XTIERRA INC.

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended December 31, 2018

Dated April 16, 2019

(Expressed in US Dollars, except per share amounts)

(Form 51-102F1)

Date: April 16, 2019

General

The following discussion of financial condition, results of operations and future prospects should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2018 of Xtierra Inc. ("Xtierra" or the "Company"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts are stated in US dollars, unless otherwise noted.

Company Overview

Xtierra is a natural resource company which holds mineral exploration properties located in the Central Silver Belt of Mexico in the State of Zacatecas and is also pursuing new opportunities, including mineral exploration and development projects, and the potential acquisition of mineral and other royalties.

Xtierra has begun the process of developing a strategy for realizing some value on its Bilbao and other Mexican projects in the context of the current resource cycle, as well as identifying and evaluating new potential royalty acquisitions. During the period ended December 31, 2018 and to date, the Company has examined a number of possible new opportunities.

The continuing operations of the Company in the short term are dependent upon continued support from its major shareholder and the ability to raise adequate working capital to continue as a going concern. Additional funding will be required for exploration and development and /or to pursue new potential royalty acquisitions or other initiatives.

In March 2019, the Company announced that it intends to raise up to $1,000,000 by way of a non-brokered private placement (the "Offering") of common shares at a price of $0.05. Proceeds will be used for general corporate purposes, maintaining the existing projects and the pursuit of cash flowing royalty opportunities.

Bilbao Zinc, Silver, Lead Property - Mexico

Xtierra, through its Mexican subsidiaries, currently holds a 100% interest, subject to a 1.5% net smelter royalty, in the Bilbao zinc-silver-lead-copper project located approximately 500km northwest of Mexico City in the southeastern part of the State of Zacatecas, on which it has invested a cumulative total of $22.7 million at December 31, 2018.

Bilbao is a polymetallic, replacement-style, silver-lead-zinc-copper, skarn-type replacement sulphide deposit with a deeply weathered oxide cap. Following six separate drill campaigns, including geological and geophysical exploration phases, various metallurgical, environmental and other related studies were carried out and Runge Pincock Minarco (Canada) Limited (RPM) delivered an independent Technical Report in accordance with NI 43-101 containing an updated resource estimate and preliminary economic assessment (PEA) on the Bilbao Project, dated April 28, 2014.

The mine plan incorporated in the PEA targeted the extraction of only the lower, unoxidized, sulphide zone based on a production rate of 2,000 tonnes per day, or 720,000 tonnes per year with an average grade of 2.1%, 1.4% and 63.96 g/t of zinc, lead and silver, respectively, over a mine life of approximately 8 years.

The mineral processing plant described in the PEA proposes the treatment of the silver-lead-zinc sulphide ore at a design throughput rate of 2,000 tonnes per day, which would thereby project on average, 16,913 dry tonnes per year of silver-rich lead concentrate, and 26,966 dry tonnes per year of zinc concentrate, constituting an average combined total of approximately 20 million pounds of zinc, 17 million pounds of lead, and one million ounces of silver, per year.

In 2014, the Company conducted a desktop analysis of an alternative development scenario of extracting only the high grade portion of the Bilbao resources and milling of the ore mined from Bilbao at an existing mill within a reasonable trucking distance. By focusing only on the higher grade portion of the resource, this alternative development scenario would necessarily reduce the projected mining and processing rate, as well as subsequent metal concentrate production but maintain an eight year mine life. This scenario would also reduce the projected capital costs by reducing the amount of mine development required and eliminating the proposed mill at Bilbao.

Exploration programs carried put in 2016 and 2017 confirmed the potential for the identification of additional resources at ten (10) favorable target sites on the wider Bilbao property. In addition, petrographic, structural, lithological, and lithogeochemical studies were carried out on both sulphide, and oxide zone mineralization to further enhance information presented in the 2014 PEA. The results confirmed there is potential for additional vein and skarn-type potential mineralization on the property.

Throughout 2018 examination of previous metallurgical studies and the evaluation of potential solutions to increase viable tonnage and improve metal recovery at the Bilbao deposit continued intermittingly within limited financial resources.

