

**MIRAMONT RESOURCES CORP.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JULY 31, 2018**

**(Expressed in Canadian Dollars)**

**Report Date – November 22, 2018**

The following Management's Discussion & Analysis ("MD&A") provides a review of activities, results of operations and the financial condition of Miramont Resources Corp. (the "Company") for the year ended July 31, 2018. This MD&A should be read in conjunction with the Company's audited annual consolidated financial statements and related notes thereto for the years ended July 31, 2018 and 2017. All amounts disclosed in this MD&A are expressed in Canadian dollars, unless otherwise noted.

### **Management's Responsibility**

The Company's management is responsible for the preparation and presentation of the financial statements and this MD&A. The financial statements have been prepared in accordance with International Financial Accounting Standards ("IFRS") as issued by the International Accounting Standards Board and as included in Part 1 of the CPA Canada Handbook – Accounting. This MD&A has been prepared in accordance with the requirements of securities regulators, including National Instrument 51-102 of the Canadian Securities Administrators.

### **Forward-Looking Statements**

This MD&A may contain forward-looking statements based on assumptions and judgments of management regarding events or results that may prove to be inaccurate as a result of exploration or other risk factors beyond its control. Actual results may differ materially from the expected results.

Except for statements of historical fact, this MD&A contains certain "forward-looking information" within the meaning of applicable securities law. Forward-looking information is frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. In particular, forward-looking information in this MD&A includes, but is not limited to, statements with respect to future events such as receipt of permits and planned drilling and is subject to certain risks, uncertainties and assumptions. Although we believe that the expectations reflected in the forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct. We cannot guarantee future results, performance or achievements. Consequently, there is no representation that the actual results achieved will be the same, in whole or in part, as those set out in the forward-looking information.

### **Forward-Looking Statements (cont'd...)**

Forward-looking information is based on the opinions and estimates of management at the date the statements are made, which are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those anticipated in the forward-looking information. Some of the risks and other factors that could cause results to differ materially from those expressed in the forward-looking statements include, but are not limited to: general economic conditions in Canada, the United States, Peru and globally; industry conditions, including fluctuations in commodity prices; governmental regulation of the mining industry, including environmental regulation; geological, technical and drilling problems; unanticipated operating events; competition for and/or inability to retain drilling rigs and other services; the availability of capital on acceptable terms; the need to obtain required approvals from regulatory authorities; stock market volatility; volatility in market prices for commodities; liabilities inherent in mining operations; changes in tax laws and incentive programs relating to the mining industry; and the other factors described herein under "Risks and Uncertainties" as well as in our public filings available at [www.sedar.com](http://www.sedar.com). Readers are cautioned that this list of risk factors should not be construed as exhaustive.

The forward-looking information contained in this MD&A is expressly qualified by this cautionary statement. We undertake no duty to update any of the forward-looking information to conform such information to actual results or to changes in our expectations except as otherwise required by applicable securities legislation. Readers are cautioned not to place undue reliance on forward-looking information.

### **Overview**

The Company was incorporated on July 15, 2015 under the Business Corporations Act of British Columbia and is a mineral exploration company with a focus on acquiring, exploring and advancing exploration and evaluation assets in Canada and Peru. The Company's head office and principal address is located at 2601 – 1111 Alberni Street, Vancouver, BC, V6E 4V2. The Company's registered and records office is located at 39073 Kingfisher Road, Squamish, BC, V8B 0S9. The Company is listed on the Canadian Securities Exchange ("CSE") under the symbol MONT and on the OTCQB under the trading symbol MRRMF. The Company is quoted on the Frankfurt Stock Exchange under the trading symbol 6MR.

On November 14, 2017, the Company issued 15,048,000 common shares for the acquisition of all of the issued and outstanding shares of Puno Gold Corporation ("Puno"), a privately held Ontario corporation. Minera Puno Gold, S.A.C. ("Minera Puno") is a Peruvian corporation and is a wholly owned subsidiary of Puno. Minera Puno is engaged in the business of mineral exploration and development in Peru and holds options to acquire a 100% interest in the Cerro Hermoso and Lukkacha projects.

## **Overview (cont'd...)**

Also on November 14, 2017, the Company completed a private placement of 20,000,033 units at a price of \$0.30 per unit, for total proceeds of \$6,000,010. Each unit was comprised of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of \$0.45 per common share, for a period of two years from the date of issue. The Company paid a total of \$297,681 cash in agents' commissions, finder's fees and legal fees and issued 673,827 agents' and finder's warrants, valued at \$125,478. Each agents' and finder's warrant entitles the holder to purchase one common share at a price of \$0.30 per common share, for a period of two years from the date of issue.

