ROYAL ROAD MINERALS LIMITED

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS

FOR THE THREE MONTHS ENDED JUNE 30, 2017

Introduction

The following interim Management's Discussion & Analysis ("Interim MD&A") of Royal Road Minerals Limited (the "Company" or "RRM") for the three and six months ended June 30, 2017 has been prepared to provide material updates to the business operations, liquidity and capital resources of the Company since its last annual management's discussion & analysis, being the Management's Discussion & Analysis ("Annual MD&A") for the fiscal year ended December 31, 2016. This Interim MD&A does not provide a general update to the Annual MD&A, or reflect any non-material events since date of the Annual MD&A.

This Interim MD&A has been prepared in compliance with section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the Company's Annual MD&A, audited annual consolidated financial statements for the years ended December 31, 2016 and 2015, together with the notes thereto, and unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2017, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's unaudited condensed interim consolidated financial statements and the financial information contained in this Interim MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Standard 34, Interim Financial Reporting. Accordingly, information contained herein is presented as of August 28, 2017, unless otherwise indicated.

For the purposes of preparing this Interim MD&A, management, in conjunction with the Board of Directors (the "Board"), considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations can be obtained from the offices of the Company or on SEDAR at www.sedar.com.

Cautionary Note Regarding Forward-Looking Statements

Certain statements contained in this Interim MD&A constitute forward-looking statements; as such term is defined under applicable securities laws. These statements relate to future events or future performance and reflect management's expectations and assumptions regarding the growth, results of operations, performances and business prospects and opportunities of the Company. All statements other than statements of historical fact are forward-looking statements. The use of any of the words "anticipate", "plan", "continue", "estimate", "expect", "may", "intend", "will", "project", "could", "believe", "predict", "potential", "should" or the negative of these terms or other similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance, achievements or events to differ materially from those anticipated, discussed or implied in such forward-looking statements. The Company believes the expectations reflected in such forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this Interim MD&A and should be considered carefully and investors should not place undue reliance on them as the Company cannot assure investors that actual results will be consistent with these forward-looking statements.

These statements speak only as of the date of this Interim MD&A. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about: (i) general business and economic conditions; (ii) the supply and demand for, deliveries of, and the level and volatility of prices of gold and other precious metals; (iii) the timing of the receipt of any outstanding regulatory and governmental approvals for the Company's projects; (iv) the ability to meet social and environmental standards and expectations; (v) the availability of financing for the Company's development of its properties on reasonable terms; (vi) the ability to procure equipment and operating supplies in sufficient quantities and on a timely basis; (vii) the ability to attract and retain skilled staff; (viii) exploration and development timetables; and (ix) capital expenditure and operating cost estimates.

These forward-looking statements involve risks and uncertainties relating to, among other things, exploration and development risks, changes in commodity and, particularly, gold prices, access to skilled mining personnel, results of exploration and development activities, uninsured risks, regulatory changes, defects in title, availability of materials and equipment, timeliness of government approvals and unanticipated environmental impacts on operations. Actual results may differ materially from those expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, the risk factors contained in this Interim MD&A. Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur. The Company cautions that the foregoing list of important factors is not exhaustive. The forward-looking statements contained in this Interim MD&A are expressly qualified by this cautionary statement. The Company does not undertake any obligation to publicly update or revise any forward-looking statements except as expressly required by applicable securities law.

Description of Business

The Company is a mineral exploration and development company specializing in highly prospective but under prospected regions. The Company is now focused on the exploration and development of the La Golondrina gold mining project (the "La Golondrina Project") in the Nariño Province of southern Colombia pursuant to the terms of an option agreement (the "La Golondrina Option Agreement") and the Los Andes project in Nicaragua.

The Company was incorporated under the Companies (Jersey) Law 1991 on May 6, 2010 as "Tigris Resources Limited". On April 10, 2015, the Company changed its name to "Royal Road Minerals Limited" and amended its share capital structure by converting all of its par value shares to no par value shares and consolidating its then outstanding shares on the basis of two pre-consolidation shares for every one post-consolidation share. On April 15, 2015, the Company completed a business combination transaction (the "Arrangement") by way of an arrangement under the Business Corporations Act (Alberta), whereby the Company acquired its wholly-owned subsidiary Royal Road Minerals Canada Limited, a corporation resulting from the amalgamation of Kirkcaldy Capital Corp. and Royal Road Minerals Canada Limited. As a result of the Arrangement, on April 20, 2015, the ordinary shares of the Company were listed and commenced trading on the TSX Venture Exchange (the "TSXV") under the trading symbol "RYR".