To maintain the Company's mineral concessions and titles for the property in good standing, the Company is required to commit to a prescribed minimum of annual exploration expenditure and pay fees semi-annually to the Secretaria de Economia in Mexico. Minimum expenditure commitments and concession payments totaling approximately $61,000 are required annually. Failure to make either the annual concession payments and incur the minimum annual exploration expenditures or to satisfy the Mexican authorities that the expenditures incurred are qualifying expenditures, may result in either the cancellation or forfeiture of the mineral concessions.

Xtierra has taken all necessary steps to minimize administrative and property holding costs to maintain its Bilbao property in good standing, while at the same time examining strategic alternatives for further exploring and /or development of the property.

Under the Support Agreement with Buchans Resources Limited, Buchans has the option at any time, upon 60 days written notice, to require the transfer to Buchans of the Secured Property (shares of Orca Minerals Limited, which indirectly holds Xtierra's mineral properties in Mexico) in full satisfaction of the outstanding secured notes, including accrued interest, unless during that 60-day period the notes are repaid in full, in cash. Upon expiry of the two-year term of the Support Agreement on February 14, 2020, Xtierra has the right to discharge the notes, including accrued interest, in full, by transferring the Secured Property (shares of Orca Minerals Limited) to Buchans.

The payment by Xtierra required to repay the notes, including accrued interest and discharge the debt, as contemplated in the Support and Standstill Agreement, is anticipated to be approximately $800,000.

Cautionary Note: No Pre-Feasibility Study or Feasibility Study has been completed on the Bilbao Project. Project economics are not proven as the Project has not to date declared a reserve. All analyses are based on Indicated and Inferred Resources. Mineral Resources that are not mineral reserves do not have demonstrated economic viability. Inferred mineral resources are considered too speculative geologically to have economic considerations applied to them.

La Laguna Pedernalillo (Laguna) Tailings Project

Through its Mexican subsidiary, Minera Orca S.A de C.V., ("Minera Orca"), the Company holds an extraction licence granted by Conagua, the Mexican authority responsible for water resources, for the silver-rich La Laguna Pedernalillo ("Laguna") tailings deposit located near the city of Zacatecas in Mexico.

(Expressed in US Dollars)

On October 25, 2013, Conagua, the Mexican authority responsible for water resources, advised the Company of their decision to rescind the Company's December 10, 2003, twenty-year extraction licence for the Laguna project on the basis that no extraction has been done for at least three years. The Company appealed this decision through the courts. The appeal was heard by the Court of Zacatecas in June 2014 and a judgement in favor of the Company and setting aside the rescission was issued on October 7, 2014.

Metal Prices

The trend of improving base metal prices, which began in late 2016, stalled in 2018 as the optimism provided by shrinking metal inventories and dwindling mine production was overshadowed by tariffs, the growing threat of a US-China trade war, the threat of potential interest rate hikes in the US, political unrest and uncertainty in Europe and a general slowdown in the global economy.

Zinc

The price of zinc was affected by the economic issues and an increase of mine supply in 2018. After rising to just above US$1.60/lb in February price declined almost 30% to the US$1.05/lb level. In addition, several new sources of mined zinc weighed on the price, including the start-up of the Century tailings project, the ramp-up of MMG's Dugald River project and the restart of some of the idled Glencore capacity.

The zinc price in 2018 averaged US$2,925/tonne. Prices in the fourth quarter of 2018 averaged US$2,630/tonne, softening throughout the quarter in response to the US/China trade conflict and concerns of slowing global economic growth.

Global zinc inventories on the LME, SHFE and COMEX peaked at 370,000 tonnes in 2018 but dropped by almost 60% to around 150,000 tonnes in March 2019. Demand for zinc in China remains strong.

In 2019, the expectations for supply and demand fundamentals are positive. According to the International Lead and Zinc Study Group ("ILZSG") global demand for refined zinc metal is expected rise by 1.1%. Even though world supply is expected to rise by 6.4% in 2019, the expectation is that global demand for refined zinc will exceed global supply, drawing down reported and unreported stocks.

Silver

The silver price also fell during 2018, remaining around the US$17/oz. level for the first half of 2018 and then falling to the US$14/oz. level in the third quarter, before staging a rally to end the year around US$15.50/oz.

According to a recent report on silver market tends from the Silver Institute, the use of silver in photovoltaic applications will continue to rise as demand for solar power increases. Industrial fabrication accounts for 60% of the end usage for silver and more diverse application in water purification, LED lighting, flexible electronics and screens as well as anti-microbial applications in textiles will increase demand.

