



CASTLE PEAK MINING LTD.

Management's Discussion & Analysis

For the year ended December 31, 2016

INTRODUCTION

The following Management's Discussion and Analysis ("MD&A") provides information that management considers to be relevant to an assessment and understanding of Castle Peak Mining Ltd.'s ("Castle Peak" or the "Company") financial condition as at December 31, 2016 and the results of its operations and cash flows For the year ended December 31, 2016 and follows the requirements of National Instrument 51-102 ("NI 51-102"). This discussion should be read in conjunction with the Company's annual audited financial statements and the related notes for the year ended December 31, 2016 which have been prepared in accordance with IFRS. All dollar amounts included therein and in the following MD&A are expressed in Canadian Dollars unless otherwise noted.

We report in accordance with IFRS and the following disclosures, and associated consolidated financial statements, are presented in accordance with IFRS. This MD&A is prepared as at May 1, 2017 and includes certain statements that may be deemed "forward looking statements". We direct readers to the sections entitled "Risk Factors" and "Forward Looking Statements" in this MD&A.

Further information can be obtained from the Company's filings on the SEDAR website at www.sedar.com, or on the Company's website at www.castlepeakmining.com.

HIGHLIGHTS

- On November 1, 2016, the Company announced the results of a limited scout drilling program on two key prospects within the Akorade Project located in the southern Ashanti Belt, Ghana. POW A1/3 had a limited 300 meter ('m') scout drilling program consisting of a three hole fence testing a strong geochemical anomaly and inferred structures which resulted in 2m of 1.3 grams per tonne ('g/t') gold ('Au') and 2m of 4.4 g/t Au in wide zones of weak alteration and local elevated levels of gold mineralization. And at DO_New, a limited 300m of scout drilling completed as three drill holes in an offset fence resulted in the location of zones of moderate sericite and K-spar alteration associated with a locally chloritized feldspar and quartz-phyric intrusive unit. Only a few sections of elevated gold mineralization were encountered.
- On August 30, 2016 the Company announced the results of the pre-drilling auger sampling program announced on July 20, 2016 and on August 16th, 2016 was completed. A total of 328 auger samples were submitted to the laboratory for analysis (includes 30 control samples) taken from five prospects. The sampling highlighted zones strongly auriferous zones within the DO_New prospect and POW-A1/3 prospect for initial drill evaluation, or scout drilling.
- On July 13, 2016, the Company completed a non-brokered private placement consisting of the issue and sale of 16,666,667 units at a price of \$0.03 per unit for gross proceeds of \$500,000. Each unit consisted of one common share and one common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.05 per share for a period of 18 months after the closing of the offering. These warrants have a \$Nil fair value. The Company paid a cash finder's fee of \$3,600 in connection with this offering.

DEVELOPMENT OF THE BUSINESS

Castle Peak is a public, junior exploration company listed on the TSX Venture Exchange ("TSX-V") with the symbol CAP-V. The Company's Akorade Project comprises a strategic land package in the prolific Ashanti Gold Belt in Ghana, West Africa adjacent to several producing gold mines. The Company is focused on the acquisition, exploration and evaluation of early stage, high potential gold properties. The Company's material properties are the Nkwanta, Asuogya and Ayiem concessions located within the Company's Akorade gold project.

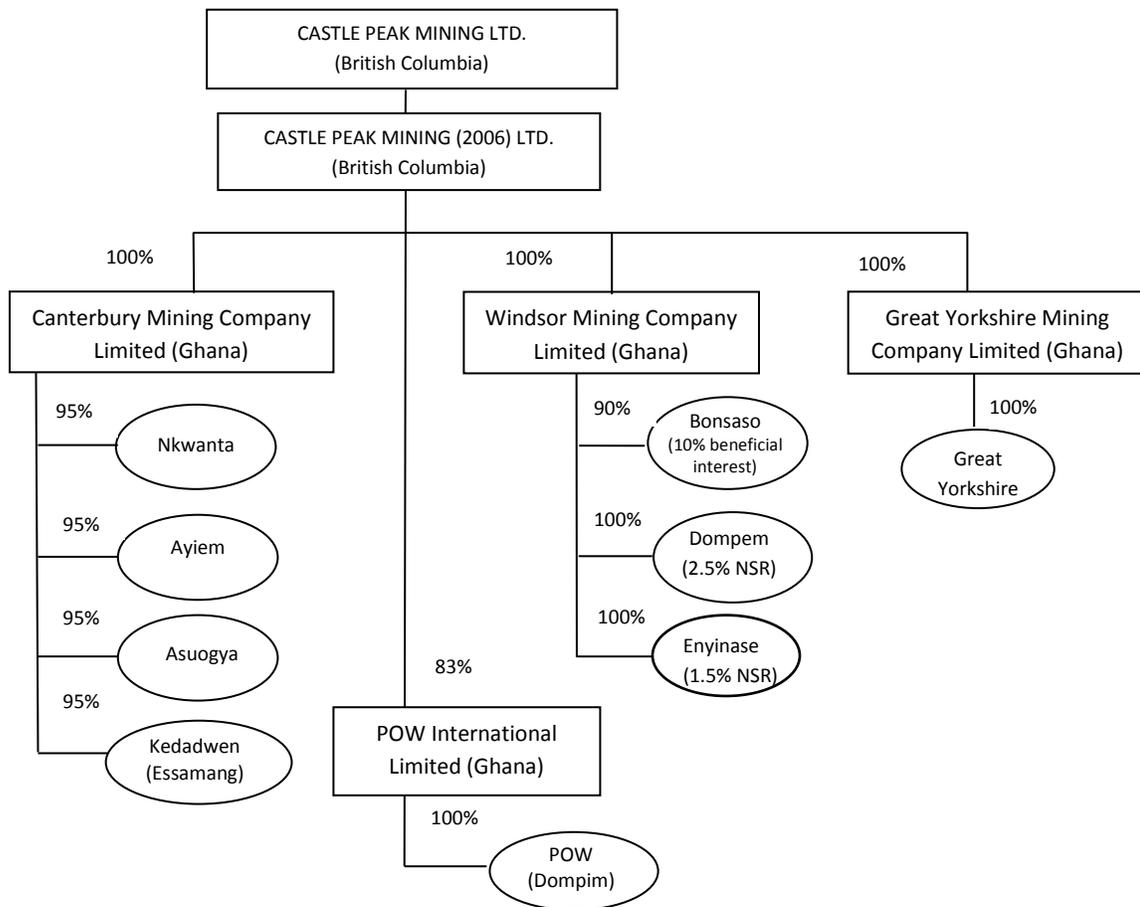
Castle Peak, formerly Critical Capital Corporation ("Critical"), was incorporated under the laws of British Columbia on June 3, 2009, as a capital pool company. On March 4, 2011, Critical completed a qualifying transaction by acquiring Castle Peak Mining (2006) Ltd., formerly Castle Peak Mining Ltd. ("Castle Peak 2006"), a company incorporated on September 13, 2006 under the laws of British Columbia, Canada. The acquisition was accomplished through an