Operational Highlights

Corporate update

Caza Gold Corp. Take Over Bid

On January 20, 2017, the Company made a formal offer (the "Offer") to purchase all of the outstanding common shares of Caza Gold Corp. ("Caza") on the basis of 0.16 of an ordinary share of RRM for each common share of Caza.

On February 28, 2017, the Company announced that it has been successful in its bid to acquire Caza. A total of 134,886,372 common shares of Caza, representing approximately 90% of Caza's issued and outstanding common shares were deposited under the Offer (and not withdrawn) as at February 27, 2017, the expiry time of the initial deposit period under the Offer.

The Company extended the deposit period under the Offer for the mandatory 10-day extension period required under applicable securities laws, to enable those shareholders who have not yet tendered their shares, to deposit their Caza common shares to the Offer. The Offer was extended, until March 13, 2017.

On March 13, 2017, the Company had taken up a total of 137,822,549 common shares of Caza deposited under its Offer made to Caza shareholders, representing over 90% of Caza's issued and outstanding common shares. The Offer expired and will not be further extended.

On May 23, 2017, the Company announced the completion of the compulsory acquisition of all of the remaining outstanding common shares of Caza, pursuant to the notice of compulsory acquisition made under Section 300 of the Business Corporations Act (British Columbia), and now owns 100% of the outstanding Common Shares.

On July 6, 2017, the Company announced that it has completed an internal reorganization to facilitate the disposal of non-operational assets in Mexico and streamline its corporate structure. Through this reorganization, ownership of the Company's' key operating subsidiary in Nicaragua was transferred by Caza to RRM, and its non-operational assets in Mexico were disposed of through the sale of an aggregate of 134,886,372 Caza common shares to an arm's length purchaser, Generic Capital Corporation (the "Purchaser"), in exchange for a cash payment (the "Share Sale"). The Share Sale was executed on May 31, 2017. The Share Sale is expected to improve the organizational efficiency of the Company, but is otherwise insignificant to its current business operations.

Private placements

On February 17, 2017, the Company closed a private placement offering (the "Offering"), pursuant to which the Company issued an aggregate of 36,000,000 units (each a "Unit") of the Company, with each Unit comprised of one ordinary share and one-half of one ordinary share purchase warrant (each whole warrant, a "Warrant"), at a price of C$0.10 per Unit for total aggregate gross proceeds of $3.6 million. Each Warrant entitles the holder thereof to acquire one ordinary share of the Company at a price $0.20 until February 17, 2019.

In connection with the private placement, the Company paid a total cash commission to the agents of $216,000 and issued 2,160,000 broker warrants (the "Broker Warrants") pursuant to the private placement. Each Broker Warrant entitles the holder to acquire one ordinary share of the Company at a price of $0.10 until February 17, 2019. All securities issued under the Offering will be subject to a statutory four month hold period ending on June 18, 2017 pursuant to applicable securities legislation.

On April 19, 2017, the Company closed a non-brokered strategic private placement offering (the "Offering") with Polygon Mining Opportunity Master Fund ("Polygon") and the Company's Chairman, Mr. Peter Mullens. The Offering was comprised of 7,500,000 units (each a "Unit") of the Company at a purchase price of $0.10 per Unit for aggregate gross proceeds $750,000. Each Unit is comprised of one ordinary share of the Company and one-half of one ordinary share purchase warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder thereof to acquire one ordinary share of the Company at a price $0.20 for a period of 24 months from the date of issuance.

Stock option grants

On February 17, 2017, the Company granted incentive stock options to purchase an aggregate of 4,360,000 ordinary shares of the Company to certain officers, employees and consultants of the Company pursuant to the Company's stock option plan. The options are exercisable until February 17, 2019 at a price of $0.15 per share and shall vest as to 30% of the options, 60 days from the grant date; as to a further 30% of the options, 90 days from the grant date; and as to the remainder of the options, 120 days from the grant date.