Exploration and Evaluation Expenditures

	December 31, 2018	Additions	December 31, 2017	Additions	December 31, 2016
	$	$	$	$	$
Bilbao	22,734,190	54,719	22,679,471	85,865	22,593,606
Laguna	7,281,000	-	7,281,000	-	7,281,000
Total	30,015,190	54,719	29,960,471	85,865	29,874,606

Results of Operations

The Company recorded no revenue for the periods ended December 31, 2018 or December 31, 2017.

For the three-month period ended December 31, 2018, the Company recorded a loss of $30,389 ($0.000 per share).

For the three-month period ended December 31, 2017, the Company recorded a loss of $118,310 ($0.001 per share). The main components were accretion on other liability of $60,000 and interest on the notes of $26,173.

For the year ended December 31, 2018, the Company recorded a loss of $882,166 ($0.007 per share). The main components of which were non-cash items including, warrants valuation of $310,440, share-based payment (stock options) expense of $302,480 and accretion on other liability of $156,000; and exploration expense of $54,719.

For the year ended December 31, 2017, the Company recorded a loss of $460,803 ($0.004 per share). The main components of which were exploration expenditures of $85,865, accretion on other liability of $240,000 and interest on the notes of $75,844.

The Company has taken steps to reduce administrative and property holding costs to maintain its properties and has curtailed all other expenditures, while examining strategic alternatives for restructuring its balance sheet and raising additional financing to secure its continuation as a going concern.

Selected Annual Information

The following selected annual information has been derived from the financial statements of the Company, which have been prepared in accordance with International Financial Reporting Standards.

	Year ended Dec. 31, 2018 $000's	Year ended Dec. 31, 2017 $000's	Year ended Dec. 31, 2016 $000's
Loss before other items	286	384	356
Net and comprehensive loss for the period	882	461	407
Net Loss per common share	0.007	0.004	0.004
Total assets	12	21	56
Cash and cash equivalents	4	6	18
Other liability	2,000	1,844	1,604
Shareholders deficiency	(2,825)	(3,291)	(2,830)

Summary of Quarterly Results

	Dec. 31 2018 $000's	Sept 30 2018 $000's	June 30 2018 $000's	Mar. 31 2018 $000's	Dec. 31 2017 $000's	Sept. 30 2017 $000's	June 30 2017 $000's	Mar. 31 2017 $000's
Net loss	31	25	110	717	118	127	98	118
Net loss per share	0.000	0.000	0.001	0.006	0.001	0.001	0.001	0.001
Total assets	12	18	38	25	21	30	69	49
Working Capital	(2,833)	(2,804)	(2,781)	(2,673)	(3,306)	(3,190)	(1,341)	(1,304)

- The first quarter of 2018 included warrants valuation expense of $310,440, and share-based payments expense of $302,480.

Liquidity and Capital Resources

On February 14, 2018, the Company completed the partial settlement of its secured notes in the amount of $735,062, by the issue of 18,442,721 common shares at CDN$0.05 per share to Pacific Road Funds.

On the same date, Xtierra entered into a Support and Standstill Agreement with Buchans Resources Limited, the Company's major shareholder which now holds approximately 22% of the Company's shares, whereby Buchans agreed to defer repayment of principal and accrued interest on the remaining secured notes, and to provide additional financial support of up to US$100,000 to fund the Company's working capital, of which US$75,000 was advanced at December 31, 2018.

The partial settlement of outstanding secured debt with Xtierra's former major shareholder, combined with a two-year support and standstill agreement with Buchans for the balance of secured debt, represented a significant improvement in Xtierra's financial position.

The Company entered into a Support and Standstill Agreement with Buchans Resources Limited pursuant to which Buchans agreed to defer repayment of principal and accrued interest on the secured notes held by Buchans for a term of two years, and to provide additional financial support of up to US$100,000 to fund the Company's working capital, on the following terms and conditions:

- The notes, including the additional advances, will remain secured by a pledge to Buchans of the shares of Orca Minerals Limited, which indirectly holds Xtierra's mineral properties in Mexico (the "Secured Property");
- Accrual of interest is suspended during the term of the Support Agreement;
- Buchans has the option at any time, upon 60 days written notice, to require the transfer of the Secured Property to Buchans in full satisfaction of the notes, including accrued interest, unless during that 60-day period the debt is repaid in full, in cash;
- Xtierra has the right to repay the notes, including accrued interest, in cash at any time; and
- Upon expiry of the term of the Support Agreement on February 14, 2020, Xtierra may discharge the notes, including accrued interest, in full by transferring the Secured Property to Buchans.