## **Exploration and Evaluation Assets**

### Cerro Hermoso

On September 23, 2016, subsequently amended September 18, 2018, Minera Puno entered into an option agreement to acquire the two mining concessions in the district of Santa Lucia, province of Lampa, Puno Region in Peru known as the Cerro Hermoso Concessions for a purchase price of US\$3,526,000 (the "Cerro Hermoso Agreement"). The purchase price is to be paid as follows:

- (i) US\$50,000 on September 27, 2016 (paid);
- (ii) US\$50,000 on or before March 27, 2017 (paid);
- (iii) US\$100,000 on or before September 27, 2017 (paid);
- (iv) US\$70,000 on or before September 27, 2018 (paid);
- (v) US\$156,000 on or before September 27, 2019;
- (vi) US\$100,000 on or before September 27, 2020; and
- (vii) US\$3,000,000 on or before September 27, 2021.

The Cerro Hermoso Concessions are subject to a 1% Net Smelter Return royalty ("NSR") which will take effect when Minera Puno has received cumulative minimum payments of US\$1,000,000 from the sale of minerals from the Cerro Hermoso Concessions. The NSR is subject to a buy-back right pursuant to which Minera Puno may purchase the full NSR for a total payment of US\$5,000,000. Any NSR payments made before the buy-back may be deducted against the US\$5,000,000.

On July 26, 2018, Minera Puno entered into an option agreement to acquire the Milenios mining concession, contiguous to the Cerro Hermoso Concessions. The Milenios Option Agreement has a four year term. The purchase price is to be paid as follows:

- (i) US\$20,000 on July 26, 2018 (paid);
- (ii) US\$25,000 on or before July 26, 2019;
- (iii) US\$30,000 on or before July 26, 2020;
- (iv) US\$35,000 on or before July 26, 2021; and
- (v) the greater of: US\$200,000 and US\$1 for each ounce gold contained in a National Instrument 43-101 ("NI 43-101") compliant resource on or before July 26, 2022.

## **Exploration and Evaluation Assets (cont'd...)**

### Cerro Hermoso (cont'd...)

The Company has had its environmental impact statement (known by the Spanish acronym DIA) approved and has applied for permits to commence drilling on the property. The Ministry of Energy and Mines is evaluating its need to conduct a consultation process with any potentially affected indigenous communities. The Company plans to drill between 3,000 and 5,000 meters once drill permits are received, as was recommended in the NI 43-101 technical report dated effective May 31, 2017.

### Lukkacha

On May 15, 2017, Minera Puno entered into an option agreement to acquire a 100% interest in certain mining concessions in the District of Chucutamani, Province of Tarata, Tacna Department in Peru, (the "Lukkacha Concessions"), known as the Lukkacha Option Agreement. The Lukkacha Option Agreement has a five year term. The purchase price is to be paid as follows:

- (i) Initial payment of US\$200,000 on the effective date of the Lukkacha Option Agreement (paid);
- (ii) Annual payments of US\$100,000 starting on the first anniversary of obtaining the Supreme Decree. Supreme Decree refers to the issuance by the President of the Republic and countersigned by the President of the Council of Ministers, the Ministry of Energy and Mines and the Minister of Defense, which will authorize Minera Puno to acquire the Lukkacha Concessions and the rights thereon established in the Lukkacha Option Agreement hereof since the Lukkacha Concessions are located within 50 km from the border with the Republic of Chile; and
- (iii) A final payment of US\$2,500,000 on the execution of public deed of transferring mining rights.

Minera Puno must incur exploration expenditures on the Lukkacha Concessions as follows:

- US\$1,000,000 within 24 months following the date of obtaining the Supreme Decree; and
- An additional US\$1,000,000 within 36 months following the date of obtaining the Supreme Decree.

In the event that any exploration expenditures for the Lukkacha Concessions made by Minera Puno is determined to be less than agreed under the Lukkacha Option Agreement, Minera Puno may remedy the default and keep the Lukkacha Option Agreement in force by paying the vendor an amount equal to 50% of the deficient amount of exploration expenditures.

The Lukkacha Concessions are subject to a 2% NSR in favour of the vendor which will take effect when Minera Puno has received cumulative minimum payments of US\$1,000,000 from the sale of minerals from the Lukkacha Concessions. Minera Puno may reduce the NSR to 1.5% by making a payment to the vendor of US\$2,000,000. In addition, Minera Puno may further reduce the NSR to 1.0% by making an additional payment to the vendor of US\$3,000,000.

