## MANAGEMENT DISCUSSION AND ANALYSIS
## For the year ended July 31, 2018

This Management Discussion and Analysis ("MD&A") provides a detailed analysis of Camino Minerals Corporation (the "Company") and compares our year ended July 31, 2018 financial results with those of the comparable period of the previous year and is current as of November 28, 2018.

In order to better understand the MD&A, it should be read in conjunction with the latest audited annual consolidated financial statements of Camino Minerals Corporation for the year ended July 31, 2018. Camino Minerals Corporation's accounting policies are described in note 2 of the Company's annual audited consolidated financial statements.

We prepare and file with various Canadian regulatory authorities our consolidated financial statements and MD&A in Canadian dollars and in accordance with International Financial Reporting Standards ("IFRS"). Additional information relating to the Company is available on SEDAR at www.sedar.com.

***Caution on Forward-Looking Information***

*This MD&A may include forward-looking statements and forward-looking information, such as estimates and statements that describe the Company's future plans, objectives or goals, including words to the effect that the Company or management expects a stated condition or result to occur. Since forward-looking statements and forward-looking information addresses future events and conditions, by their very nature, they involve inherent risks and uncertainties. Actual results in each case could differ materially from those currently anticipated in such statements.*

The Company's shares are listed on the TSX Venture Exchange under the symbol COR.

### OUR BUSINESS

We are a discovery-orientated mineral exploration company focused on the acquisition and development of high grade copper, silver and gold projects.

### OVERVIEW

During the year ended July 31, 2018, the Company focused on exploration activities on the Los Chapitos property acquired in 2016, as well as raising capital to fund those activities.

During February 2018, the Company completed a private placement of 4,331,600 units at a price of 35 cents per unit consisting of one common share of the company and one non-transferable share purchase warrant. Each warrant entitled the holder to acquire one additional common share of the company at a price of 45 cents per common share for a period of 24 months after the closing date of the private placement. The Company raised gross proceeds of $1,516,060 to fund a step out drill program at Los Chapitos.

## EXPLORATION

During fiscal 2018, the Company focused on developing the Los Chapitos property. Step out drilling programs were conducted at both the Adriana and Katty Zones. In April 2018, the Company optioned a new property, Villa Hermosa. At the Villa Hermosa project, the Company established an exploration camp and began surface and underground sampling of the exposed quartz veins.

Below is an overview of the Company's projects and the recent exploration activities.

### Villa Hermosa, Peru

***Background***

In April 2018, the Company signed an option agreement with Compania Minera Villa Hermosa JV RR S.A.C. (the "Vendor") pursuant to which it can acquire, through a wholly owned subsidiary, Minquest Peru SAC, a 100% interest in the Villa Hermosa project.

Villa Hermosa is located in a region of Precambrian age rocks which hosts several large gold mines, including the nearby Parcoy Mine, owned by Consorcio Minera Horizonte, and the Retamas Mine, owned by Minera Aurifera Retamas. These mines were first brought into production on a small scale in the 1980's. Production has steadily increased at both mines;

- the Parcoy Mine now mills 2,000 tonnes per day and produces over 250,000 ounces of gold annually.
- the Retamas Mine has a capacity of 1,800 tonnes per day and is producing over 180,000 ounces of gold annually.

Production for both mines has been developed on narrow veins. At the Parcoy Mine, these veins have been defined to a depth of over one kilometre below surface, and in 2015, a capital project was begun to install a 1,075 metre-deep shaft which would make the operation more efficient and extend the life of the mine well into the future.

At Villa Hermosa, the vendors have been shipping up to 20 tonnes per month of hand sorted ore which grades between 40 and 125 grams per tonne gold. This material is being mined from four veins which average 0.6 metres wide and are hosted within a 40 metre-wide quartz stockwork zone.

Due diligence sampling of the veins averaged 28.9 grams per tonne gold. The stockwork on the margins of the veins assayed up to 4.2 grams per tonne gold over 1.29 metres. To date, there has been no modern exploration activities completed on the property and no systematic sampling of the stockwork.

The Company will initially focus on sampling and trenching the extensions of the known veins and stockwork as well as prospecting for additional veins.

The Vendor holds a valid small scale extraction permit which allows it to carry out road building, trenching, underground development, and drilling. They retain the right to continue mining on the project during the option period.