The payment by Xtierra required to repay the notes, including accrued interest and principal, as contemplated in the Support and Standstill Agreement, is anticipated to be approximately $800,000.

In consideration for the Support and Standstill Agreement, the Company issued 13,000,000 non-transferable warrants to Buchans, each warrant entitling Buchans to purchase one common share of Xtierra for CDN$0.05 per share for a period of two years expiring February 14, 2020. The fair value of the warrants was recorded at $310,440, using the Black-Scholes option pricing model.

Total assets at December 31, 2018 were $12,017 compared to $20,669 at December 31, 2017.

Current liabilities at December 31, 2018 amounted to $70,957, excluding $766,477 note payable to Buchans, the Company's largest shareholder, and $2,000,000 liability of a subsidiary. See Note 10 to the audited consolidated financial statements for the year ended December 31, 2018. See also Contractual Commitments of Subsidiary below.

The continuing operations of the Company in the short term are dependent upon continued support from its major shareholder to continue as a going concern. During the year ended December 31, 2018, Buchans advanced a total of $75,000 to fund the Company's working capital requirements, being part of Buchans commitment to provide additional financial assistance of up to $100,000 pursuant to the Support and Standstill Agreement. A further $25,000 was advanced in the first quarter of 2019. Additional funding will be required in the medium term for further exploration and/or new initiatives.

In March 2019, the Company announced that it intends to raise up to $1,000,000 by way of a non-brokered private placement (the "Offering") of common shares at a price of $0.05. Proceeds will be used for general corporate purposes, maintaining the existing projects and the pursuit of cash flowing royalty opportunities.

Related Party Transactions

The Company has entered into various funding agreements or arrangements with its major shareholders, see Debt Restructuring above and Note 11 to the financial statements for the year ended December 31, 2018.

No fees were paid by the Company to directors for their services as directors of the Company for the years ended December 31, 2018 and December 31, 2017. Share-based compensation in the form of stock option grants to directors and key management personnel during 2018 was $240,130.

For the year ended December 31, 2018, the Company made payments or accrued $16,140 to Steenberglaw Professional Corporation, a company controlled by Neil J.F. Steenberg, Director and Secretary, for legal fees

Included in accounts payable and accrued liabilities at December 31, 2018 is $32,486 due to related parties other than notes due to major shareholders.

Contractual Commitments of Subsidiary

Under an Option Agreement dated February 22, 2006, between Minco plc and Shoshone Mexico S.A. de C.V., (“Shoshone Mexico”), as assigned, Minco plc, through its then wholly owned subsidiary Bilbao Mining S.A. de C.V., earned into a 75% interest in four mining concessions comprising the bulk of the Bilbao property.

In August 2008, Orca Gold Corporation International (“Orca Gold”), then an indirect subsidiary of Minco plc, purchased from Shoshone Silver Mining Company (“Shoshone Silver”), for $100,000 all the shares of Shoshone Mexico, the registered owner of four of the Bilbao concessions and the beneficial owner of the remaining 25% interest in the Bilbao concessions.

By an Indemnity and Guarantee Agreement dated August 2008, Shoshone Silver agreed to indemnify Orca Gold and Shoshone Mexico against any damages or losses suffered from all liabilities and obligations of Shoshone Mexico in consideration of the agreement by Orca Gold to pay to Shoshone Silver the total sum of $4,900,000. Of this total amount, $2,400,000 was paid on the date of transfer of the shares of Shoshone Mexico to Orca Gold in August 2008 and a further $500,000 was paid one year after the date of the first payment.

The remaining balance of $2,000,000 payable by Orca Gold to Shoshone Silver pursuant to the Indemnity and Guarantee Agreement was expressed to be payable in four consecutive equal annual payments of $500,000 each, the first such $500,000 annual payment to be made at the time of commencement of construction of any mine developed on the Bilbao concessions, but in any event not less than six years after the date of the first payment of $2.4 million (August 2008) and provided that the remaining balance of $2,000,000 was to be paid in full no later than ten years after the date of the first payment of $2.4 million. The payment is secured by a charge granted by Shoshone Mexico in favour of Shoshone Silver and registered against the four Bilbao mining concessions. Orca Minerals Limited, the parent company of Orca Gold, guaranteed the payments and obligations of Orca Gold to Shoshone Silver under the Indemnity and Guarantee Agreement.

