 2017	December 31, 2016
Working capital (deficiency)	(31,365)	(18,661)	(25,674)
Total assets	179,508	165,321	122,020
Total liabilities	106,649	89,595	84,591
Share capital	115,026	114,910	81,504
Deficit	64,645	61,430	47,736

As at March 31, 2018, the Company had a working capital deficiency of \$31,365 (December 31, 2017: \$18,661) including \$21,057 of long term debt and cash and cash equivalents of \$637 (December 31, 2017: \$1,776), 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. On January 2, 2018, the Company restarted the mill and it has operated consistently to date. Mining rates have increased each month since October 2017 and production for May 2018 is forecast to increase to 3,000 ounces of gold per month.

Under the terms of the US \$60,000 amended credit facility, principal repayments were to commence on April 1, 2018, in equal monthly amortization amounts of \$1,600 with a maturity date of April 1, 2019, at which time all remaining outstanding amounts were due. Subsequent to March 31, 2018, the Company entered into the Forbearance Agreement with the Lenders, pursuant to which the Lenders deferred the Company's requirement to make the April 1, May 1, and June 1, 2018, amortization payments and the Lenders agreed to refrain from exercising any rights or remedies under the Amended Credit Facility until June 15, 2018. The Company is currently working with its Lenders to amend the terms of the Amended Credit Facility.

The Company relies on debt and 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 establishing sufficient cash flows from gold and silver production at the San Ramon Gold Mine and Mill which re-commenced operation in January 2018, or on the receipt of additional debt or equity financing, and on amending the repayment terms of the credit facility. The nature and significance of these conditions, along with the working capital deficiency and the requirement to satisfy the current portion of long-term debt outstanding, cast significant doubt about the appropriateness of the going concern assumption.

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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 March 31, 2018, the Company had 391,239,014 common shares issued and outstanding (December 31, 2017: 390,920,264). As at the date of this MD&A, the Company had 438,160,295 common shares issued and outstanding.

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

As at the date of this MD&A, the Company had 139,168,504 warrants, 27,820,000 share purchase options, 1,500,000 deferred share units, and 550,000 restricted share units outstanding.

TRANSACTIONS WITH RELATED PARTIES

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

For the three months ended	March 31, 2018	March 31, 2017
Share-based payments	\$ 50	\$ 550
Employee salaries and benefits	157	246
Directors fees	35	58
	<u>\$ 242</u>	<u>\$ 854</u>

The following table provides the total amount of transactions entered into by the Company with related parties during the three-month period ended March 31, 2018 and 2017, and the outstanding balances as at March 31, 2018 and December 31, 2017:

For the three months ended	March 31, 2018	March 31, 2017
Purchases:		
Mine development and operating costs charged by Stracon of which a director, Steve Dixon, is the CEO	\$ 5,788	\$ 4,748
Legal fees to Farris, Vaughan, Wills & Murphy LLP in which a director, Jay Sujir, is a partner	\$ 98	\$ 99
Costs recharged from a company controlled by director Ian Slater	\$ 62	\$ 178
As at	March 31, 2018	December 31, 2017
Amounts owed to:		
Stracon of which a director, Steve Dixon, is the CEO	\$ 14,644	\$ 8,043
Farris, Vaughan, Wills & Murphy LLP in which a director, Jay Sujir, is a partner	\$ 128	\$ 34
A company controlled by director Ian Slater	\$ 431	\$ 603

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 INCLUDING INITIAL ADOPTION

The unaudited condensed interim consolidated financial statements follow the same accounting policies and methods of application as the most recent annual financial statements, except, as described below, for the effects of the adoption of new IFRS pronouncements.

Financial instruments

On January 1, 2018 (the "Transition Date"), the Company adopted IFRS 9 – Financial Instruments ("IFRS 9") which replaced IAS 39 – Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 provides a revised model for recognition, measurement and impairment of financial asset instruments and includes a substantially revised approach to hedge accounting. The Company adopted the standard using the modified retrospective approach. The transition to IFRS 9 did not impact the Company's measurement of financial assets and liabilities except for the carrying amount of long-term debt. The adoption of the standard required the Company to record the effect of the modification of the credit facility in 2017 differently. Previously, the effects of the modification were deferred and amortized over the remaining term of the credit facility on an effective interest rate basis. Under IFRS 9, the Company is required to record the effects of the modification as a finance cost in the period that the modification occurs. This resulted in an increase in the carrying amount of the credit facility of \$5,206 at the Transition Date. As the Company is currently capitalizing all borrowing costs to the San Ramon Mine and Mill project, the incremental credit facility costs were capitalized to construction work in-progress in property plant and equipment.