On April 27, 2017, the Company granted incentive stock options to purchase an aggregate of 200,000 ordinary shares of the Company to a director of the Company pursuant to the Company's stock option plan. The options are exercisable until April 27, 2019 at a price of $0.15 per share and shall vest as to 30% of the options, 60 days from the grant date; as to a further 30% of the options, 90 days from the grant date; and as to the remainder of the options, 120 days from the grant date.

Appointment and resignation of directors and officers

On February 21, 2017, the Company announced the appointment of Daniel De Narvaez as a director of the Company. Daniel is based in Bogotá, Colombia and that Iván Devía assumed the role of Vice–President - Operations overseeing the Company's activities in Colombia and elsewhere throughout Latin America.

On March 17, 2017, the Company announced that Donald R. Njegovan resigned from the Board of Directors.

On July 24, 2017, the Company announced the appointment of Jonathan Victor Hill to the Company's Board of Directors.

Mineral properties

Exploration update

Set forth in this section is a description of RRM's material mineral projects. All scientific and technical data contained in this MD&A have been reviewed and approved by Dr. Tim Coughlin, BSc (Geology), MSc (Exploration and Mining), PhD (Structural Geology), FAusIMM, President and Chief Executive Officer of RRM and a qualified person as defined by National Instrument 43-101 - *Standards of Disclosure for Mineral Projects* ("**NI43-101**"). The scientific and technical information relating to the La Golondrina Project set forth in this Interim MD&A has been derived from, and in some instances is an extract from, or is based on the report entitled "*NI43-101 Technical Report, Royal Road Minerals, La Golondrina Project, La Llanada-Sotomayor Gold District, Nariño, Colombia"* (the "**Technical Report**"), dated December 2015 and prepared for RRM by Dr. Dennis Arne, P.Geo (BC), MAIG, RPGeo, FAAG and Thomas Branch MSc., FGS. Dr Arne is a "Qualified Person" in accordance with NI43-101. Dr. Arne, and Mr. Branch are each independent of RRM. Portions of this section are based on assumptions, qualifications and procedures which are not fully described herein. Reference should be made to the full text of the Technical Report, which is available for review on SEDAR at www.sedar.com. The technical information contained herein has been updated with current information where applicable.

(a) <u>La Golondrina Project</u>

Property Description and Location

The La Golondrina Project is an underground mine development project and is located 5 km north-west of the municipality of Los Andes-Sotomayor within the La Llanada gold district, Nariño Department, in southwestern Colombia. It is situated at approximately 2200 masl within the Andean Cordillera, a region characterized by steep topography.

Regional Geology

The Project occurs in the Colombian Andes within Cretaceous marine-sedimentary rocks of the D'agua Group. This belt was accreted to continental South America in the Palaeogene and intruded during the Oligocene by the El Vergel Batholith and associated stocks. Intrusive-related gold mineralization is associated with this magmatic episode in southern Colombia. A tonalitic stock of approximately 800m diameter is evident from limited outcrop, subcrop and underground exposures at La Golondrina. This stock is correlated with the El Vergel Stock located to the west. The tonalite is the major host to gold mineralization at La Golondrina and is surrounded by strongly metasomatized and variably gold-mineralized hornfels, grading outward to a regional and pervasive thermal recrystallization of sedimentary host rock.

Mineralization

Historical mining within the La Golondrina tonalite stock is believed to have commenced in the 1950's, occurred over a vertical extent of nearly 800m and was focused on sub-horizontal quartz-sulphide veins of varying grades and with thicknesses typically between 10 and 40 centimeters, but locally up to 70 centimeters thick. These veins are locally discontinuous, but in some instances have been traced for up to 300 meters distance in floor-plan. Their stack-frequency is presently unknown due to poor bedrock exposure and no previous drilling on the property. The veins carry variable amounts of pyrrhotite, chalcopyrite and pyrite, with quartz and late-stage calcite. Visible gold can be observed in some vein material and is reported from petrographic studies. Wall rock alteration is difficult to observe in the tonalitic host rock but is generally restricted to sulphidation +/- biotite and amphibole alteration within a distance of several meters of the vein margins. The extent of biotite, sericite and chlorite-epidote alteration of hornfels assemblages is not well-defined but may be extensive and associated with gold mineralization.