exchange of shares which resulted in the former shareholders of Castle Peak 2006 obtaining control of the Company. This transaction constituted Critical's qualifying transaction in accordance with the policies of the TSX-V.

As a result of the share exchange, Castle Peak 2006 changed its name to Castle Peak Mining (2006) Ltd. and became Critical's wholly-owned subsidiary. Accordingly, the acquisition was considered a reverse takeover with Castle Peak 2006 being the acquirer of Critical, and therefore the accompanying consolidated financial statements are a continuation of the financial statements of Castle Peak 2006 while the capital structure is that of the Company. Upon completion of the acquisition, Critical changed its name to Castle Peak Mining Ltd. Concurrent with closing the acquisition, the Company completed a private placement financing for gross proceeds of \$8,000,000. The Company commenced trading as Castle Peak Mining Ltd. on March 9, 2011 on the TSX-V, with the symbol CAP-V.

Intercorporate Relationships

The following is a condensed chart which shows the Company's intercorporate relationships:



PROJECT REVIEW

Akorade Project Description

The Akorade Project consists of nine contiguous mineral concessions covering a total of approximately 225 square kilometres ("km") situated within the Ashanti Gold Belt, south-west Ghana. The licenses are known as Nkwanta, Ayiem, Asuogya, POW, Kedadwen (Essamang), Bonsaso, Dompem, Enyinase and Great Yorkshire (Simpa). The Project is centrally located approximately 20km south-west of the city of Tarkwa and 40km north-northwest of the port city of Takoradi, and within 25km there are three producing gold projects owned by major and intermediate gold producers (see Appendix 1). Ghana is now using a cadastral system for new tenement applications, where the country is divided into "blocks" that are 15 seconds of longitude by 15 seconds of latitude (approximately 21 hectares or 0.21 square kilometres in area). Full implementation of the cadastral system began in January 2012. It should be noted that Castle Peak's licences were granted prior to full implementation of the cadastral system, consequently the shapes of the licences do not conform to the cadastral system and will be adjusted as the licences are renewed.

The properties are early stage exploration properties. The Nkwanta concession is host to the Apankrah Deposit where the Company published, effective date of June 1, 2013, a preliminary inferred NI 43-101 compliant mineral resource estimate of 275,000 tons at 8.6 g/t Au for a total of 76,000 contained ounces using a cut-off grade of 2.0 g/t Au, a capping grade of 50 g/t Au and a gold price of US\$1,400 per ounce.

Mineral resources are not mineral reserves and do not have demonstrated economic viability. Mineral resources have been classified according to CIM Standards on Mineral Resources and Reserves. There are no known legal, political, environmental, or other risks that could materially affect the potential development of the mineral resources. The other concessions do not host known gold deposits or resources.

Seven of the nine licenses cover two key structural trends for gold deposits, the North-East ("N-E") Structure and the North-South ("N-S") Structure. The N-E Structure (Bonsaso, Dompem, Enyinase, Great Yorkshire, and the western portion of POW) runs along the largely underexplored southern Birimian-Tarkwaian structural corridor. Many large tonnage deposits have been mined along the northern Tarkwaian boundary, but potential is now being recognized along the southern Tarkwaian boundary (Akyem Mine, Newmont Ghana Ltd., Wassa Mine, Golden Star Resources). The N-S Structure (Nkwanta, Asuogya, Ayiem and the eastern portion of POW) hosts a 12 km long gold-in-soil anomaly, which lies immediately adjacent to Apankrah. The Kedadwen license lies outside of these two main structural corridors; however, it covers an inferred auriferous ENE trending fault zone between the historic Asheba mine located immediately west of the license and the historic Kanyankaw mine located immediately east of the license.

The bedrock of south-west Ghana has a very thick overburden of tropical laterite, is poorly exposed and direct evidence is difficult to come by. That being said, successive mapping efforts by a variety of groups, including our mapping efforts, have been successful in locating sparse outcrops that provide map controls for inferred geological units resulting from geophysical interpretation. The Company's licenses cover Birimian metavolcanic and metasedimentary rock units that include massive mafic flows, volcanoclastic units, greywackes and phyllites. The Birimian sequences are broadly bounded to the east and south-west by granitoid bodies currently interpreted to be synchronous with the development of the volcanic stratigraphy. To the north, the Birimian volcanic units are structurally juxtaposed against the younger Tarkwaian sedimentary rock units that consist of interlayered conglomerates and sandstones.

There are four to five recognized structural events that have affected the southern Ashanti belt: an early N-S folding event (Tarkwaian sedimentation), large scale folding north-west to south-east, north-northwest to south-southeast shortening event with syn-sinistral strike slip faulting and finally a NE to SW shortening event with early bedding parallel shearing.