**Los Chapitos, Peru**

***Background***

On July 19, 2016, the Company announced the signing of the final agreement with Minas Andinas SA (the "Vendor"), pursuant to which Camino could acquire through a wholly owned subsidiary, Camino Resources SAC, a 100% interest in the Los Chapitos project. The property has been expanded by the Company and now consists of 19 claims, totaling 7,719 hectares (19,075 acres).

Under the terms of the option agreement, Camino has the right to earn a 100% interest in the Project, subject to a 1.5% Net Smelter Returns ("NSR") royalty, by making staged option payments and issuing common shares of Camino as follows:

| Date for Option Payment | Amount | Shares |
|---|---|---|
| | $ | |
| On the effective date of the option agreement (paid and issued) | $50,000 | 50,000 |
| 12 months after effective date (paid and issued) | $75,000 | 75,000 |
| 24 months after effective date (paid and issued) | $100,000 | 100,000 |
| 36 months after effective date | $125,000 | 125,000 |
| 48 months after effective date | $150,000 | 150,000 |
| Total | $500,000 | 500,000 |

The 1.5% NSR is payable up to a maximum of US$10 million. Camino retains the right of first offer to purchase the NSR. Advance royalty payments of US$500,000 will be payable for each 500 million pounds of copper equivalent ("CuEQ") incremental increase in measured and indicated resources. For the purposes of this agreement, CuEQ will be based on the contained pounds of copper, contained ounces of gold and silver, and the LME closing spot price on the date of release of each resource.

The Chapitos property is located 15 kilometres north of the coastal city of Chala, Department of Arequipa, Peru, approximately 9 hours' drive south of Lima along the Pan American highway. Numerous gravel roads connect the property to the highway from the towns of Chala and Tanaka. The mineralization is thought be related to an Iron Oxide Copper Gold ("IOCG") type deposit, similar to the Mina Justa deposit which is approximately 100 kilometers to the northwest along the same trend. The Adriana and Katty Zones are part of a 6 kilometer long trend of copper showings located on the eastern side of the property. This trend includes the Vicky Zone, which is located 4 kilometers south-west of the Adriana Zone and hosts similar geophysical anomalies. The western half of Chapitos hosts the Atajo Zone, which has historical workings along 400 meters of strike length that returned surface chip samples values averaging 2.10% copper over 38 meters and a second line averaging 1.57% copper over 64 meters.

***Recent Exploration Activities and Results***

In late October, 2016, an environmental assessment report was prepared and filed as part of the drill permit application, and included consultation with the local Community of Atiquipa. On November 22, 2016, the Company announced that it had signed a 5 year access agreement with the Community of Atiquipa whose lands cover the western half of the Los Chapitos project. This agreement allows all exploration activities by Camino, including trenching, road building, and drilling. There are no community lands currently covering the eastern half of the property, host to the Adriana and Katty zones.

In January 2017, the Company received notice that its Declaration de Impacto Ambiental ("DIA"), or Environmental Assessment, had been approved. Authorization to proceed with the drill programs on the Adriana and Katty zones on Chapitos was subsequently received in March 2017.

*Adriana Zone*

During April 2017, the Company announced the results from the five Reverse Circulation ("RC") drill holes on the Adriana zone, with hole CHR-002 intersecting 1.30% copper over 106 meters, including 2.12% copper over 38 meters and ending in mineralization. All five of the RC drill holes experienced significant deviations with drill cutting returns averaging 70% over the full length of the holes. As a result, the decision was made to contract a diamond drill to complete the Phase 1 program.

On May 12, 2017 diamond drilling commenced on the project. The initial drilling focused on twinning the RC drill holes so the results of the two types of drilling could be compared. The assays for diamond drill hole DCH-001, which was a twin to RC hole CHR-002, were announced on June 7, 2017 and showed the hole had intersected two zones of significant mineralization. The upper zone started near the collar of the hole and averaged 0.73% copper over 55.3 meters, including 1.21% copper over 28.3 meters. The second intervals started at 190.0 meters downhole from the collar and averaged 0.72% copper over 168.5 meters, including 1.63% copper over 27.0 meters.

This hole confirmed the earlier RC results, and demonstrated that the poor recoveries for the RC drilling had a negative bias on the oxide mineralization.