The following table shows the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each of the Company's financial assets and financial liabilities:

	Measurement Category	
	Original (IAS 39)	New (IFRS 9)
Financial Assets:		
Cash, cash equivalents and amounts receivable	Amortized cost	Amortized cost
Financial Liabilities:		
Accounts payable and long-term debt	Amortized cost	Amortized cost

The Company's new accounting policies for financial assets are as follows:

Financial assets – Classification

Financial assets are classified on initial recognition as either: measured at amortized cost, FVTPL or FVOCI. The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in earnings or loss or OCI. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

Financial assets – Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in earnings or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

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CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION (CONTINUED)

Financial instruments (continued)

Financial assets – Measurement (continued)

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortized cost – Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in earnings or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in interest and finance (expense) income using the effective interest rate method.

FVOCI – Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in earnings or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to earnings or loss and recognized in other gains (losses). Interest income from these financial assets is included in interest and finance (expense) income using the effective interest rate method. Foreign exchange gains and losses are presented in foreign exchange (loss) gain and impairment expenses in other expenses.

FVTPL – Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL and is not part of a hedging relationship is recognized in earnings or loss and presented net in the statement of earnings (loss) within other gains (losses) in the period in which it arises.

Changes in the fair value of financial assets at FVTPL are recognized in loss on financial instruments at fair value in the statement of earnings (loss) as applicable.

Impairment of financial assets

The Company assesses on a forward-looking basis the expected credit losses associated with any debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Revenue Recognition

On January 1, 2018, the Company adopted IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 18 – Revenue ("IAS 18"). IFRS 15 establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is effective for annual periods beginning on or after January 1, 2018. The Company adopted the standard on January 1, 2018 using the full retrospective approach. As the Company has not previously recorded any revenue, there was no impact on adoption of IFRS 15.

IFRS 15 requires entities to recognize revenue when 'control' of goods or services transfers to the customer whereas the previous standard, IAS 18, required entities to recognize revenue when the 'risks and rewards' of the goods or services transfer to the customer.

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CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION (CONTINUED)

Revenue Recognition (continued)

The Company's new accounting policy for recognition of revenue is as follows:

Revenue is generated from the sale of gold and silver bullion. The Company produces gold doré. The Company's performance obligations relate to the delivery of gold to customers, with each delivery representing a separate performance obligation.

Revenue from the sale of bullion is recognized at the point the customer obtains control of the product. Control is transferred when title has passed to the purchaser, the product is physically delivered to the customer, the customer controls the risks and rewards of ownership and the Company has a present right to payment for the product.

Control over the refined gold or silver produced from doré is transferred to the customer and revenue recognized upon delivery to the customer's bullion account.

Refined metals are sold at spot prices. Sales proceeds are collected within several days of the completion of the sale transaction.

Standards and interpretations issued but not yet effective

The following new standard, and its amendments and interpretations, were not yet effective as of March 31, 2018, and have not been applied in preparing the unaudited condensed interim consolidated financial statements for the three-month period ended March 31, 2018.

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

There has been no change in designation of financial instruments or nature of risks in the three-month period ended March 31, 2018. The Company's financial instruments consist of cash and cash equivalents, 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 operations 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.

Fair value

Management assessed that the fair values of cash and cash equivalents, amounts receivable, and accounts payable approximate their carrying amounts largely due to the short-terms to maturity of these instruments. The Company currently has no financial instruments measured at fair value.

The carrying value of long-term debt approximate its fair value.

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FINANCIAL INSTRUMENTS (CONTINUED)

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 having sufficient liquidity to fund its activities, 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 - Refer to the "Liquidity and Capital Resources" section of this MD&A and Note 1 of the unaudited condensed interim consolidated financial statements.

CAPITAL COMMITMENTS AND OFF BALANCE SHEET ARRANGEMENTS

The Company has commitments related to the development and operations of the San Ramon Gold Mine and Mill as at March 31, 2018 as follows:

	Less than 1 year	1 - 5 years	More than 5 years	Total
Operational	\$ 3,944	\$ 2,958	\$ 1,243	\$ 8,145

The Company also has to make cash payments in order to meet the terms of the option agreements entered to acquire certain of its exploration and evaluation properties.

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.

There are no other capital commitments, nor are there any off balance sheet arrangements.

RISKS AND UNCERTAINTIES

The Company is in the business of 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, 2017 available on SEDAR at www.sedar.com.

RED EAGLE MINING CORPORATION
Management's Discussion and Analysis
For the three months ended March 31, 2018

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

INTERNAL CONTROL OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS AND PROCEDURES

The Company's management, with the participation of the Chief Executive Officer and the Chief Financial Officer, engaged external consultants to evaluate the effectiveness of the Company's disclosure controls and procedures and internal control over financial reporting as at December 31, 2017. Based on this evaluation, management concluded that these disclosure and internal controls and procedures over financial reporting were effective.

As of the date of this report, management is not aware of any change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

It should be noted that all internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

APPROVAL

The Board of Directors has approved the disclosure contained in this MD&A on May 15, 2018. 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, that address events, results, outcomes or developments that the Company reasonably expects to incur, are 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", "targeted", "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.

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.

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 assumptions, risks and uncertainties referenced in the Company's Annual Information Form and under "Risks and Uncertainties" in this MD&A.

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FORWARD-LOOKING INFORMATION (CONTINUED)

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, or they may 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.

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.

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.