Exploration Work to Date

Modern exploration of the La Golondrina Project commenced in 1997, with the work of Latin Gold Inc. ("Latin Gold"). Latin Gold executed an option agreement with the owners of the concession and undertook geological mapping, grid soil sampling, and surface and underground sampling over La Golondrina. Work was discontinued and the option agreement was anulled in 1998, reportedly due to the Bre-X scandal and consequent financial fallout. In 2003, AngloGold Ashanti Colombia ("AGA Colombia") acquired a large exploration land holding in the region consisting of approximately 5,000 Ha. The land holding surrounded and enclosed La Golondrina. In 2011, AGA Colombia made an agreement with the owners of the La Golondrina concession which permitted them to undertake regional mapping and mostly surface rock-chip sampling, including gold fire assays and multi-element analyses of channel, chip and panel samples, as well as selected chip and channel samples of veins. They also undertook a dipole-dipole induced polarization ("IP") and ground magnetics survey over the La Golondrina project and adjacent areas.

AGA Colombia collected 322 rock-chip samples of which 53 underground vein samples provided an (un-weighted) average grade of 12.43 grams per tonne gold, with values ranging from less than 0.01 to 63.7 grams per tonne gold.

The IP survey identified two large, clearly-defined chargeability anomalies in the western portion of the La Golondrina license area. The northernmost of these anomalies occurs mostly within the hornfels adjacent to the tonalite intrusion which hosts most of the historical gold workings, whereas the southernmost chargeability anomaly appears to be hosted near the contact with tonalitic rock, extending into the hornfels. Smaller discrete chargeability anomalies were also located within the vicinity of known/mapped veins. Chargeability anomalies within the tonalite are likely due to the presence of sulphides. Those present within hornfels rocks adjacent to the intrusion could be due to the presence of either sulphide minerals or graphite.

Ground magnetic data shows several magnetic anomalies including a discrete and very strong north-south trending magnetic high zone which extends over 500m strike extent, subparallel to the tonalite-hornfels contact and correlates closely to a similar anomaly in IP chargeability data. It is considered possible that the magnetic high anomalies may be mapping magnetic pyrrhotite from within gold mineralized quartz veins, or else may reflect the presence of more magnetic intrusions.

The agreement with AGA Colombia was terminated in 2013 and all rights and exploration information were returned to the concession owners.

On March 1, 2016, RRM announced that it had completed a saw-cut channel sampling and mapping program on four active underground mining levels at La Golondrina. The aim of this sampling was to confirm the high-grade nature of vein-hosted gold mineralization and to test vein zones and vein stockwork zones in the host-rock outside of and adjacent to the main vein bodies. A total of 60 saw-cut channel samples were collected. Vein samples across all active workings average 31.1 gram per tonne gold (highest grade 122.9 gram per tonne gold) over highly variable but average vein widths of 0.3 meters (thickest vein 0.97 meters). In some cases, sampled veins form a part of vein zones that extend from and into the floor and roof of underground development and over vertical widths exceeding 2 meters. In most cases it was not possible to complete meaningful grade estimations over these vein zones as individual vein components often extend and disappear into the roof or floor of the underground development. However, where estimated, weighted average gold grades across vein zones returned 11.8 grams per tonne gold over 2 meters and 21.7 grams per tonne over 2.2 meters. Where vein and vein zones extend into hornfels they generally disaggregate into stockwork veinlet zones which sampling reveals can return weighted average grades of 43.0 gram per tonne gold over 0.7 meters and 12.9 gram per tonne gold over 1.25 meters.

Underground mapping has revealed that generally shallow-dipping individual veins and vein zones at La Golondrina can be connected between development levels by steeper-dipping "lift-off" veins resulting in the definition of at-least four currently known vein-zones over a total vertical distance of approximately 40 meters.