The Company has made application for the Supreme Decree.

**MIRAMONT RESOURCES CORP.**  
MANAGEMENT'S DISCUSSION & ANALYSIS  
(Expressed in Canadian Dollars)  
YEAR ENDED JULY 31, 2018

**Exploration and Evaluation Assets (cont'd...)**

Cerro Hermoso and Lukkacha

During the year ended July 31, 2018, the Company incurred total exploration and evaluation expenditures of \$547,399 (2017 - \$nil) and \$317,706 (2017 - \$nil), respectively, on the Cerro Hermoso and Lukkacha properties ("Puno properties"). Expenditures were primarily for geologic mapping, geophysics and geochemistry, and preparation for drilling at Cerro Hermoso, as well as permitting expenses for both properties. The Company has received approval of its environmental impact statement (DIA) for the Cerro Hermoso project and has applied for drilling permits for the project.

The exploration and evaluation expenditures were incurred as follows:

Property	Cerro Hermoso	Lukkacha	Total
Assays	\$ 9,829	\$ -	\$ 9,829
Community programs	13,683	-	13,683
Geological consulting	171,298	-	171,298
Core shack	1,004	-	1,004
Environmental and permitting	14,683	6,351	21,034
Field supplies	38,578	570	39,148
Legal	110	-	110
Property payments, licences and rights	48,785	308,921	357,706
Wages and benefits	120,097	-	120,097
Travel	32,931	1,427	34,358
VAT	67,799	-	67,799
Vehicle rentals and maintenance	28,602	437	29,039
Year ended July 31, 2018	\$ 547,399	\$ 317,706	\$ 865,105

Included in property payments, licences and rights is \$264,490 of payments made to the vendor for work incurred by the vendor on Lukkacha. Once the Supreme Decree is obtained, these payments will reduce the exploration expenditures commitment required on Lukkacha.

Midas Gold

On October 19, 2016, the Company entered into an option agreement (the "Agreement") to acquire a 100% interest in and to certain mineral claims located in the Riggs and Bruyere Townships of Ontario which are collectively known and described as the Midas Gold Property. During the year ended July 31, 2017, the Company paid \$30,000 and issued 100,000 common shares, valued at \$10,000, in connection with the Agreement.

During the year ended July 31, 2018, management decided to discontinue exploration on the Midas Gold Property and, accordingly, wrote off the carrying value of \$40,000.

**MIRAMONT RESOURCES CORP.**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
 (Expressed in Canadian Dollars)  
 YEAR ENDED JULY 31, 2018

**Selected Annual Information**

The following table sets out selected annual financial information for the financial years ended July 31, 2018, 2017 and 2016.

<b>Period Ended</b>	<b>July 31, 2018</b>		<b>July 31, 2017</b>		<b>July 31, 2016</b>	
Revenue	\$	Nil	\$	Nil	\$	Nil
Loss from continuing operations	\$	(2,120,377)	\$	(201,623)	\$	(12,610)
- per share <sup>(1)</sup>	\$	(0.05)	\$	(0.02)	\$	(0.00)
Loss and comprehensive loss	\$	(2,120,377)	\$	(201,623)	\$	(12,610)
- per share <sup>(1)</sup>	\$	(0.05)	\$	(0.02)	\$	(0.00)
Total assets	\$	9,025,524	\$	592,280	\$	44,993
Total non-current financial liabilities	\$	Nil	\$	Nil	\$	Nil
Cash dividends declared - per common share	\$	Nil	\$	Nil	\$	Nil

<sup>1.</sup> Fully diluted loss per share was not calculated as the effect was anti-dilutive.

**Overall Performance and Results of Operations: Year-to-Date**

During the year ended July 31, 2018, the Company had revenue of \$Nil and incurred a loss and comprehensive loss of \$2,120,377 compared to revenue of \$Nil and a loss and comprehensive loss of \$201,623 for the year ended July 31, 2017.

The loss and comprehensive loss of \$2,120,377 was comprised of \$905,105 (2017 - \$Nil) in property expenses, \$1,250,170 (2017 - \$202,233) in administrative expenses, and \$34,898 (2017 - \$610) in net other income.