Diamond drilling continued into December of 2017 with the final assay results released in late January 2018. The 2017 diamond drill program totaled over 16,000 meters, most of which was focused on the Adriana Zone which now measures 600 meters long, by up to 200 meters wide, and over 300 meters deep. It is defined by 34 drill holes totaling 11,275 meters, and contains dominantly copper oxide or soluble secondary sulphide mineralization, as well as structurally hosted, high grade sulphide mineralization. The zone remains open at depth, along trend to the northwest, and to the southeast towards the Katty Zone.

A 1,500 meter diamond drill program was started in March 2018 with an emphasis on testing for extensions of the Adriana and Katty zones and final assay results released in June 2018. This drilling suggested that Katty and Adriana are related and form a single system that is over 1,500 meters long. These zones are part of the larger Diva Structural system which has been traced on surface for over six kilometers. Both the Katty and Adriana Zones remain open for expansion.

Since August, Camino has intensified surface exploration on the Chapitos project and has commenced planning the 2019 exploration and drilling program. Fieldwork comprised both regional and detailed mapping at 1:25,000 and 1:5,000 scales, soil and rock sampling, lithological simplification and review and coordination with geological surface mapping. Results of this program are currently being compiled and will be interpreted to generate new drill targets for 2019.

*Katty Zone*

The mineralization at the Katty Zone covers an area measuring roughly 150 meters by 150 meters that has been defined by 13 drill holes totaling 2,560 meters. Interpretation of the recent results suggests there is potential that this zone may be related to the southeast extension of the Diva Structure. The remainder of the program comprised the previously reported eight holes at the Atajo Zone on the western side of the property, and at the southern end of the six kilometer long Adriana/Katty trend and two holes at the Vicky Zone.

The 2018 drilling at Katty showed the mineralization was related to the Katty Structure is parallel to the Diva Structure and dips to the northeast. Copper mineralization is localized in the structure as well as extending out into specific zones with the host volcanic rocks. The Katty structure can be traced to the northwest forming the northern limit of the Adriana magnetic anomaly.

## Plata Dorada, Peru

### *Background*

The Plata Dorado property is located in the Department of Cuzco, Peru. Minquest Peru SAC ("Minquest") purchased 100% interest in the Hithza II, and IV claims in late 2012 for the sum of US$25,000. These claims covered the known showings in the area, and totaled 300 hectares. Shortly after acquisition, Minquest expanded the property by staking 3 additional claims, totalling 1,500 hectares. In December 2014, subsequent to announcing the Company's acquisition of Minquest, one additional claim was staked, totalling 300 hectares. The Company acquired the Plata Dorado Property when it acquired Minquest in November, 2014.

Plata Dorado now consists of 6 claims totalling 2,100 hectares (5,190 acres), and is located 158 kilometers east of the city of Cuzo, approximately 2.5 hours drive on paved highway. The property is underlain by Ordovician age, continental sediments of the Sandia Formation. These include argillites, sandstones and shales, which have undergone weak regional metamorphism to slates and schists. Immediately south-east of the property lies a large granitic intrusion which is Triassic-Permean in age.

Mineralization found to date consists of structurally hosted meso-thermal quartz sulphide veins. Two poly-metallic veins have been located which strike roughly north-south, dip to the east between 45 degrees and 85 degrees, and have exposed strike length of the veins varying from 150 meters to 400 meters, and widths ranging from 0.5 meters to 1.5 metres. The mineralization consists of quartz, massive pyrite, argentiferous galena, chalcopyrite, bornite, stibnite, and arsenopyrite. Limited surface sampling to date has returned metal values from 0.3% to 8.7% copper, 70 ppm to +1,500 ppm silver, and trace to 2.1 ppm gold.

### *Recent Exploration Activities and Results*

The Company worked with the local community to improve the existing access into the project. The trail into the main showings is now wide enough to allow access by a quad ATV. These improvements will help facilitate geophysical programs which may be planned for 2019.

**Red Beds, Peru**

*Background*

On January 26, 2015, the Company announced that it had entered into an option agreement pursuant to which the Company could acquire a 100% interest in 3 claims, totaling 2,500 hectares, which make up the Red Beds copper and silver project ("Red Beds") located in the Department of Cuzco, Peru. Under the terms of the option agreement, the Company agreed to pay a total of US$280,000 (US$80,000 paid) in staged cash payments. The property was later expanded to a total of 10 mineral concessions covering 5,300 hectares (13,097 acres) and is located approximately 150 kilometers south-east of the city of Cuzco, about 2.5 hours' drive on paved highway.