Diamond drilling on the La Golondrina project commenced in October and was concluded in late November 2016. This was the first exploration scout drilling program ever to be completed at La Golondrina and in the immediate region. Drill holes intersected subhorizontal stacked quartz-carbonate veins and veinlet systems hosted in very strongly altered (biotite, amphibole, silica) tonalite and hornfelsed sediments with corresponding ground magnetic and induced polarization anomalies. Higher grade gold intersections (e.g. GOL-16-02; 47.8 grams per tonne gold over 0.25m), with elevated bismuth and copper are associated with quartz-carbonate pyrrhotite veins up to 30cm wide and lower grade, broad intercepts (e.g. GOL-16-02; 24.9 meters at 1.0 grams per tonne, 14.3 meters at 1.0 grams per tonne and entire drill hole, 195.2 meters at 0.4 grams per tonne gold; GOL-16-03; 8.3 meters at 1.1 grams per tonne) are generally related with stacked subhorizontal zones of decimeter-scale veins and shallow-dipping interconnecting veinlets and stringer zones.

Under the terms of the Company's agreement at La Golondrina, RRM must drill just over a further 900m and complete an in-house feasibility study in order to exercise its Option and acquire 100% of the project before October 2018. Managements view is that the drilling results indicate potential for a bulk tonnage target at La Golondrina and extends mineralized potential of the La Golondrina project beyond the confines of the current mining license. Consequently, before commencing any further drilling on La Golondrina, RRM intends to consolidate licenses in the region and complete a proposed airborne geophysical survey over the area.

(b) La Redención Project

Property Description and Location

The La Redención Project is a small underground mine development project located approximately 450 meters north of the license boundary of the La Golondrina gold project in the Nariño Province of southern Colombia. The La Redención gold project is held under a 25 hectare mining license. The project has not yet been drill-tested and exposure in underground development reveals that the mineralized system has the same geological characteristics as the La Golondrina gold project. In July 2017 the Environmental permit for La Redención was awarded.

Mineralization

Where exposed, gold mineralization at La Redención is most similar to the "vein-zone" style of gold mineralization at La Golondrina and comprises three or more shallow-dipping parallel veins with subsidiary linking vein structures hosted in tonalite and also in hornfels and extending over widths that exceed one meter and in some cases dip off into the floor or roof of the underground development. Saw-cut channel sampling across vein zones have returned from 2 to 57 grams per tonne gold and stockwork veinlet zones which sampling reveals can return weighted average grades of 3.5 gram per tonne gold over 2 meters.

(c) Regional Exploration, La Llanada Goldfield and Nariño Region

The Company has filed applications for concession contracts on a first-come, first-served basis covering prospective areas amounting to approximately 450 thousand Hectares in the Western Cordillera of Nariño Province, Colombia. The area under application extends down to the Ecuador border, sits upstream from the Magui-Payan and Barbacoas alluvial goldfields and surrounds many known small workings but is relatively unknown from a geological and economic perspective due to previous security and access issues. The Company has submitted a proposal to the Colombian Government for a heli-borne magnetic and radiometric survey across the entire region and under terms of a private-public-partnership. The Colombian Government has not responded to this proposal. However, in July 2017 the Agencia Nacional de Mineria (ANM), the licensing authority in Colombia, commenced converting the Company's Nariño applications into Concession Contracts. A Concession Contract is a license to operate; contracts are signed initially for a term of 30-years and cover the Exploration, Construction and Exploitation stages of mining. The Company's focus has consequently shifted to assessing the potential of converted and converting applications and to gaining the social license to operate in the region.

(d) Los Andes project (Nicaragua)

On the March 15, 2017, RRM completed its acquisition of Caza. The Company then transferred ownership of Caza's Nicaraguan subsidiary NICAZA and acquired 100% of that companies Nicaraguan exploration assets. On the July 6, 2017, the Company then sold Caza.

In December 2014, Caza entered into a Purchase Agreement with Inversiones Ecologicas S.A. ("Inecosa"), to acquire a 100% interest in the Los Andes property. In November 2015, Inecosa completed the transfer of title of the Los Andes property as well as other concessions to NICAZA. Inecosa retains a 2% NSR, and the Company has the right to reduce the NSR to 1% by paying US$1 million and to acquire the remaining 1% NSR by paying an additional US$2 million.