The increase in loss for the current year was attributable to the planned exploration and evaluation expenditures incurred on the Puno properties, following completion of the acquisition of Puno in November 2017, along with the increased costs associated with the management team and related financing, marketing and support costs of being an active publicly-listed exploration company. The comparable period of last year had comparatively little activity, as the Company was searching for a project and preparing for listing on the CSE. The significant expenditures for the current year included:

Property Expenses

- Exploration and evaluation expenditures – The Company continues to perform exploratory work in Peru. Funds have primarily been incurred on the Cerro Hermoso gold-copper project to submit the Environmental Impact Statement (known by the Spanish acronym as “DIA”) and to prepare for drilling the property. The Ministry of Energy and Mines approved the Cerro Hermoso DIA during the year, and the Company is awaiting for permits to commence drilling.

**Overall Performance and Results of Operations: Year-to-Date (cont'd...)**

Administrative Expenses

- Administrative costs – As the Company is now listed on the CSE and OTCQB, and actively working on its mineral properties in Peru, there are general administrative support services required.
- Business development – As the Company now has acquired a project, it has shifted its focus from developing the business to running the exploration programs on the projects.
- Consulting fees – Outside consultants were used to assist with the search for viable projects and for various advisory fees.
- Management fees – The fees were incurred for services performed by management, initially to search for a project, and once acquired, to raise funds, run and promote the Company.
- Marketing and investor relations – The Company incurred fees to continue promotion of its activities, as it is now listed on the CSE on OTCQB, and exploration activities have commenced.
- Office and miscellaneous – Additional fees are now being incurred relating to the operations in Peru.
- Professional fees – These fees include legal costs for property agreements, the costs of listing on the OTCQB and various other matters, along with audit and accounting fees to support being a listed public company.
- Property investigation costs – The Company has acquired a project.
- Share-based payments – The Company granted stock options to directors, officers, employees, consultants and advisors under its shareholder-approved stock option plan.
- Travel – The Company continues to visit projects and attend conferences.

Other

- Interest income – Funds held in a redeemable Guaranteed Investment Certificate earn interest.



**MIRAMONT RESOURCES CORP.**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
(Expressed in Canadian Dollars)  
**YEAR ENDED JULY 31, 2018**

**Summary of Quarterly Results**

The following table sets out selected unaudited quarterly financial information for the most recent eight quarters. The amounts presented have been prepared in accordance with IFRS for all eight quarters.

<b>Three Months Ended</b>	<b>July 31, 2018</b>	<b>April 30, 2018</b>	<b>January 31, 2018</b>	<b>October 31, 2017</b>
Revenue	\$ Nil	\$ Nil	\$ Nil	\$ Nil
Exploration and evaluation expenditures	\$ 489,638	\$ 212,087	\$ 163,380	\$ Nil
Administrative expenses (excluding share-based payments)	\$ 271,365	\$ 259,339	\$ 293,488	\$ 123,134
Share-based payments	\$ 277,110	\$ 25,734	\$ Nil	\$ Nil
Loss from continuing operations	\$ 1,017,077	\$ 483,108	\$ 454,616	\$ 165,576
- per share <sup>(1)</sup>	\$ (0.02)	\$ (0.01)	\$ (0.01)	\$ (0.01)
Loss and comprehensive loss	\$ 1,017,077	\$ 483,108	\$ 454,616	\$ 165,576
- per share <sup>(1)</sup>	\$ (0.02)	\$ (0.01)	\$ (0.01)	\$ (0.01)

<b>Three Months Ended</b>	<b>July 31, 2017</b>	<b>April 30, 2017</b>	<b>January 31, 2017</b>	<b>October 31, 2016</b>
Revenue	\$ Nil	\$ Nil	\$ Nil	\$ Nil
Exploration and evaluation expenditures	\$ Nil	\$ Nil	\$ Nil	\$ Nil
Administrative expenses (excluding share-based payments)	\$ 111,648	\$ 32,222	\$ 49,748	\$ 8,615
Share-based payments	\$ Nil	\$ Nil	\$ Nil	\$ Nil
Loss from continuing operations	\$ 111,038	\$ 32,222	\$ 49,748	\$ 8,615
- per share <sup>(1)</sup>	\$ (0.01)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Loss and comprehensive loss	\$ 111,038	\$ 32,222	\$ 49,748	\$ 8,615
- per share <sup>(1)</sup>	\$ (0.01)	\$ (0.00)	\$ (0.00)	\$ (0.00)

<sup>1.</sup> Fully diluted loss per share was not calculated as the effect was anti-dilutive.

### **Overall Performance and Results of Operations: Quarterly**

During the three month period ended July 31, 2018, the Company incurred a loss and comprehensive loss of \$1,017,077 compared to a loss and comprehensive loss of \$111,038 for the three month period ended July 31, 2017.