Project Highlights

Progress during the year ended December 31, 2016

During the year ended December 31, 2016, the Company continued to focus its efforts primarily on maintaining the concessions in good standing, receiving delayed renewal documentation from various Government departments, fund raising, target/prospect definition and field evaluation and sourcing potential project partners.

Regional scale and prospecting licence scale data compilation resulted in the identification of numerous potential targets or prospects using known Ghanaian deposit and known mineralised trend analogs. Focused 4m auger sampling programs were undertaken to collect samples from identified prospective geological trends that included the Akoko Trend, POW-A1/3, Kedadwen trend, Dansuom prospect. These potential prospects have been described in quarterly reports in 2016. The work resulted in an initial drill evaluation, or scout drilling, of two prospects, POW-A1/2 and Do_New; of note is the fact that the highest priority Dansuom North prospect was unavailable for drilling due to delays in Forestry Permit renewal resulting from delays in the prospecting licence renewal.

The *Dansuom North* prospect, a coincident chargeability and resistivity anomaly similar to previous drill intercepts was additionally defined with 49 additional samples of which 14% returned >70 parts per billion ("ppb") Au, with a range of <10 to 200ppb Au, forming a 400m x 90m anomaly within the targeted induced polarization anomaly; anomaly is open to the north. The geochemistry confirms the use of gradient induced polarization as an exploration tool. The *POW A1/3* prospect was defined prior to reverse circulation drilling with 56 samples, 35% returned >100ppb Au, with a range of <10 to 330ppb Au, forming a 600m long by 150m wide target zone within a larger anomalous zone (+1000m by 200m). Recent sampling expanded the main prospect target area. This main anomaly is open on strike and a second potential zone will require additional sampling follow-up. The scout drilling is described below. The *DO_New* prospect was refined with 46 samples sites, 37% returned >100ppb Au, with a range of <10 to 920ppb Au, forming a broad 300m by 80m anomaly taking a curvilinear shape around and over a topographic high. This anomaly is open in all directions and the strength of the anomaly and position immediately adjacent to the Birimian – Tarkwaian boundary made it a high priority prospect for scout drilling (see "Scout Drilling" below)

The majority of the work completed this quarter involved maintaining the prospecting licences and determining the potential for a successful fund raising campaign. Additionally, significant effort has been expended sourcing parties that may be interested in partnering on the Apankrah deposit or on the entire land package.

Scout Drilling

A total of 600m of scout drilling was completed on two prospects as described below in October 2016; a reverse circulation drill was used for the drilling and samples were collected on one meter intervals and submitted to the laboratory as 2m composite samples. Submitted samples were composited using a Jones riffle splitter.

Scout drilling on POW-A1 was limited to a single 300m, three hole fence testing strong a geochemical anomaly and inferred structures and resulted in **2m of 1.3 g/t Au** and **2m of 4.4 g/t Au** in wide zones of weak alteration and local elevated levels of gold mineralization. This scout drilling met its objectives by confirming the presence of a structure in the area indirectly supported by a significant change in weathering profile and rock units between drill holes 16APR001 and 16APR002, and by confirming the presence of a mineralizing system supported by pervasive weak silica, chlorite and local sericite alteration with local strong grades and zones of elevated gold mineralization (multi-metre intercepts of 0.3 g/t Au; See news release dated Nov.01, 2016). Gold assays received ranged from below detection limit to 4.37 g/t Au.. Next steps for this prospect could include expanding the detailed auger sampling along the +5,000m trend followed by targeted 1 square kilometer grids of geophysics (magnetics and induced polarization) followed by drill testing. Additionally, the exploration should be expanded to include the newly defined POW-C prospect.

The Dompem New (Do_New) scout drilling did not meet the objective of confirming a local mineralizing system however did provide a better understanding of local geology including defining the presence of Birimian sedimentary units in close proximity to a feldspar and quartz-phyrlic intrusive unit within tens to hundreds of meters of Tarkwaian sandstone and conglomerates. Assay results returned values below detection limit to 0.20 g/t Au (See news release dated Nov.01, 2016). Next steps for this prospect should include expanding the detailed geochemistry along the prospect corridor followed by targeted geophysical grids and additional drill testing.

Previous Exploration

The Company has compiled and reviewed all historical stream, soil, auger sampling and trenching (335 stream samples, more than 12,355 soil samples) with the largest anomaly identified as the 9500m x 1000m anomaly on Asuogya-Ayiem trend on a +20km structure.

The Company has completed a 3,425 km airborne survey (VTEM, magnetics, radiometrics) over the entire land package. Approximately 32km of IP surveys and 65 km of magnetic surveys on a series of five target areas: Apankrah/Scorpio/Nana, Ayiem South, Ayiem North, the Asuogya-Ayiem trend and Great Yorkshire. Additionally a gradient and pole-dipole induced polarisation survey was completed over the Dansuom area covering approximately 3 km². Most recently, a gravity survey covering the entire Akorade Project area was completed by a third party.

The Company has upgraded its regional geological understanding by creation of a geological fact map (a compilation of all available current and historical data varying from ground observations to geological and geophysical interpretations within and surrounding our land package) for the region. As part of this refreshed regional exploration effort, a property wide multi-element soil survey was completed on 400m x 400m spacing in 2013 with compilation completed during the first quarter of 2014.

The latest passes of field reconnaissance completed on the Akorade Project partnered with the recent updated data compilations have identified more than 35 target areas within the Akorade Project area. Additional field activities are currently prioritized for target development within the N-E trend and the N-S trend. Exploration activities on all concessions are continually compiled and re-evaluated in order to prioritize the targets that have the strongest potential to provide Castle Peak with its next resource base.

Castle Peak completed drill evaluations on initial priority targets within the Akorade Project. To date a total of 12,584 metres of diamond drilling has been completed with the bulk of this (7,600m) focused on the higher grade Apankrah Deposit. Other targets evaluated included two targets within the high potential N-S Structure at Dansuom (POW, ~900m) and AA Veins (Asuogya-Ayiem, ~4,000m). The drilling completed at Apankrah resulted in an initial resource estimate on the high grade Apankrah Deposit with coarse visible gold confirmed in additional mineralised trends: Scorpio structure, and Nana structure.