The Los Andes district is located 90 km from Managua in the Department of Boaco. Access is via a major paved highway from Managua. The property consists of a number of gold and copper-gold targets occurring around a well-defined caldera structure. The targets are typically high sulfidation epithermal and porphyry in style, with some low-sulfidation epithermal style mineralization around the peripheries. The entire Los Andes property covers 15,603.13 Ha of titled claims, 100% controlled by the Company under five mineral concessions: Los Andes, Los Andes I and Los Andes Union in the center of the trend (total of 5338.23 Ha); El Pochote in the south (8674.90 Ha); and El Espejo in the north (1590.00 Ha).

NICAZA completed detailed mapping and sampling at Los Andes over an area of 10 square kilometers. A series of andesitic volcanic rocks exhibit features typical of high sulfidation system, including silicification, argillic and advanced argillic alteration. Surface mapping and sampling outlined a large area along a 2.5 km trend with anomalous gold, silver, copper and trace elements, coincident with the alteration. Gold values up to 1.8 g/t Au along with silver values up to 197 g/t Ag had been collected in rock samples within this area of alteration. In April 2015, a high resolution helicopter-borne magnetic and radiometric survey covering some 55 square kilometers over the main Los Andes area was completed. The survey totalled approximately 550 line kilometers at 100 meter spacing flown at a 50 meter altitude. Review of the initial results had identified a number of anomalous areas and had enhanced the structural model of the Los Andes trend. A magnetic high was centered over the Quisaltepe area, interpreted as a large, buried intrusive body. At least four other magnetic highs, likely intrusive bodies, associated with alteration and surface geochemical anomalies, were identified as follow-up prospects. Two short exploration drilling campaigns were conducted in 2015. In October 2015, five shallow diamond drill holes were completed for a total of 1,161 meters. The drill holes intersected strong argillic and silica alteration with anomalous values of silver and copper.

QZP-003 was located in the Quisaltepe area and was the only drill hole collared into an outcropping porphyry body and associated pyrite alteration. The last 130 meters of QZP-003 intersecting intensely altered and pyritic breccia anomalous in copper and which is interpreted as a "pyrite-shell", related to potential underlying porphyry-style copper (± gold) mineralization. Managements view is that the principal target at Los Andes is a deep copper or copper and gold porphyry body located beneath Cerro Quisaltepe and at the southern margin of the Los Andes caldera. Testing of this body will require further geological modelling and then deep drilling. The Company is actively seeking a joint-venture partner to assist with drill testing at Cerro Quizaltepe.

(e) <u>Piedra Iman Property (Nicaragua)</u>

NICAZA'S Piedra Iman project covers a large alteration zone identifying an intrusion related iron oxide copper – gold (IOCG) system. Title had been received for 7,947.27 Ha.

The Piedra Imán project was initially explored in the early 1970's by Noranda Inc. Noranda's work included the drilling of 17 shallow diamond drill holes and the development of one exploration adit. Noranda's drilling and underground sampling intersected significant widths of copper mineralization including DDH-851 (36.6 meters at 1.13% Copper), DDH-876 (14.8 meters at 1.65% Copper), DDH-846 (14.3 meters at 1.42% Copper) and DDH-818 (9.1 meters at 1.50% Copper). Samples were only sporadically assayed for gold, but drilling results included one interval of 3.6 meters at 6.3 g/t gold. These results were provided in analogue format, are historic in nature and have not been verified by a qualified person. Historic maps indicate that the exploration adit intersected gold and copper along its strike length with gold only mineralization dominating the southwestern end of the adit and combined copper and gold mineralization dominating the northeastern extent of the adit. There are no reports available to verify the style of adit sampling or to confirm the underground grades labelled on historic maps. Noranda abandoned the project due to the onset of hostilities related with the Sandinista revolution in 1978.

NICAZA completed the planned fieldwork for 2015 at Piedra Iman which included detailed mapping on the main target area, along with reconnaissance exploration within the peripheral regions. A second exploration programme of geologic mapping and rock chip sampling extending the zone of alteration and mineralization another 500 meters to the west. Rock chip samples, along with previous exploration data, delineate copper and gold mineralization on surface over an area of 800 meters long by 300 meters wide.