The loss and comprehensive loss of \$1,017,077 for the current quarter was comprised of \$489,638 (2017 - \$Nil) in property expenses, \$548,475 (2017 - \$111,038) in administrative expenses, and \$21,036 (2017 - \$Nil) in net other income. The significant expenditures, not described above, included:

#### Property Expenses

- Exploration and evaluation expenditures – The Company continues to perform exploratory work in Peru. Funds incurred during the quarter were primarily to begin the drilling permit application process on the Cerro Hermoso project and payments to the vendor of Lukkacha for work incurred by the vendor on Lukkacha.

#### Administrative Expenses

- Marketing and investor relations – The Company incurred marketing costs and investor relation fees to continue the promotion of its activities.
- Share-based payments – The Company granted stock options to directors, officers, employees, consultants and advisors in accordance with its shareholder-approved stock option plan.

### **Liquidity and Capital Resources**

The Company's cash position was \$3,584,184 as at July 31, 2018 compared to \$541,471 as at July 31, 2017. The Company's cash position increased during the year, and since inception, as a direct result of additional financings being completed. The cash balance of \$541,471 as at July 31, 2017 was increased during the year as a result of a financing that raised net proceeds of \$5,702,329 and by \$37,431 for cash acquired on the acquisition of Puno. It was decreased by \$1,901,636 for operating activities, \$760,335 for the repayment of loans assumed on the acquisition of Puno, \$8,532 for acquisition of equipment and \$26,544 for payments for exploration and evaluation assets. The net increase in working capital of \$3,116,761 brought the working capital surplus at July 31, 2018 to \$3,598,594, from \$481,833 at July 31, 2017.

Management believes the Company's current cash resources are sufficient to meet its short-term needs. The Company is continuing to explore various potential sources of financing, but there is no certainty that any additional financings will be completed. The Company raised additional capital during the reporting period through private placements of its common shares in amounts that management believes are sufficient to further operations for the upcoming twelve months.

**Liquidity and Capital Resources (cont'd...)**

The following table summarizes the use of proceeds previously disclosed in the November 22, 2017 Form 2A as compared to the actual use of proceeds for the period from November 22, 2017 to July 31, 2018. The table also summarizes the expected use of proceeds for the period from August 1, 2018 to December 31, 2019.

**MIRAMONT RESOURCES CORP.**  
MANAGEMENT'S DISCUSSION & ANALYSIS  
(Expressed in Canadian Dollars)  
YEAR ENDED JULY 31, 2018

Principal Purposes of Funds	Planned use of proceeds per November 22, 2017 CSE Form 2A	Expenditures from November 22, 2017 to July 31, 2018	Expenditures to be incurred to December 31, 2019 <sup>(8)</sup>
Costs of proposed exploration program on Cerro Hermoso <sup>(1)</sup>	\$2,200,396 (US\$1,720,000)	\$547,399 (US\$427,000)	\$1,684,831 (US\$1,293,000)
Costs of proposed exploration program on Lukkacha <sup>(2)</sup>	\$1,023,440 (US\$800,000)	\$317,706 (US\$248,000)	\$719,278 (US\$552,000)
Payments due under Cerro Hermoso Agreement and Lukkacha Agreement <sup>(3, 4)</sup>			
- to July 31, 2018	\$Nil	\$Nil	-
- to November 21, 2018	\$127,930 (US\$100,000)	\$Nil	\$90,809 (US\$70,000)
- after November 21, 2018	-	-	\$203,274 (US\$156,000)
Payments due under Milenios option agreement <sup>(5)</sup>	\$Nil	\$26,544 (US\$20,000)	\$32,576 (US\$25,000)
Commissions payable pursuant to private placement	\$202,148	\$202,148	-
Estimated fees and expenses of the private placement and Puno acquisition	\$90,000	\$159,561	-
General and administrative expenses, net of other income (excluding share- based payments and amortization) <sup>(6, 7)</sup>	\$540,000	\$848,257	\$1,124,570
Re-payment of Puno loans	\$761,895	\$760,335	\$Nil
Acquisition of equipment	\$ Nil	\$8,532	\$Nil
Expenditures before working capital changes and other items	\$4,945,809	\$2,870,482	\$3,855,338
Unallocated general working capital	\$714,264		
Total available funds	\$5,660,073		