*Recent Exploration Activities and Results*

On January 10, 2017, the Company announced that it had decided to reduce its holdings in the Red Beds project, and as such, returned the claims under option to the vendor. The Company determined that permitting will take substantially longer than originally anticipated. Camino retained four claims, totaling 1,700 hectares, which it staked over the eastern end of the system. In July 2018, the Company renounced title for the remaining claims.

**Lost Cabin, USA**

*Background*

On February 5, 2015, the Company announced that it had signed an option agreement with La Cuesta International Inc., pursuant to which the Company could acquire a 100% interest in the Lost Cabin Project, ("Lost Cabin") located in the state of Oregon.

Lost Cabin is located north east of Lakeview, Oregon, with excellent access. On surface, steeply dipping, shear-hosted quartz stockwork cut areas of widespread clay and propylitic alteration in volcanic rocks. The large alteration zone is on the SE margin of a mid-Tertiary stratovolcano and associated domes. Favorable structures show linear zones of clay±sericite±FeOx±quartz alteration along with elevated values in arsenic. Anomalous gold values were returned from isolated grab samples collected along the trend, including 38.0 gpt and 2.8 gpt gold at the western end of the zone, as well as 5.5 gpt and 1.9 gpt gold in the east. The geology at Lost Cabin has been interpreted to be the high-level expression of a low-to-intermediate sulfidation epithermal vein system. The exploration target at Lost Cabin will be the discovery of high-grade gold, silver (+base metals) mineralization at depth.

*Recent Exploration Activities and Results*

In August 2016, the Company received regulatory approval to drill at the Lost Cabin project. The Company plans to conduct further exploration activities on the property when more resources become available.

## RESULTS OF OPERATIONS

### Selected Annual Information

The following is selected annual financial information for the Company's three most recently completed years:

| | 2018<br>$ | 2017<br>$ | 2016<br>$ |
|---|---|---|---|
| Total revenues | Nil | Nil | Nil |
| General exploration | Nil | Nil | 22,268 |
| Operating expenses | 1,326,065 | 838,956 | 336,986 |
| Gain (Loss) for the year | (1,261,368) | (1,905,409) | (327,892) |
| Gain (Loss) per share – basic & diluted | (0.02) | (0.06) | (0.01) |
| Total assets | 12,167,860 | 9,255,080 | 2,794,703 |
| Total liabilities | 108,694 | 532,261 | 582,304 |

During the year ended July 31, 2018 ("2018"), the Company recognized a loss of $1,261,368 compared to a loss of $1,905,409 for the year ended July 31, 2017 ("2017"). Significant items contributing to the decreased loss in 2018 are as follows:

- Consulting fees decreased by $20,852 due to a reduction of fees paid to Pretium Resources Inc. ("Pretium") for consulting services provided by the Company's President and CEO.

- General exploration expenses of $18,111 were incurred on the Red Beds project. In 2017 these expenditures were capitalized.

- Investor relations increased by $371,313 due to the Company conducting new marketing campaigns.

- Professional fees decreased by $13,804 due to CFO cost saving initiative.

- Transfer agents fees increased by $12,203 due to increased share capital activity.

- Travel expenditures increased by $29,253 due to travel associated with international marketing campaigns.

- Share-based compensation increased by $46,081 as a result of issuing incentive stock options to directors and consultants as compensation.

- Shareholder relations increased by $32,716 due to distribution of news releases to international markets.

- The Company sold a fully depreciated vehicle in Peru, resulting in a $22,263 gain in 2017.

- Impairment of $1,039,622 in 2017 as a result from the Company's decision to write down the Red Beds project to $1 due to returning the claims under option to the vendor, and limited exploration activities on the remaining four claims.