In May 2016, NICAZA received notice from the Nicaraguan Environmental Ministry (Ministerio del Ambiente y Los Recursos Naturales or "MARENA") that its application for an Environmental Permit (Permiso Ambiental) for the Piedra Iman project had been denied. The environmental permit was for construction of drilling platforms, 230 drill holes, and a personnel camp. The Company plans to resubmit the application with a more modest program, additional technical, environmental and social information. NICAZA had an environmental assessment covering the Piedra Iman project which allows for sampling, trenching, and other surface exploration activities. Thus exploration works, with the exception of drilling, can continue. The Company is working with community and government officials, as well as preparing technical studies in support of the permitting process.

On the June 21, 2017 the Company released results from saw cut channel sampling at Piedra Iman. A total of 9 channels were cut and sampled on 1 meter intervals over a total strike distance of approximately 400m. Best results are:

Channel 4 – 20 meters at 1.10% copper and 5 meters at 0.95% Copper
Channel 8 – 8 meters at 1.05% copper and 1.13 grams per tonne gold
Channel 7 – 5 meters at 0.28% copper and 2.50 grams per tonne gold
Channel 2 – 9 meters at 0.70% copper
Channel 5 – 6 meters at 0.87% copper

Highest individual results for copper and gold were 1 meter at 2.69% and 1 meter at 7.5 grams per tonne respectively.

Budget

The Company's has incurred total expenditures of $501,109 as at June 30, 2017 and has budgeted expenditure of $570,000 for the remainder of fiscal 2017.

Trends

Management regularly monitors economic conditions and estimates their impact on the Company's operations and incorporates these estimates in both short-term operating and longer-term strategic decisions. During the quarter, equity markets in Canada showed signs of improvement, with equities increasing significantly during this period. Strong equity markets are favorable conditions for completing a public merger, financing or acquisition transaction. Apart from these and the risk factors noted under the heading "Risk Factors", management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company's business, financial condition or results of operations. See "Risk Factors" below.

Transactions with Related Parties

In accordance with IAS 24, key management personnel are persons responsible for planning, directing, and controlling the activities of an entity, and include executive and non-executive directors. The key management personnel of the Company are the directors and officers of the Company.

No individual party had overall control of the Company during the periods being presented. Transactions between the Company and its subsidiary have been eliminated on consolidation.

The amounts due to related parties of the Company at the reporting date, as disclosed below, arose due to transactions entered into with the related parties in the ordinary course of business.

Compensation of key management personnel of the Company

The remuneration of directors and other members of key management personnel for the periods presented were as follows:

	Three Months Ended June 30,		**Six Months Ended June 30,**	
	2017	2016	**2017**	2016
	($)	($)	**($)**	($)
Salaries	**99,265**	60,444	**142,827**	101,177
Stock based compensation	**110,793**	10,432	**210,267**	13,417
	210,058	70,876	**353,094**	114,594

The Company paid certain of its key management personnel through companies associated with certain executive officers and directors as described below.

The Chief Financial Officer is a senior employee of Marrelli Support Services Inc. ("MSSI"). During the three and six months ended June 30, 2017, the Company incurred professional fees of $4,494 and $14,259, respectively (three and six months ended June 30, 2016 - $9,319 and $14,219, respectively). As at June 30, 2017, MSSI was owed $4,335.

Insiders of the Company purchased 600,000 and 1,000,000 Units of the private placement completed on February 17, 2017 and April 19, 2017, respectively.