**Liquidity and Capital Resources (cont'd...)**

- (1) The funds in the proposed exploration program may not be spent by December 31, 2019 due to the timing of the receipt of the drill permit required to start drilling.
- (2) The funds in the proposed exploration program may not be spent by December 31, 2019 due to the timing of the receipt of the Supreme Decree required to start exploratory work.
- (3) The required payment schedule for the Cerro Hermoso option agreement was updated as per the amended agreement, as detailed above in the Exploration and Evaluation Assets section.
- (4) The required option payments schedule does not include any payments for the Lukkacha option agreement as the first payment is not due until one year after the receipt of the Supreme Decree, which is not currently expected to be received before December 31, 2018.
- (5) The required payment schedule for the Milenios option agreement was not previously disclosed in the November 22, 2017 Form 2A as the agreement was signed subsequent to its filing.
- (6) The increase in the general and administrative expenses for the period from November 22, 2017 to July 31, 2018 over the planned use of proceeds was a result of payments made for marketing and investor relations, professional fees related to the OTCQB listing and drafting and review of agreements, consulting fees related to the OTCQB listing and geological work, and additional costs spent in Peru for office and miscellaneous.
- (7) The budgeted amount of \$1,124,570 is for the period from August 1, 2018 to December 31, 2019.
- (8) There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary in order for the Company to achieve its stated business objectives.

**Off-Balance Sheet Arrangements**

The Company did not enter into any off-balance sheet arrangements or transactions during the year.

**MIRAMONT RESOURCES CORP.**  
MANAGEMENT'S DISCUSSION & ANALYSIS  
(Expressed in Canadian Dollars)  
YEAR ENDED JULY 31, 2018

**Transactions with Related Parties**

The following summarizes the Company's related party transactions with its key management personnel during the years ended July 31, 2018 and 2017:

	<b>2018</b>	<b>2017</b>
Paid or accrued administrative costs to Benchmark Point Governance Corp., a company controlled by Leah Hodges, a former director of the Company	\$ 10,000	\$ 8,000
Paid or accrued business development fees to Tyson King, a director, Vice-President and former President of the Company	-	3,750
Paid or accrued management fees to Tyson King, a director, Vice-President and former President of the Company	54,000	8,500
Paid or accrued management fees to William Pincus, a director and CEO of the Company	153,122	-
Paid or accrued professional fees to Lesia Burianyk, CFO of the Company	30,000	5,000
Recorded share-based payments to Dale Peniuk, a director of the Company	71,750	-
Recorded share-based payments to Quinton Hennigh, a director of the Company	34,321	-
Recorded share-based payments to Gerald Shields, a director of the Company	34,321	-
Recorded share-based payments to Tyson King	34,321	-
Recorded share-based payments to William Pincus	34,321	-
Recorded share-based payments to Lesia Burianyk	17,160	-
	<b>\$ 473,316</b>	<b>\$ 25,250</b>

As at July 31, 2018 included in accounts payable and accrued liabilities was \$25,857 (2016 - \$14,629) owing to officers and directors.

Key management personnel are those persons having authority and responsibility for planning, directing controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and the members of its Board of Directors.

**Subsequent Events**

Subsequent to July 31, 2018, 4,233,332 warrants expired unexercised. Any other subsequent events are disclosed elsewhere in this MD&A.

## **Share Capital Information**

### Disclosure of Outstanding Share Data

The authorized capital of the Company consists of an unlimited number of common shares without par value and an unlimited number of preferred shares without par value.

### Shares Issued and Outstanding

As at the Report Date, there were 50,098,297 common shares issued and outstanding and Nil preferred shares issued and outstanding.

### Stock options

As at the Report Date, the Company had 2,620,000 incentive stock options outstanding.

### Warrants

As at the Report Date, the Company had 20,673,860 share purchase warrants outstanding.

## **New Accounting Policies Adopted**

The following standards and amendments to existing standards have been adopted by the Company effective August 1, 2017:

### *IAS 12, Income Taxes*

This standard was amended to clarify the application of IAS 12 for the recognition of a deferred tax asset for certain unrealized losses.

The adoption of this amended standard did not have an impact on the consolidated financial statements.

## **New Standards, Interpretations and Amendments to Existing Standards Not Yet Effective**

The following standards, amendments to standards and interpretations have been issued and are effective for annual periods beginning on or after January 1, 2018:

## **New Standards, Interpretations and Amendments to Existing Standards Not Yet Effective (cont'd...)**

### *IFRS 9, Financial instruments*

This revised standard addresses classification and measurement of financial assets and financial liabilities as well as derecognition of financial instruments. IFRS 9 has three measurement categories for financial assets: amortized cost, fair value through other comprehensive income, and fair value through profit or loss. All equity instruments are measured at either fair value through other comprehensive income or fair value through profit or loss. A debt instrument is measured at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest, otherwise it is measured at fair value through profit or loss.