**Selected Quarterly Financial Data**

| | 7/31/18 | 4/30/18 | 1/31/18 | 10/31/17 |
|---|---|---|---|---|
| Net income (loss) for the quarter | $(175,563) | $(385,434) | $(515,216) | $(185,155) |
| Loss per share - basic & diluted | (0.00) | (0.01) | (0.01) | (0.00) |
| Cash and cash equivalents | $639,061 | $1,732,441 | $1,617,172 | $3,864,462 |

| | 7/31/17 | 4/30/17 | 1/31/17 | 10/31/16 |
|---|---|---|---|---|
| Net income (loss) for the quarter | $(1,505,922) | $(268,557) | $(66,663) | $(64,267) |
| Loss per share - basic & diluted | (0.03) | (0.00) | (0.00) | (0.00) |
| Cash | $4,255,681 | $1,319,673 | $924,975 | $435,186 |

During the three months ended July 31, 2018; the Company recognized a loss of $175,563 compared to a loss of $1,505,922 for the three months ended July 31, 2017.

Significant items making up the change for the three months ended July 31, 2018 as compared to the three months ended July 31, 2017 were as follows:

- Consulting fees decreased by $77,109 due to a reduction of fees paid to Pretium for consulting services provided by the Company's President and CEO.

- Investor relations increased by $49,511 due to the Company conducting new marketing campaigns.

- Professional fees decreased by $8,000 due to CFO cost saving initiative.

- Share-based compensation decreased by $218,871 as a result of issuing less incentive stock options to directors and consultants as compensation.

- The Company sold a fully depreciated vehicle in Peru, resulting in a $22,263 gain in 2017.

- Impairment of $1,039,622 in 2017 as a result from the Company's decision to write down the Red Beds project to $1 due to returning the claims under option to the vendor, and limited exploration activities on the remaining four claims.

## FINANCIAL POSITION AND LIQUIDITY

A summary and discussion of our cash inflows and outflows for the year ended July 31, 2018 and 2017 are as follows:

### Operating Activities

The Company spent $959,146 in operating activities for the year ended July 31, 2018, which is more than the $362,830 spent for the year ended July 31, 2017 primarily due to an increase in marketing activity.

### Investing Activities

The Company used $6,520,170 in investing activities for the year ended July 31, 2018 and used $3,341,082 for the year ended July 31, 2017. Expenditures on mineral interests increased to $6,496,760 for 2018 as compared to $3,311,628 for 2017 due to the drilling program and other explorative activities at Los Chapitos.

### Financing activities

The Company received $3,862,696 in financing during the year ended July 31, 2018 compared to $7,167,955 for the year ended July 31, 2017 as a result of private placements and the exercise of options and warrants.

### Cash Resources and Going Concern

At July 31, 2018, the Company had working capital of $703,871 (2017 - $3,808,093), an accumulated deficit of $33,783,859 (2017 - $32,522,490) and had incurred losses since inception. The continuing operations of the Company are dependent upon obtaining necessary financing to meet the Company's commitments as they come due and to finance future exploration and development of mineral interest, secure and maintain title to properties and upon future profitable production. The Company may have to raise additional funds to continue operations and to complete its 2019 exploration programs. However, management is of the view that sufficient liquidity and value will be realized that such additional funding will likely not be required.

## ADDITIONAL DISCLOSURE

### Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

## Related Party Transactions

**Key management personnel compensation**

| Compensation | **2018**<br>**$** | 2017<br>$ |
|---|---|---|
| Management fees (i) | **12,000** | 6,000 |
| Consulting fees (ii) | **119,693** | 133,767 |
| Share-based payments (iii) | **406,696** | 383,918 |
| | **538,389** | 523,685 |

(i) Management fees are compensation paid to an officer of the Company.
(ii) Fees paid to Pretium for consulting services provided by the President of the Company, fees paid to Primary Capital Inc. for consulting services provided by a director of the Company, and fees paid to the corporate secretary of the Company for consulting services.
(iii) Share-based payment is the fair value of options granted and vested.

Key management personnel include the Company's directors and officers.

**Loan Payable**

During the year ended July 31, 2016, the former President of the Company entered into a loan agreement with the Company. Under the terms of the agreement, the former President provided the Company with $500,000 as a demand loan with an annual interest rate of 3%. During the 2017 fiscal year, interest expense of $8,692 was incurred. On March 7, 2017, the Company entered into a debt settlement agreement with the former President whereby the Company issued an aggregate of 1,500,000 common shares (the "Shares") at a price of $0.34 per share, subject to a four month hold period, to settle aggregate indebtedness of $510,500, inclusive of accrued interest of $10,500.