Financial Highlights

Financial Performance

The Company's net loss totaled $599,042 for the three months ended June 30, 2017, with basic and diluted loss per share of $0.00. This compares with a net loss of $339,893 with basic and diluted loss per share of $0.01 for the three months ended June 30, 2016. The decrease in net loss of $259,149 was principally because:

- Exploration and evaluation expenditures were $291,731 for the three months ended June 30, 2017 compared to $94,219 for the previous period. These expenditures related to the increased exploration work being conducted in Colombia and the exploration work being conducted in Nicaragua.
- General and administrative increased to $185,042 for the three months ended June 30, 2017 compared to $65,595. This increase is resulted from costs associated with being a reporting issuer, investor relation activities and consulting services as well as increased travel expenditures.
- Stock based compensation was $152,767 for the three months ended June 30, 2017 compared to $nil for the previous period. Stock based compensation expense will vary from period to period depending upon the number of options granted and vested during a period and the fair value of the options calculated as at the grant date. Stock based compensation expense increased primarily due to 4,560,000 options granted during the six months ended June 30, 2017 as compared to 2,500,000 stock options granted during the six months ended June 30, 2016.
- During the three months ended June 30, 2017, the Company recognized a $94,700 gain from the sale of Caza.

The Company's total assets at June 30, 2017 were $6,320,043 (December 31, 2016 - $928,920) against total liabilities of $426,381 (December 31, 2016 - $237,664). The increase in total assets of $5,391,123 resulted from cash received from the sale of units for the private placement which closed on February 17, 2017 and April 19, 2017 and the assets acquired from Caza offset by cash spend on exploration and operating costs.

Cash Flow

At June 30, 2017, the Company had cash and cash equivalents of $2,812,399 compared to $703,859 at December 31, 2016. The increase in cash and cash equivalents of $2,108,540 from December 31, 2016 resulted from cash outflow in operating activities of $1,498,492. Operating activities were affected by non-cash adjustments of depreciation of $6,082, stock based compensation of $292,618, gain on sale of Caza of $94,700 and interest accrued on promissory note payable of $30,464. The net change in non-cash working capital balances of $358,993 resulted from an increase in prepaid expenses and other current assets of $234,695 and an increase in accounts payable and accrued liabilities of $124,298.

Financing activities generated cash inflow of $3,561,736 from the net proceeds of $4,074,825 for the private placements, cash of $80,000 received from the sale of Caza and $156,911 cash received from the acquisition of Caza offset by the repayment of promissory note payable of $750,000.

Liquidity and Financial Position

The Company derives no income from operations, as all of its projects since inception have been exploration projects. Accordingly, the activities of the Company have been financed by private placements of securities and its initial public offering. As the Company does not expect to generate cash flows from operations in the near future, it will continue to rely primarily upon the sale of securities to raise capital. As a result, the availability of financing, as and when needed, to fund the Company's activities cannot be assured. See "Risk Factors" below.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than Policy 2.5 of the TSXV which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of June 30, 2017, the Company is compliant with TSXV Policy 2.5.

During fiscal 2017, the Company's corporate head office costs are estimated to average less than $100,000 per quarter. Head office costs include professional fees, reporting issuer costs, investor relations and general and administrative costs. The cost of acquisition and work commitments on the new acquisitions cannot be accurately estimated.

The Company's cash and cash equivalents at June 30, 2017 is anticipated to be sufficient to fund its remaining exploration budget of $570,000, current liabilities of $426,381 and the estimated remaining operating expenses of $200,000, for fiscal 2017. Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or under terms favourable to the Company. See "Risk Factors" below and "Cautionary Note Regarding Forward-Looking Statements" above.

Outlook

The Company is in the exploration stage and is subject to risks and challenges similar to companies in a comparable stage. These risks include, but are not limited to, the challenges of securing adequate capital in view of exploration, development and operational risks inherent in the mining industry as well as global economic and gold price volatility. There is no assurance that the Company's funding initiatives will continue to be successful to fund its planned exploration activities, which are focused on the La Golondrina and La Redención projects in Colombia and Los Andes project in Nicaragua.

Risk Factors

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position. Please refer to the section entitled "Risk Factors" in the Company's Annual MD&A for the fiscal year ended December 31, 2016, available on SEDAR at **www.sedar.com**.

Disclosure of Internal Controls

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that (i) the unaudited condensed interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited condensed interim consolidated financial statements; and (ii) the unaudited condensed interim consolidated financial statements fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate filed by the Company does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing such certificate are not making any representations relating to the establishment and maintenance of:

i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of unaudited condensed interim consolidated financial statements for external purposes in accordance with the issuer's generally accepted accounting principles (IFRS).

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in such certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.