### *IFRS 15, Revenue from Contracts with Customers*

IFRS 15 is a 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. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes *IAS 11, Construction Contracts*, *IAS 18, Revenue*, *IFRIC 13, Customer Loyalty Programs*, *IFRIC 15, Agreements for the Construction of Real Estate*, *IFRIC 18, Transfers of Assets from Customers*, and *SIC-31, Revenue – Barter Transactions involving Advertising Service*.

The Company expects the impact of these standards on its consolidated financial statements to be additional disclosure.

The following standards, amendments to standards and interpretations have been issued and are effective for annual periods beginning on or after January 1, 2019:

### *IFRS 16, Leases*

IFRS 16 will replace *IAS 17, Leases*. The new standard requires lessees to recognize a lease liability reflecting future lease payments and a "right-of-use asset" for virtually all lease contracts, and to record it on the statement of financial position, except with respect to lease contracts that meet limited exception criteria.

The Company has not yet assessed the potential impact of the application of this standard.

## **Financial Instrument Risk**

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. As at July 31, 2018, the Company's risk exposure and the impact on the Company's financial instruments are summarized below:



## **Financial Instrument Risk (cont'd...)**

### 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 its liquid financial assets, being cash and receivables. The Company's primary bank accounts are held with a major Canadian bank and funds are transferred to the subsidiary's foreign bank accounts as required to cover current expenditures; this minimizes the risk to the Company. Receivables are primarily due from a bank and a government agency.

### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is through regular monitoring of cash requirements. When necessary, the Company obtains financing from various investors to ensure all future obligations are fulfilled. The Company has sufficient cash as at July 31, 2018 to settle its current liabilities as they come due and management believes funds are sufficient to further operations for the upcoming twelve months.

### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of three types of market price changes:

*Foreign currency exchange risk* – this risk relates to any changes in foreign currencies in which the Company transacts. The effect of a 10% change in the foreign exchange rate on cash held in US dollars accounts would be approximately \$49,000.

*Interest rate risk* – this risk relates to the change in the borrowing rates of the Company. The Company is not exposed to interest rate risk as it does not have any significant financial instruments with interest rates, with the exception of cash. Interest earned on cash is based on prevailing bank account interest rates, which may fluctuate. A 1% change in interest rates would result in a nominal difference in interest income for the year ended July 31, 2018.

*Price risk* – this risk relates to fluctuations in commodity and equity prices. The Company closely monitors commodity prices of precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in pricing may be significant.

The Company does not currently use financial instruments designed to hedge these market risks.

## **Financial Instrument Risk (cont'd...)**

### Fair value hierarchy

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

*Level 1* - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

*Level 2* - Pricing inputs are other than quoted prices in active markets included in level 1. Prices in level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

*Level 3* - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The Company has classified its cash as fair value through profit or loss using level 1 inputs and receivables as loans and receivables. The Company's accounts payable and accrued liabilities are classified as other financial liabilities. The fair value of receivables and accounts payable and accrued liabilities approximates their carrying value because of the short-term nature of these instruments.

## **Capital Management**

The Company defines capital as the components of shareholders' equity. The Company's objectives when managing capital are to identify, pursue, and complete the exploration and development of its exploration and evaluation assets, to maintain financial strength, to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness, and to maximize returns for shareholders over the long term. The Company manages its capital in a manner consistent with the risk characteristics of the assets it holds. All financing, including equity and debt, are analyzed by management and approved by the Board of Directors. The Company does not have any externally imposed capital requirements. There has been no significant change in the Company's objectives, policies, and processes for managing its capital during the year ended July 31, 2018.

## **Risks and Uncertainties**

The Company is in the mineral exploration and development business and, as such, is exposed to a number of risks and uncertainties that are not uncommon to other companies in the same business. Some of the possible risks include the following:

**Risks and Uncertainties (cont'd...)**

- a) The exploration for and development of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties that are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration or development programs planned by the Company will result in a profitable commercial mining operation. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as quantity and quality of the minerals and proximity to infrastructure; mineral prices, which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted but could have a material adverse effect upon the Company's operations. Mining operations generally involve a high degree of risk. The operations of the Company are subject to all the hazards and risks normally encountered in the exploration, development and production of precious metals and other minerals, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimize risk will be taken, milling operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas, which may result in environmental pollution and consequent liability. There is no certainty that the expenditures made by the Company toward the search and evaluation of precious metals and other minerals will result in discoveries of mineral resources, Mineral Reserves or any other mineral occurrences.
- b) The most likely sources of future funds for further acquisitions and exploration programs undertaken by the Company are the sale of equity capital and the offering by the Company of an interest in its properties to be earned by another interested party carrying out further exploration or development. If such exploration programs are successful, the development of economic ore bodies and commencement of commercial production may require future equity financings by the Company, which are likely to result in substantial dilution to the holdings of existing shareholders.
- c) The Company's capital resources are largely determined by the strength of the resource markets and the status of the Company's projects in relation to these markets, and its ability to compete for the investor support of its projects.
- d) The prices of metals greatly affect the value of and the potential value of its exploration and evaluation assets. This, in turn, greatly affects its ability to raise equity capital, negotiate option agreements and form joint ventures.

**Risks and Uncertainties (cont'd...)**

- e) The Company must comply with health, safety, and environmental regulations governing air and water quality and land disturbances and provide for mine reclamation and closure costs. The Company's permission to operate could be withdrawn temporarily where there is evidence of serious breaches of such regulations, or even permanently in the case of extreme breaches. Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of acquired properties or noncompliance with environmental laws or regulations.
- f) The exploration and development activities of the Company will require various licenses and permits from various governmental authorities. There is no assurance that the Company will be successful in obtaining the necessary licenses and permits to continue exploration and development activities in the future.
- g) Although the Company has taken steps to verify title to the exploration and evaluation assets in which it has an interest, these procedures do not guarantee the Company's title. Such assets may be subject to prior agreements or transfers and title may be affected by such undetected defects.
- h) The operations of the Company are currently conducted primarily in Peru, as such, the operations of the Company are exposed to various levels of political, economic and other risks and uncertainties. These risks and uncertainties include, but are not limited to: terrorism; extreme fluctuations in currency exchange rates; and changing political conditions, currency controls and governmental regulations. Changes, if any, in mining or investment policies or shifts in political attitudes in any of these countries may adversely affect the operations or profitability of the Company. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral rights applications and tenure could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests. The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the operations or profitability of the Company.
- i) The Company's relationship with the communities in which it operates are critical to ensure the future success of its existing operations and the development of its projects. Certain governmental and non-governmental organizations, some of which oppose globalization and resource development, are often vocal critics of the mining industry and its practices, including the use of cyanide and other hazardous substances in processing activities. Adverse publicity generated by such governmental and non-governmental organizations or others related to extractive industries generally, or the Company's operations specifically, could have an adverse effect on the Company's reputation or financial condition and may impact its relationship with the communities in which it operates. While the Company is committed to operating in a socially responsible manner, there is no guarantee that the Company's efforts in this respect will mitigate this potential risk.

**Risks and Uncertainties (cont'd...)**

- j) The Company is dependent upon the services of key executives, including the directors of the Company and a small number of highly skilled and experienced executives and personnel. Due to the relatively small size of the Company, the loss of these persons or the inability of the Company to attract and retain additional highly-skilled employees may adversely affect its business and future operations.

Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, then actual results may vary materially from those described in any forward-looking statements. The exploration and development activities of the Company are subject to various laws governing exploration, development, and labour standards which may affect the operations of the Company as these laws and regulations set various standards regulating certain aspects of health and environmental quality. They provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are or were conducted.

**Proposed Transactions**

Currently there are no pending proposed transactions; however, the Company continues to seek new business and/or investment opportunities and to raise capital.

**Additional Information**

Additional information relating to the Company, is available on the Canadian System for Electronic Document Analysis and Retrieval ("SEDAR") website at **[www.sedar.com](http://www.sedar.com)**.

**Corporate Information**

Directors:	Tyson King Gerald Shields William Pincus Quinton Hennigh Dale Peniuk
Officers:	William Pincus, CEO and President Tyson King, Vice-President Lesia Burianyk, CFO Leah Hodges, Corporate Secretary
Auditor:	Davidson and Company, LLP Chartered Professional Accountants Suite 1200 – 609 Granville Street Vancouver, BC, V7Y 1G6
Legal Counsel:	DuMoulin Black 10 <sup>th</sup> Floor – 595 Howe Street Vancouver, BC, V6C 2T5
Transfer Agent:	Computershare Trust Company of Canada 2 <sup>nd</sup> Floor – 510 Burrard Street Vancouver, BC, V6C 3B9