## Subsequent Events

- Subsequent to year end, the Company amended the exercise price of 5,300,000 share purchase warrants from $1.35 per share to $0.20 per share. These warrants are subject to an acceleration clause.

- On August 8, 2018, the Company granted 900,000 incentive stock options to employees and consultants, exercisable for a period of two years at $0.16 per share.

- On August 8, 2018, the following stock options were cancelled following the resignation of a director: 200,000 exercisable at $0.20 expiring April 20, 2020; 100,000 exercisable at $0.20 expiring September 7, 2021; 50,000 exercisable at $0.90 expiring June 15, 2019; and 100,000 exercisable at $0.45 expiring December 12, 2019.

**Critical accounting estimates**

The Company's accounting policies are described in detail in note 2 of the consolidated financial statements for the fiscal year ended July 31, 2018. The Company considers the following policies to be most critical in understanding its financial results:

*Mineral property costs*

Expenditures on mineral exploration or evaluation incurred in respect of a property before the acquisition of a license to explore are expensed, as incurred, to general mineral exploration. Once a license to explore an area has been secured, expenditures on exploration and evaluation activities are capitalized to exploration and evaluation assets and classified as a non-current asset.

Mineral property acquisition costs are included in exploration and evaluation and include any cash consideration and advance royalties paid, and the fair market value of shares issued, if any, on the acquisition of the mineral property interest. Properties acquired under option agreements, whereby payments are made at the sole discretion of the Company, are recorded in the accounts when the payments are made.

Exploration expenditures relate to the initial search for deposits with economic potential and to detailed assessments of deposits or other projects that have been identified as having economic potential.

All capitalized exploration and evaluation expenditures are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that exploration expenditure is not expected to be recovered, it is charged to the results of operations.

Once an economically viable reserve has been determined for an area and the decision to proceed with development has been approved, exploration and evaluation assets attributable to that area are first tested for impairment and then reclassified to property, plant and equipment.

Subsequent recovery of the resulting carrying value depends on successful development or sale of the undeveloped project. If a project does not prove viable, all irrecoverable costs associated with the project net of any impairment provisions are written off.

**New Accounting Standards and Recent Pronouncements**

The Company has not yet adopted certain new standards, amendments and interpretations to existing standards, which have been published but are only effective for accounting periods beginning on or after August 1, 2017 or later periods.

(i) Effective for annual periods beginning on or after January 1, 2018

- New standard IFRS 9, Financial Instruments, Classification and Measurement, addresses classification and measurement of financial assets and will replace IAS 39, "Financial Instruments: Recognition and Measurement." IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is 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 at fair value through profit and loss.

The Company plans to adopt these standards as soon as they become effective for the Company's. Adoption of this standard is expected to have minimal impact on the Company's financial statements.

**FINANCIAL RISK MANAGEMENT**

*(a)* *Overview*

The Company has exposure to credit risk, liquidity risk and interest rate risk from its use of financial instruments.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

*(b)* *Credit Risk*

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The carrying amount of financial assets recorded in the financial statements (excluding cash) represents the Company's maximum exposure to credit risk

The Company limits its exposure to credit risk on liquid financial assets through investing its cash and cash equivalents with high-credit quality financial institutions.

None of the financial assets of the Company are either past due or impaired.

*(c) 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 seeks to ensure that there is sufficient capital in order to meet short term business requirements, after taking into account cash flows from operations and the Company's holdings of cash and cash equivalents.

*(d) Interest Rate Risk*

The Company is subject to interest rate risk with respect to its investments in cash and cash equivalents. The Company's current policy is to invest cash at floating rates of interest and cash reserves are to be maintained in cash and cash equivalents in order to maintain liquidity, while achieving a satisfactory return for shareholders. Fluctuations in interest rates when cash and cash equivalents mature impact interest income earned. As at the statement date, a 1% change in interest rates would not be material to the financial statements.

*(e) Capital Management*

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, which comprises of share capital, net of accumulated deficit. The Company manages its capital structure through the preparation of operating budgets, which are approved by the Board of Directors. From time to time the Company may issue additional equity to meet its capital requirements.

*(f) Fair Value*

The carrying value of the Company's financial assets and liabilities approximate their fair value due to their short-term maturity or capacity of prompt liquidation.