On August 29, 2008, Xtierra Inc. acquired all of the shares of Orca Minerals Limited from Minco plc but did not assume or guarantee, on a corporate non-consolidated basis, the payments or obligations of Orca Gold and has no direct liability for any payments that may become due to Shoshone Silver under the Indemnity and Guarantee Agreement.

Construction of a mine on the Bilbao concessions has not commenced to date and Orca Gold has taken the position that the remaining balance of $2,000,000 is not payable to Shoshone Silver until the time of commencement of construction of any mine developed on the Bilbao concessions. Orca Gold is also reserving any claims that may be outstanding against Shoshone Silver under the Indemnity and Guarantee Agreement.

Critical Accounting Estimates

The Company's financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and require management to make estimates and assumptions about future events that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, if any, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Such estimates and assumptions affect the carrying value of assets, impact decisions as to when exploration and development costs should be capitalized or expensed and affect estimates for asset retirement obligations and reclamation costs. Other significant estimates made by the Company include factors affecting valuation of tax accounts and share-based compensation. The Company regularly reviews its estimates and assumptions however, actual results could differ from these estimates and assumptions and these differences could be material.

Adoption of New Accounting Standards

The standards and interpretations within IFRS are subject to change. For further details, please refer to Note 3 of the December 31, 2018 audited consolidated financial statements.

Risk and Uncertainties

In conducting its business, the Company faces a number of risks common to the mining and exploration industry. These are summarized below. There are also certain specific risks including those listed below, associated with an investment in the Company and prospective investors should consider carefully these specific risk factors associated with an investment in the Company.

Failure to Obtain Additional Financing – Going Concern

The continuing operations of the Company in the short term are dependent upon continued support from its major shareholder and its ability to raise adequate working capital to continue as a going concern.

There is no assurance that the Company will be successful in obtaining the required financing. It cannot be guaranteed that such financing will be available on a timely basis or on acceptable terms. Failure to secure additional financing would result in delaying or indefinite postponement of development or production of the Company's properties. There can be no assurance that such additional financing will be available when needed or that, if available, the terms of such financing will be on terms favorable to the Company.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than Policy 2.5 of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) CDN$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 December 31, 2018, the Company was not in compliance with Policy 2.5.

Title Risks
Title insurance is generally not available although the Company has exercised the usual due diligence with respect to determining title to and interests in the Properties. There is no guarantee that such title to or interests in the Properties will not be challenged or impugned. The Company's mineral property interests may be subject to prior unregistered agreements or transfers and title may be affected by, among other things, undetected defects. Until competing interests in the mineral lands have been determined, the Company can give no assurance as to the validity of title of the Company to those lands or the size of such mineral lands.

Exploration, Development and Operating Risk
Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a

profit from production. The marketability of minerals acquired or discovered by the Company may be affected by numerous factors that are beyond the control of the Company and that cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting minerals and environmental protection, the combination of which factors may result in the Company not receiving an adequate return of investment capital. Many of the claims to which the Company has a right to acquire an interest are in the exploration stage only and are without a known body of commercial ore. Development of the subject mineral properties would follow only if favourable exploration results are obtained and a positive study is completed.

The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. There is no assurance that the Company's mineral exploration and development activities will result in any discoveries of commercial bodies of ore. The long-term profitability of the Company's operations will in part be directly related to the costs and success of its exploration and development programs, which may be affected by a number of factors.

Substantial expenditures are required to establish reserves through drilling and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis.

No Assurance of Production

Mineral exploration is highly speculative in nature, involves many risks, and frequently does not lead to the discovery of commercial reserves of minerals. While the rewards can be substantial if commercial reserves of minerals are found, there can be no assurance that the Company's past or future exploration efforts will be successful, that any production therefrom will be obtained or continued, or that any such production which is attempted will be profitable.

The Company has limited experience in placing resource properties into production, and its ability to do so will be dependent upon using the services of appropriately experienced personnel or entering into agreements with other major resource companies that can provide such expertise. There can be no assurance that the Company will have available to it the necessary expertise when and if the Company places its resource properties into production and whether it will produce revenue, operate profitably or provide a return on investment in the future.