Drill highlights excluding the Apankrah Deposit are summarized below:

Nana Structure:

- 0.5m of 10.3 g/t Au; 3.0m of 1.9 g/t Au

Scorpio Structure:

- 16.5m of 1.1 g/t Au; 13.0m of 1.0 g/t Au

Dansuom Structure:

- 10.8m of 2.9 g/t Au, incl. 3.6m of 8.0 g/t Au; 6.9m of 1.2 g/t Au; 4.5m of 1.6 g/t Au

Asuogya-Ayiem Structure, AA Veins target:

- 16.5m of 1.1 g/t Au; 13.0m of 1.0 g/t Au

The Akorade Project is an early stage exploration project and, with the exception of the initial resource estimate at the Akorade Project's Apankrah Deposit, does not contain any mineral resource estimates as defined by NI 43-101. The potential quantities and grades disclosed for targets other than the Apankrah Deposit are conceptual in nature and there has been insufficient exploration to define a mineral resource for those targets. It is uncertain if further exploration will result in any of those targets being delineated as a mineral resource. A full table of the drill results can be found on the Company's website www.castlepeakmining.com.

Resources

The Company has reported a NI 43-101 inferred mineral resource estimate prepared by S.M.Smith of SEMS Exploration ('SEMS') of Accra, Ghana for the Akorade Project in the southern Ashanti belt with an effective date of June 1, 2013. The technical report was amended and restated on March 3, 2014. The mineral resource estimate was calculated based on results from 20 of 33 drill holes totaling 4,253 metres of drilling in a series of parallel structures within the Apankrah Target Area. The inferred mineral resource estimate is as follows:

Zone	Category	Tonnes	Grade (g/t Au)	Contained Ounces
Apankrah Shoot	Inferred	275,000	8.6	76,000

*Mineral resources are reported at a cut-off grade of 2 grams per tonne ('g/t') gold ('Au'). Cut-off grades are based on a price of \$1,400 USD/oz Au. All figures are rounded to reflect the relative accuracy of the estimate. Mineral resources are not mineral reserves and do not have demonstrated economic viability. Mineral resources have been classified according to CIM Standards on Mineral Resources and Reserves.

The mineral resource estimate was prepared by SEMS to estimate the amount of gold defined to date within the Apankrah Deposit, which is situated immediately south of two parallel structures (Nana and Scorpio), where high grade mineralization with visible gold has been intersected in first pass drilling. Both the Nana and Scorpio structures require further drilling to confirm their potential to host mineral resources. Additional information is available on the Company's website (www.castlepeakmining.com) and on SEDAR.

Technical Information

On June 13, 2013, and as amended and restated on March 3, 2014, Castle Peak filed on SEDAR a NI 43-101 technical report entitled "Apankrah Project NI 43-101 Technical Report" supporting the preliminary mineral resource estimate of the Apankrah Target Area within the Akorade Project with an effective date of June 1, 2013. This report was prepared by Simon Meadows Smith (IOM3) of SEMS, who is a Qualified Person as defined by NI 43-101 and has reviewed and approved the contents of the information relating to the Apankrah Shoot resource in this MD&A. The analyses used in the preparation of the mineral resource estimate were carried out at SGS Laboratory Services ('SGS') in Tarkwa. All samples used for the mineral resource estimation represent approximately one-metre, orientated diamond drill core which was sawn in half. Half of the core has been stored in the on-site core yard and its counterpart sent for preparation and gold assaying by SGS. Samples were analyzed by 50g charge fire assay with an atomic absorption finish. Samples with visible gold or returning greater than 5 g/t Au from fire assay are subject to analysis using screen metallic assay. Sampling procedures included the systematic insertion of blanks, certified standards and duplicates into the sample stream both in the field and at the lab. SEMS conducted an independent review of Castle Peak's drill hole and QAQC databases and concluded that Castle Peak's gold assay data is of acceptable quality to be used for a mineral resource estimate and made certain recommendations for future QAQC protocols.

Castle Peak's technical disclosure in this MD&A relating to all other concessions and properties other than the Apankrah Deposit has been reviewed and approved by Darren Lindsay, P.Geo., a Director of Castle Peak, who serves as a Qualified Person under the definition in NI 43-101. The procedures include the systematic insertion of blanks,

Management's Discussion and Analysis
For the year ended December 31, 2016

standards and duplicates into the sample stream both in the field and at the lab; drill, auger and road cut channel samples are placed in sealed bags and are delivered to SGS Laboratory Services GH Ltd. in Tarkwa, Ghana, for routine gold analysis by 50g charge fire assay with atomic absorption finish. Samples with visible gold or returning greater than 5 g/t Au from fire assay are subject to analysis using screen metallic assay. The properties other than the Apankrah Deposit, Nkwanta are early stage exploration projects and do not contain any mineral resources as defined by NI 43-101. The potential quantities and grades disclosed herein relating to such concessions and properties are conceptual in nature and there has been insufficient exploration to define a mineral resource for those targets disclosed herein. It is uncertain if further exploration will result in those targets being delineated as a mineral resource. Further information is available in the NI 43-101 compliant technical report dated February 14, 2011 and entitled "NI 43-101 Technical Evaluation Report on Nkwanta & Ayiem concessions, Wassa-West District, Republic of Ghana, West Africa" authored by Daniel Gaudreault, P.Eng. and Alain-Jean Beaugregard, P.Geol. of Geologica Groupe-Conseil Inc., and in the NI 43-101 compliant technical report dated January 2, 2012 and entitled "NI 43-101 Technical Report on the Asuogyia License, Ghana" authored by Gareth O'Donovan, Corporate Exploration Consultant, of SRK Exploration Services Ltd, copies of which are filed under the Company's profile on SEDAR at www.sedar.com.