*(g) Foreign Currency Risk*

Foreign exchange risk is the risk arising from changes in foreign currency fluctuations. The Company does not use any derivative instruments to reduce its exposure to fluctuations in foreign currency rates. The Company operates projects in more than one country. As a result a portion of the Company's cash, accounts receivable, accounts payable and accruals are denominated in U.S. Dollars, Mexican Pesos and Peruvian Soles and are therefore subject to fluctuation in exchange rates. As at July 31, 2018, a 1% change in the exchange rate between the Canadian and U.S. dollar or the Canadian dollar and Peruvian Soles and Mexican Pesos would not be material.

## FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, amounts receivable and accounts payable. They are designed as follows:

- Loans and receivables: cash and cash equivalents, amounts receivable
- Other financial liabilities: accounts payable

### Fair value hierarchy

Financial instruments recognized at fair value on the consolidated balance sheets must be classified into one of the three following fair value hierarchy levels:

Level 1 – measurement based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities;

Level 2 – measurement based on inputs other than quoted prices included in Level 1, that are observable for the asset or liability;

Level 3 – measurement based on inputs that are not observable (supported by little or no market activity) for the asset or liability.

The Company currently does not have any financial instruments recorded at fair value. The carrying value of cash, accounts receivable and accounts payable approximate fair value.

### Additional Disclosure for Venture Issuers without Significant Revenue

Additional disclosure concerning the Corporation's general and administrative expenses and mineral property costs is provided in the Financial Statements and related notes that are available on the SEDAR web site www.sedar.com.

**Outstanding Share Data**

The authorized capital consists of an unlimited number of common shares without par value. As of the current date, the following common shares and stock options were issued and outstanding:

| | Number of Shares | Exercise Price $ | Expiry Date |
|---|---|---|---|
| Common shares | 57,623,980 | - | - |
| | | | |
| Stock Options | 650,000 | 0.31 | March 2, 2022 |
| | 713,000 | 0.20 | September 7, 2021 |
| | 900,000 | 0.16 | August 8, 2020 |
| | 1,000,000 | 0.20 | April 20, 2020 |
| | 200,000 | 0.38 | January 29, 2020 |
| | 950,000 | 0.45 | December 13, 2019 |
| | 800,000 | 0.16 | June 16, 2019 |
| | | | |
| Warrants | 4,465,400 | 0.45 | August 27, 2019 |
| | 254,389 | 1.35 | May 30, 2019 |
| | 5,300,000* | 0.20* | May 30, 2019* |
| | | | |
| Fully diluted | 72,856,769 | | |

*The original exercise price of these share purchase warrants was $1.35 per share. Subsequent to July 31, 2018, the Company amended the exercise price to $0.20 per share. Should the closing price of the common shares of the Company on the TSX Venture Exchange be $0.27 or higher for ten consecutive trading days, the Company may accelerate the expiry of the warrants to the date that is 30 business days from the date of the issuance of a news release by the Company announcing the exercise of the acceleration right.

## MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

There have been no changes in the Company's internal control over financial reporting during the year ended July 31, 2018, that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

## RISKS AND UNCERTAINTIES

*Our exploration programs may not result in a commercial mining operation.*

Mineral exploration involves significant risk because few properties that are explored contain bodies of ore that would be commercially economic to develop into producing mines. Our mineral properties are without a known body of commercial ore and our proposed programs are an exploratory search for ore. We do not know whether our current exploration programs will result in any commercial mining operation. If the exploration programs do not result in the discovery of commercial ore, we will be required to acquire additional properties and write-off all of our investments in our existing properties.

*We may not have sufficient funds to complete further exploration programs.*

We have limited financial resources, do not generate operating revenue and must finance our exploration activity by other means. We do not know whether additional funding will be available for further exploration of our projects or to fulfill our anticipated obligations under our existing property agreements. If we fail to obtain additional financing, we will have to delay or cancel further exploration of our properties, and we could lose all of our interest in our properties.

*Factors beyond our control may determine whether any mineral deposits we discover are sufficiently economic to be developed into a mine.*

The determination of whether our mineral deposits are economic is affected by numerous factors beyond our control. These factors include market fluctuations for precious metals; metallurgical recoveries associated with the mineralization; the proximity and capacity of natural resource markets and processing equipment; costs of access and surface rights; and government regulations governing prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection.