Factors beyond the Company's Control

The exploration and development of mineral properties and the marketability of any minerals contained in such properties will be affected by numerous factors beyond the control of the Company. These factors include government regulation, high levels of volatility in market prices, availability of markets, availability of adequate transportation and refining facilities and the imposition of new or amendments to existing taxes and royalties. The effect of these factors cannot be accurately predicted.

Insurance and Uninsured Risks

The Company's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or stope failures, cave-ins, changes in regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to the Company's properties or properties of others, delays in development or mining, monetary losses and possible legal liability.

Although the Company will purchase insurance to protect against certain risks in such amounts as it considers reasonable, such insurance may not cover all the potential risks associated with a mining company's operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Company or to other companies in the mining industry on acceptable terms. The Company might also become subject to liability for pollution or other hazards which may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Environmental Risks and Hazards

The Company's operations may be subject to environmental regulations in the various jurisdictions in which it operates. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner that means standards are stricter, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. The Company intends to comply fully with all applicable environmental regulations.

Government Regulation and Permitting

The current or future operations of the Company, including development activities and commencement of production on its properties, require permits from various federal, state and local governmental authorities in Mexico, and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, water use, environmental protection, land claims of local people, mine safety and other matters.

Mexico is considered among the desirable regions of the world for exploration and mining, according to results of a survey conducted by The Fraser Institute, an independent Canadian research organization. The country's desirability for mining companies results from a combination of factors including a strong mining culture, excellent geology, relative political stability and favourable tax and permitting structures. Under the country's foreign ownership laws, non-Mexican companies can maintain 100% ownership of their properties and reap the benefits of successful exploration.

Such operations and exploration activities are also subject to substantial regulation under applicable laws by Mexican governmental agencies that will require the Company to obtain permits, licences and approvals from various governmental agencies. There can be no assurance, however, that all permits, licences and approvals that the Company may require for its operations and exploration activities will be obtainable on reasonable terms or on a timely basis or that such laws and regulations will not have an adverse effect on any mining project which the Company might undertake.

In order to maintain the Company's mineral concessions and titles in good standing, the Company is required to maintain a prescribed minimum of annual exploration expenditure and pay fees semi-annually to the Secretaria de Economia in Mexico. Minimum expenditure commitments and concession payments totaling approximately $61,000 are required annually. Failure to make the annual concession payments or incur the minimum annual exploration expenditures, to the satisfaction of the Mexican authorities, or a determination that the expenditures incurred are not qualifying expenditures, may result in the cancellation or forfeiture of the mineral concessions.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Delays

The Company is unable to predict the amount of time which may elapse between the date when any new mineral reserve may be discovered, the date upon which such discovery may be deemed to be economic pursuant to a study and the date when production will commence from any such discovery.

Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants which affect capital and operating costs. Unusual or infrequent weather phenomena, terrorism, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations, financial condition and results of operations.

Competition

The mining industry is intensely competitive in all its phases, and the Company competes with other mining companies in connection with the acquisition of properties producing or capable of producing, precious and base metals. Many of these companies have greater financial resources, operational experience and technical facilities than the Company. Competition could adversely affect the Company's ability to acquire suitable properties or prospects in the future. Consequently, the Company's revenue, operations and financial condition could be materially adversely affected.

Management

The success of the Company is currently largely dependent on the performance of its directors and officers. There is no assurance the Company can maintain the services of its directors and officers or other qualified personnel required to operate its business. The loss of the services of these persons could have a material adverse effect on the Company and its prospects. Some of the directors and officers also serve as directors and/or officers of other companies which are engaged and will continue to be engaged in the search for additional business opportunities on behalf of other companies, and situations may arise where these directors and officers will be in direct competition with the Company. Conflicts, if any, will be dealt with in accordance with the relevant provisions of applicable corporate and securities laws.

Price Volatility of Publicly Traded Securities

Securities of exploration companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally, and market perceptions of the relative attractiveness of particular industries. The Company's share price is also likely to be significantly affected by short-term changes in metal prices or in the Company's financial condition or results of operations as reflected in quarterly earnings reports. Other factors unrelated to the Company's performance that may have an effect on the price of the the Company Shares include the following:

- the extent of analytical coverage available to investors concerning the Company's business may be limited if investment banks with research capabilities do not follow its securities;

- the limited trading volume and general market interest in the Company's securities may affect an investor's ability to trade the Company Shares;

- the relatively small size of the publicly held shares will limit the ability of some institutions to invest in the Company's securities; and

- a substantial decline in the Company's share price that persists for a significant period of time could cause its securities to be delisted from any stock exchange upon which they are listed, further reducing market liquidity.