SELECTED ANNUAL INFORMATION

	For the Years Ended		
	December 31, 2016	December 31, 2015	December 31, 2014
Expenses for the year	\$ 304,286	\$ 315,303	\$ 535,814
Net loss for the year	(14,126,192)	(323,485)	(535,845)
Net loss per share	(0.00)	(0.00)	(0.00)
Exploration expenditures	(13,821,906)	2,747,963	1,347,631
Total assets	5,718,683	19,656,366	17,326,152
Capitalized exploration costs	5,706,475	19,603,810	16,855,847
Total liabilities	599,019	358,169	567,934

SUMMARY OF QUARTERLY RESULTS

Selected financial indicators for the past eight quarterly periods are shown in the following table:

	For the three months ended			
	Dec. 31, 2016	Sept. 30, 2016	Jun. 30, 2016	Mar. 31, 2016
Revenue for the period	\$ -	\$ -	\$ -	\$ -
Expenses for the period	64,038	86,297	82,948	71,003
Net loss for the period	(13,885,944)	(86,297)	(82,948)	(71,003)
Net loss per share	(0.11)	(0.00)	(0.00)	(0.00)
Exploration expenditures	(13,323,377)	433,625	43,246	(1,050,829)
Exploration expenditures (net of impairment, translation adjustment and proceeds of royalty agreement)	93,175	245,450	43,373	62,141
Total assets	5,718,683	19,105,696	18,624,356	18,567,446
Capitalized exploration costs	5,706,475	19,029,852	18,596,227	18,552,981
Total liabilities	599,019	503,277	591,550	451,475

**Management's Discussion and Analysis
For the year ended December 31, 2016**

	For the three months ended			
	Dec. 31, 2015	Sept. 30, 2015	Jun. 30, 2015	Mar. 31, 2015
Revenue for the period	\$ -	\$ -	\$ -	\$ -
Expenses for the period	52,049	74,844	91,912	96,498
Net loss for the period	(58,811)	(74,844)	(91,912)	(97,918)
Net loss per share	(0.00)	(0.00)	(0.00)	(0.00)
Exploration expenditures	650,276	1,271,387	(172,609)	998,909
Exploration expenditures (net of translation adjustment and proceeds of royalty agreement)	81,695	105,796	136,544	130,326
Total assets	19,656,366	19,100,550	18,032,218	18,457,757
Capitalized exploration costs	19,603,810	18,953,534	17,682,147	17,854,756
Total liabilities	358,169	312,955	334,088	361,156

The Company is in the business of exploring and evaluating assets in Ghana, Africa and as a result has no revenues. Expenses consist of general corporate administrative costs not attributable to the exploration activities. All costs that are attributable to exploration activities are capitalized to the mineral concessions to which they relate.

Exploration expenditures for the three months ended December 31, 2016 were less than the previous quarter, as drilling program that started in previous quarter, were completed early in the current quarter. Expenses for the three months ended December 31, 2016 totaled \$64,038, decreased from \$86,297 in the previous quarter, due to investor relations expenses incurred in the previous quarter. Total liabilities increased to \$599,019 at December 31, 2016, from \$503,277 at September 30, 2016, primarily due amounts owing to employees and creditors of the Company. Included in the liabilities balance is \$117,934 owing to three directors of the Company and \$201,097 in accrued wages to an officer of the Company.

RESULTS OF OPERATIONS

Three months ended December 31, 2016 compared to three months ended December 31, 2015

The Company incurred a net loss of \$13,885,944 for the three months ended December 31, 2016 compared to a net loss of \$58,811 for the same period in the prior year.

Total expenses for the three months ended December 31, 2016 were \$64,038 compared to \$58,811 for the same period in the prior year. The difference is due to a credit of \$11,082 during three months ended December 31, 2015 representing a settlement of the Vancouver office lease.

Expenses for the three months ended December 31, 2016 included \$39,199 in salaries and benefits for Vancouver employees, lower than \$44,429 for the same period last year due to a reduction in salaries. The Company incurred \$3,041 for investor relations for the three months ended December 31, 2016, compared to \$289 incurred for the same period in the prior year. Investor relation activities aimed at broadening distribution of the Company's activities and news dissemination of executed exploration programs in order to engage potential investor interest. For the three months ended December 31, 2016, the Company incurred \$3,454 for office and administrative expenses, lower than \$5,040 incurred for the same period in the prior year. The Company recorded \$Nil in rent for its Vancouver office premises for the three months ended December 31, 2016, compared to a credit of \$11,082 for the same period in the prior year representing a settlement of the Vancouver office lease. The Company incurred \$4,605 for transfer agent, filing and regulatory costs for the three months ended December 31, 2016 higher than \$642 for the same period in the prior year. For the three months ended December 31, 2015, the Company incurred \$6,762 loss on sale of its Vancouver office's furniture.

The Company recognized impairment of exploration and evaluation assets of \$13,821,906 in profit or loss for the year ended December 31, 2016 as result of several indicators of the carrying value of the Company's prospecting licenses.

Year ended December 31, 2016 compared to the year ended December 31, 2015

The Company incurred a net loss of \$14,126,192 for the year ended December 31, 2016 compared to a net loss of \$323,485 for the same period in the prior year.

Total expenses for the year ended December 31, 2016 were \$304,286 compared to \$315,303 for the same period in the prior year.

Expenses for the year ended December 31, 2016 included \$179,201 in salaries and benefits for Vancouver employees, lower than \$222,041 for the same period last year due to a reduction in salaries. The Company incurred \$29,884 for investor relations for the year ended December 31, 2016, compared to \$1,367 incurred for the same period in the prior year. Investor relation activities aimed at broadening distribution of the Company's activities and news dissemination of executed exploration programs in order to engage potential investor interest. For the year ended December 31, 2016, the Company incurred \$19,355 for office and administrative expenses, lower than \$21,610 incurred for the same period in the prior year. The Company recorded \$5,756 in rent for its Vancouver office premises for the year ended December 31, 2016, reflecting settlement of the Vancouver office lease, compared to \$1,152 for the same period in the prior year. The Company sub-leased its office space in 1030 West Georgia St, in September 2014, in efforts to reduce expenses. For the year ended December 31, 2015, the Company incurred \$6,762 loss on sale of its Vancouver office's furniture. The Company incurred \$18,980 for transfer agent, filing and regulatory costs for the year ended December 31, 2016, lower than \$22,832 for the same period in the prior year. Additionally, for the year ended December 31, 2016 expenses included \$6,041 for travel compared to \$6,943 for the same period in the prior year.

The Company recognized impairment of exploration and evaluation assets of \$13,821,906 in profit or loss for the year ended December 31, 2016 as result of several indicators of the carrying value of the Company's prospecting licenses.

The Company recorded a foreign exchange loss of \$Nil For the year ended December 31, 2016 compared to a foreign exchange loss of \$1,420 for the same period in the prior year mainly due to the translation of foreign currency denominated working capital items.

Exploration and Evaluation Asset Expenditures

Three months ended December 31, 2016 compared to three months ended December 31, 2015

During the three months ended December 31, 2016, exploration and evaluation assets expenditures totaled (\$13,323,377) compared to \$650,276 for the three months ended December 31, 2015 as summarized in the following table:

**Management's Discussion and Analysis
For the year ended December 31, 2016**

	Three months ended December 31, 2016	Three months ended December 31, 2015
Drilling and access	\$ 30,263	\$ -
Geochemistry	5,990	-
Field logistics	2,232	1,849
Exploration salaries and wages	26,526	32,552
Contract labour	9,941	12,092
General and administrative	13,356	26,880
Land acquisition costs	-	-
Environmental, permitting and other	4,867	8,322
impairment of exploration and evaluation assets	(13,821,906)	-
Translation adjustment	405,354	568,581
	\$ (13,323,377)	\$ 650,276

Excluding impairment, and translation adjustment, exploration and evaluation assets expenditures for the three months ended December 31, 2016 were \$93,175 compared to \$81,695 incurred for the same period in the prior year.

The Company incurred \$30,263 and \$5,990 in drilling and access and geochemistry, respectively, for the three months ended December 31, 2016 compared to \$Nil for the same period in the prior year, representing a limited scout drilling program on two key prospects within the Akorade Project. Field logistics were \$2,232 for the three months ended December 31, 2016 compared to \$1,849 for the same period in the prior year. Exploration salaries and wages were \$26,526 for the three months ended December 31, 2016 compared to \$32,552 for the same period in the prior year. Contract labour was \$9,941 for the three months ended December 31, 2016 compared to \$12,092 for the same period in the prior year. General and administrative expenses, primarily related to costs associated with the Ghana operations, were \$13,356 for the three months ended December 31, 2016, compared to \$26,880 for the same period in the prior year. Environmental, permitting and other costs totaled \$4,867 for the three months ended December 31, 2016, compared to \$8,322 for the same period in the prior year.

The Company recorded a translation adjustment of \$405,354 resulting from the weakening of the Canadian dollar against the US dollar during the three months ended December 31, 2016 compared to a translation adjustment of \$568,581 for the same period in the prior year.

Subsequent to December 31, 2016, the Company determined that there were several indicators of impairment of the carrying value of the Company's prospecting licenses. The indicators of impairment included the following:

- The Company has low cash resource and negative working capital;
- There are no budgeted future expenditures as a result of the Company's working capital position;

As a result of the indicators above, an impairment test was carried out on the Company's Akorade project. The impairment test resulted in an impairment of exploration and evaluation assets of \$13,821,906, recognized in profit or loss for the year ended December 31, 2016.

The translation adjustments are related to the translation of exploration and evaluation assets from US dollars, the functional currency of the Ghana subsidiaries, to Canadian dollars.

Year ended December 31 compared to the year ended December 31, 2015

During the year ended December 31, 2016, exploration and evaluation assets expenditures totaled (\$13,897,335) compared to \$2,747,963 for the year ended December 31, 2015 as summarized in the following table:

Management's Discussion and Analysis
For the year ended December 31, 2016

	Year ended December 31, 2016	Year ended December 31, 2015
Drilling and access	\$ 130,793	\$ 30,623
Geochemistry	12,091	6,802
Field logistics	52,374	43,584
Exploration salaries and wages	122,805	118,860
Contract labour	47,483	53,847
General and administrative	45,149	95,106
Land acquisition costs	-	53,576
Environmental, permitting and other	33,444	51,963
Proceeds from Royalty agreement	-	(575,000)
impairment of exploration and evaluation assets	(13,821,906)	-
Translation adjustment	(519,568)	2,868,602
	\$ (13,897,335)	\$ 2,747,963

Excluding impairment and translation adjustment, transaction costs from royalty agreement and proceeds from royalty agreement, exploration and evaluation assets expenditures for the year ended December 31, 2016 were \$444,139 compared to \$454,361 incurred for the same period in the prior year.

The Company incurred \$130,793 in drilling and access for the year ended December 31, 2016 compared to \$30,623 for the same period in the prior year, representing a pre-drilling auger sampling program (328 samples) taken from five prospects of the Akorade Project, followed by a limited scout drilling program on two key prospects within the Akorade Project. Geochemistry was \$12,091 for the year ended December 31, 2016 compared to \$6,802 for the same period in the prior year. Field logistics were \$52,374 in for the year ended December 31, 2016 compared to \$43,584 for the same period in the prior year. Exploration salaries and wages were \$122,805 for the year ended December 31, 2016 compared to \$118,860 for the same period in the prior year. Contract labour was \$47,483 for the year ended December 31, 2016 compared to \$53,847 for the same period in the prior year. General and administrative expenses, primarily related to costs associated with the Company's office in Ghana, were \$45,149 for the year ended December 31, 2016, compared to \$95,106 for the same period in the prior year. The decrease was mainly due to lower communication, car rental, information technology and office expenses. Environmental, permitting and other costs totaled \$33,444 for the year ended December 31, 2016, lower than \$51,963 for the same period in the prior year mainly due to the timing of expenses. To keep its concessions in good standing, the Company is required to pay certain fees to the Minerals Commission of Ghana, including fees to renew or extend its prospecting and reconnaissance licenses, and to the Environmental Protection Agency of Ghana ("EPA") for processing and certificate fees with respect to EPA permits and forestry permits. Fees paid totaled US\$11,000 for year ended December 31 compared to US\$31,227 for the same period in the prior year.