As a result of any of these factors, the market price of the Company shares at any given point in time may not accurately reflect the Company's long-term value.

Fluctuating Mineral Prices
Factors beyond the control of the Company may affect the marketability of metals discovered, if any. Metal prices are subject to significant fluctuation and are affected by a number of factors which are beyond the control of the Company. The principal factors include: diminished demand which may arise if current rates of economic growth in China, North America and Europe are not sustained; supply interruptions due to changes in government policies in base and precious metals, war, or international trade embargos; increases in supply resulting from the alleviation of professional and skilled labour shortages experienced by the world's largest producers; and, increases in supply resulting from the discovery and the development of new sources of base and precious metals. The effect of these factors on the Company's operations cannot be predicted.

Foreign Currency Exchange
Exchange rate fluctuations may affect the costs that the Company incurs in its operations. The Company's financing activities have been denominated in Canadian Dollars, while the expenditures to be incurred by the Company on its mineral exploration projects in Mexico will be denominated in US Dollars or Mexican Pesos. The Company also has certain liabilities denominated in US Dollars. The appreciation of the US Dollar against the Canadian Dollar would result in increased costs of the Company's activities in Mexico in Canadian Dollar terms, and currency movements may have a significant impact on the Company's financial position and results of operations in the future. Fluctuations in the exchange rates between the Canadian Dollar and the Mexican Peso or US Dollar may have an adverse or positive effect on the Company.

Dividends
The Company has not paid any dividends on its shares since incorporation. The Company has a limited operating history and there can be no assurance of its ability to operate its projects profitably. Payment of any future dividends will be at the discretion of the Company's board of directors after taking into account many factors, including the Company's operating results, financial condition and current and anticipated cash needs.

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements.

Financial Instruments

All financial instruments included in current assets are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accruals, notes payables and other liability of subsidiary are classified as other financial liabilities, which are measured at amortized cost. As at December 31, 2018, the carrying and fair value amounts of the Company's financial instruments are the same because of the limited term of the instruments.

The Company is subject to foreign exchange risk as some of its operating, investing and financing activities are transacted in currencies other than the US Dollar. The Company's operations are carried out in Mexico and Canada and cash is held in Canadian Dollars and Mexican Pesos as well as in US Dollars, the Company is therefore subject to gains and losses due to fluctuations in these currencies.

Outstanding Share Capital

The Company has unlimited authorized share capital of a single class of common shares of which, at December 31, 2018 and at April 16, 2019, 134,813,057 shares were issued and outstanding.

At April 16, 2019 there were warrants outstanding, expiring February 14, 2020, entitling Buchans Resources to purchase 13,000,000 common shares at CDN$0.05 per share.

At April 16, 2019, there were 9,500,000 share options outstanding, issued pursuant to the Company's Stock Option Plan.

Additional Information

Additional information about the Company is available under the Company's profile on SEDAR at www.sedar.com and on the Company's website.

Forward-Looking Statements

This management's discussion and analysis contains certain forward-looking statements relating to, but not limited to, the Company's expectations, intentions, plans and beliefs. Forward-looking information can often be identified by forward-looking words such as "anticipate", "believe", "expect", "goal", "plan", "intend", "estimate", "may" and "will" or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance.

Forward-looking information may include reserve and resource estimates, estimates of future production, unit costs, costs of capital projects and timing of commencement of operations, and is based on current expectations that involve a number of business risks and uncertainties. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to, failure to establish estimated resources and reserves the grade and recovery of ore which is mined varying from estimates, capital and operating costs varying significantly from estimates, delays in obtaining or failures to obtain required governmental, environmental or other project approvals, delays in the development of projects changes in exchange rates, fluctuations in commodity prices, inflation and other factors.

Forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from expected results. Shareholders and prospective investors should be aware that these statements are subject to known and unknown risks uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Shareholders are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur.

The Company undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors which affect this information, except as required by law.

Date: April 16, 2019