Subsequent to December 31, 2016, the Company determined that there were several indicators of impairment of the carrying value of the Company's prospecting licenses. The indicators of impairment included the following:

- The Company has low cash resource and negative working capital;
- There are no budgeted future expenditures as a result of the Company's working capital position;

As a result of the indicators above, an impairment test was carried out on the Company's Akorade project. The impairment test resulted in an impairment of exploration and evaluation assets of \$13,821,906, recognized in profit or loss for the year ended December 31, 2016.

The Company recorded a translation adjustment of (\$519,568) resulting from the strengthening of the Canadian dollar against the US dollar during the year ended December 31, 2016 compared to a translation adjustment of \$2,868,602 for the same period in the prior year. The translation adjustments are related to the translation of

exploration and evaluation assets from US dollars, the functional currency of the Ghana subsidiaries, to Canadian dollars.

In December 2014, the Company entered into a royalty agreement (the "Royalty Agreement") with a royalty company pursuant to which Castle Peak will receive an aggregate amount of \$1,150,000 in exchange for a 1% net smelter returns royalty (the "Royalty") on the sale of minerals from the Akorade project in Ghana, excluding the Bonsaso license. The Company received the proceeds for the grant of the Royalty on two instalments, 50% on signing of the Royalty Agreement in December 2014, with the remainder received in the first quarter of 2015 upon registration of the Royalty Agreement with the applicable entities in Ghana.

OUTLOOK

During the year ended December 31, 2016, the Company focused its efforts on three fronts: firstly, generating high potential, near term drill targets for bulk mineable style mineralisation, outlining the programs needed to bring these targets to drill ready and evaluating two of three priority prospects using scout reverse circulation drilling, secondly, continuing to unlock value in the shallow high grade Apankrah Deposit by reviewing changes in the local mining environment which has also included discussions with numerous parties interested in the advancement of the Apankrah Deposit on a small scale, and finally on working with the Minerals Commission and Mining Ministry to expedite the files submitted for renewals .

Although the financing market for junior explorers is very challenging and there is no certainty that the Company will consummate a financing or partnership from the current discussions, we are cautiously optimistic that investors are returning to the natural resources space and to the gold market in particular. Additionally, a number of Ghanaian projects have acquired partners or raised exploration funds in the last few quarters and there have been at least two discoveries of potential gold resources in Ghana during this period each of which has been reasonably well supported by the investing community. As such, the expectation is that the Company will be able to identify sufficient capital to maintain the land package in conjunction with identifying partners to share the exploration risk of these early stage prospects.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2016, the Company had cash of \$2,289 (December 31, 2015 - \$34,319) to settle current liabilities of \$599,019 (December 31, 2015 - 358,169). The Company expects to fund its liabilities, operations and operational activities through cash on hand, loans, and proceeds of sale agreement of the Company's nine prospecting licenses in Ghana (see Subsequent Event below).

As at December 31, 2016, the Company's cash decreased by \$32,030 to \$2,289 from \$34,319 as at December 31, 2015. Cash of \$169,161 (2015 - \$369,813) was used for operating activities, \$330,190 was used by investing activities (2015 - \$10,084 was provided by investing activities), and \$469,914 (2015 - \$9,173) was provided by financing activities.

Net cash used in operating activities for the year ended December 31, 2016 was \$169,161 (2015 - \$369,813). The cash used during the period consists primarily of the loss before impairment of exploration and evaluation assets of \$304,286 (2015 - \$323,485) which includes non-cash expenses for depreciation of \$2,061 (2015 - \$9,108).

Net cash used in investing activities for the year ended December 31, 2016 was \$330,190 (2015 - \$10,084 provided by investing activities which includes receiving \$575,000; the proceeds for the second 50% the grant of the Royalty upon registration of the Royalty Agreement with the applicable entities in Ghana. Balance is cash used to finance the acquisition and exploration of exploration and evaluation assets).

Net cash provided by financing activities for the year ended December 31, 2016 was 469,914 (2015 - \$9,173), representing the non-brokered private placement during the quarter which consisted of the issue and sale of 16,666,667 units at a price of \$0.03 per unit for gross proceeds of \$500,000.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

	Year ended December 31, 2016	Year ended December 31, 2015
Salaries and benefits paid to officers and senior management ⁽¹⁾	\$ 297,120	\$ 327,619

(1) Remuneration attributed to key management personnel is recorded in salaries and benefits, and exploration and evaluation assets.

Salaries totaling \$292,480 were accrued to the former officers and senior management of the Company for the year ended December 31, 2016 (December 31, 2015: \$327,619). These individuals include Darren Lindsay, former President and CEO, and Director; Henry Sowah, Exploration Manager; and Iyad Jarbou, former CFO.

As at December 31, 2016, \$237,651 (December 31, 2015 - \$106,500) was owing to a director of the Company and is included in accounts payable and accrued liabilities.

Amounts payable to related parties as included in accounts payable and accrued liabilities are non-interest bearing, unsecured, and have no fixed terms of repayment.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the consolidated financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts and disclosures of assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the year. Actual results could differ from those estimates and such differences could be significant.

SIGNIFICANT ACCOUNTING POLICIES

For a complete summary of the Company's significant accounting policies, see Note 3 to the audited financial statements for the year period ended December 31, 2016.

New standards and interpretations not yet adopted

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for future accounting periods. The following have not yet been adopted by the Company and are being evaluated to determine their impact.

- IFRS 9: New standard that replaced IAS 39 for classification and measurement, tentatively effective for annual periods beginning on or after January 1, 2018.
- IFRS 15: New standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers, effective for annual periods beginning on or after January 1, 2018.
- IFRS 16: New standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases, effective for annual periods beginning on or after January 1, 2019.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities and loans due to related parties.

The fair value of the Company's receivables, accounts payable and accrued liabilities and loans due to related parties approximate carrying value due to their short terms to maturity, which is the amount recorded on the consolidated statement of financial position. The Company's other financial instrument, cash, is recorded at fair value, and under the fair value hierarchy is based on level one quoted prices in active markets for identical assets and liabilities.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's credit risk is primarily attributable to cash and receivables. Other than cash held by its subsidiary for its immediate operating needs in Ghana, the majority of the Company's cash are held with a major Canadian chartered bank and management believes the risk of loss to be remote. Receivables consist of input tax credits receivable from the Government of Canada. The Company does not believe it is subject to significant credit risk in relation to its receivables.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. As at December 31, 2016, the Company had cash and cash equivalents of \$2,289 and current liabilities of \$599,019. The Company intends to raise additional equity financing or related party debt financing in the coming period to meet its obligations.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the Company's financial instruments will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk on its cash equivalent balances which earn interest at variable market interest rates, however, this exposure is considered to be minimal. The Company has no interest-bearing debt, and therefore, is not exposed to risk in the event of interest rate fluctuations.

b) Currency risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company's expenditures are predominantly in Canadian dollars, US dollars, and Ghanaian cedis. The Company has financial assets and liabilities denominated in US dollars and Ghanaian cedis as at December 31, 2016. Based on the Company's net exposure as at December 31, 2016, a 10% depreciation or appreciation of the Canadian dollar against the US dollar and Ghanaian cedis would result in a change of approximately \$16,253 in Comprehensive Income (Loss).

c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

SUBSEQUENT EVENT

On April 19, 2017, the Company signed a Letter Agreement with Goldfields for the sale to Goldfields of the Company's nine prospecting licenses in Ghana for total cash proceeds of US \$4,250,000 (the "Transaction") payable as follows:

- a) A non-refundable down payment of US \$200,000 (received, \$273,022)
- b) A non-refundable deposit of US \$2,050,000, payable upon signing of a Definitive Agreement
- c) The balance of US \$2,000,000 payable at closing of the Transaction, by July 14, 2017.

RISK FACTORS

This MD&A does not include all of the information required for full risk factors discussion and should be read in conjunction with the Company's annual MD&A for the year ended December 31, 2016.

INTERNAL CONTROLS

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, and not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation. Castle Peak has undertaken to put into place a system of internal controls appropriate for its size, and reflective of its operations. The Company's certifying officers are responsible for establishing and maintaining disclosure controls and procedures for the Company, and have concluded based on an evaluation as at December 31, 2016, that the disclosure controls and procedures for the Company are effective.

OUTSTANDING SHARE INFORMATION

Common shares, stock options and warrants issued and outstanding as at December 31, 2016 are described in detail in Note 8 to the annual audited consolidated financial statements for the year ended December 31, 2016.

Summarized balances as at December 31, 2016 and May 1, 2017 are as follows:

	December 31, 2016	May 1, 2017
Common shares outstanding	132,763,360	132,763,360
Stock options exercisable	3,617,500	3,617,500
Share purchase warrants exercisable	36,666,667	36,666,667
Fully-diluted	173,047,527	173,047,527

FORWARD-LOOKING STATEMENTS

This MD&A contains "forward looking information" within the meaning of applicable Canadian securities legislation. Forward looking information may include, but is not limited to, information with respect to our planned exploration and evaluation activities including generating new targets, costs and timing of future exploration, results of future exploration and drilling, potential development plans in the future, timing and receipt of approvals, consents and permits under applicable legislation, our executive compensation approach and practice, the composition of our board of directors and committees, and adequacy of financial resources. Wherever possible, words such as "plans", "expects" or "does not expect", "budget", "scheduled", "estimates", "forecasts", "anticipate" or "does not anticipate", "believe", "intend" and similar expressions or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved, have been used to identify forward looking information. Forward looking information is subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to differ from those expressed or implied by the forward looking information, including, without limitation:

- risks related to commodity price fluctuations, including gold price volatility;
- risks related to the exploration and evaluation of our mineral property including general operating risks;
- risks related to the fact that we are a new company with no exploration and evaluation assets in production or development and no history of production or revenue;
- uncertainties related to title to our exploration and evaluation assets and surface rights;
- risks and uncertainties relating to the interpretation of drill results and the geology, grade and continuity of our mineral deposits;
- risks related to governmental regulations, including environmental regulations;
- increased costs and restrictions on operations due to compliance with environmental laws and regulations;
- increased costs affecting the mining industry;
- increased competition in the mining industry for properties, qualified personnel and management;
- risks related to some of our directors' and officers' involvement with other natural resource companies;
- risks related to the delay in obtaining or failure to obtain required permits, or non-compliance with permits that have been obtained;
- risks related to our ability to obtain adequate financing for our planned exploration and evaluation activities and to complete further exploration programs;
- risks related to general economic conditions;
- recent market events and conditions; and
- currency fluctuations.

This list is not exhaustive of the factors that may affect any of our forward-looking information. Although we have attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Forward-looking information involves statements about the future and is inherently uncertain, and our actual achievements or other future events or conditions may differ materially from those reflected in the forward-looking information due to a variety of risks, uncertainties and other factors. Our forward-looking information is based on the beliefs, expectations and opinions of management on the date the statements are made and we do not assume any obligation to update forward looking information, whether as a result of new information, future events or otherwise, other than as required by applicable law. For the reasons set forth above, prospective investors should not place undue reliance on forward looking information.

APPROVAL

Management is responsible for all information disclosed in the consolidated financial statements. The Board of Directors of Castle Peak Mining Ltd. has approved the disclosures contained in this MD&A.