*We have no revenue from operations and no ongoing mining operations of any kind.*

We are a mineral exploration Company and have no revenues from operations and no ongoing mining operations of any kind. If our exploration programs successfully locate an economic ore body, we will be subject to additional risks associated with mining.

We will require additional funds to place the ore body into commercial production. Substantial expenditures will be required to establish ore reserves through drilling, develop metallurgical processes to extract the metals from the ore and construct the mining and processing facilities at any site chosen for mining. We do not know whether additional financing will be available at all or on acceptable terms. If additional financing is not available, we may have to postpone the development of, or sell, the property.

The majority of our property interests are not located in developed areas and as a result may not be served by appropriate road access, water and power supply and other support infrastructure. These items are often needed for development of a commercial mine. If we cannot procure or develop roads, water, power and other infrastructure at a reasonable cost, it may not be economic to develop properties, where our exploration has otherwise been successful, into a commercial mining operation.

In making determinations about whether to proceed to the next stage of development, we must rely upon estimated calculations as to the mineral reserves and grades of mineralization on our properties. Until ore is actually mined and processed, mineral reserves and grades of mineralization must be considered as estimates only. Any material changes in mineral reserve estimates and grades of mineralization will affect the economic viability of the placing of a property into production and a property's return on capital.

Mining operations often encounter unpredictable risks and hazards that add expense or cause delay. These include unusual or unexpected geological formations, changes in metallurgical processing requirements; power outages, labour disruptions, flooding, explosions, rockbursts, cave-ins, landslides and inability to obtain suitable or adequate machinery, equipment or labour. We may become subject to liabilities in connection with pollution, cave-ins or hazards against which we cannot insure against or which we may elect not to insure. The payment of these liabilities could require the use of financial resources that would otherwise be spent on mining operations.

Mining operations and exploration activities are subject to national and local laws and regulations governing prospecting, development, mining and production, exports and taxes, labour standards, occupational health and mine safety, waste disposal, toxic substances, land use and environmental protection. In order to comply, we may be required to make capital and operating expenditures or to close an operation until a particular problem is remedied. In addition, if our activities violate any such laws and regulations, we may be required to compensate those suffering loss or damage, and may be fined if convicted of an offence under such legislation.

Our profitability and long-term viability will depend, in large part, on the market price of gold. The market price for gold is volatile and is affected by numerous factors beyond our control, including global or regional consumption patterns, supply of, and demand for gold, speculative activities, expectations for inflation and political and economic conditions. We cannot predict the effect of these factors on gold prices.

*Our properties may be subject to uncertain title.*

We cannot provide assurance that title to our properties will not be challenged. We own, lease or have under option, unpatented and patented mining claims, mineral claims or concessions which constitute our property holdings. The ownership and validity, or title, of unpatented mining claims and concessions are often uncertain and may be contested. We also may not have, or may not be able to obtain, all necessary surface rights to develop a property. Title insurance is generally not available for mineral properties and our ability to ensure that we have obtained a secure claim to individual mining properties or mining concessions may be severely constrained. We have not conducted surveys of all of the claims in which we hold direct or indirect interests. A successful claim contesting our title to a property will cause us to lose our rights to explore and, if warranted, develop that property. This could result in our not being compensated for our prior expenditures relating to the property.

*Land reclamation requirements for our exploration properties may be burdensome.*

Although variable depending on location and the governing authority, land reclamation requirements are generally imposed on mineral exploration companies (as well as companies with mining operations) in order to minimize long term effects of land disturbance. Reclamation may include requirements to control dispersion of potentially deleterious effluents and reasonably re-establish pre-disturbance land forms and vegetation. In order to carry out reclamation obligations imposed on us in connection with our mineral exploration, we must allocate financial resources that might otherwise be spent on further exploration programs.

*Political or economic instability or unexpected regulatory change in the countries where our properties are located could adversely affect our business.*

Certain of our properties are located in countries, provinces and states more likely to be subject to political and economic instability, or unexpected legislative change, than is usually the case in certain other countries, provinces and states. Our mineral exploration activities could be adversely affected by political instability and violence; war and civil disturbance; expropriation or nationalization; changing fiscal regimes; fluctuations in currency exchange rates; high rates of inflation; underdeveloped industrial and economic infrastructure; and unenforceability of contractual rights; any of which may adversely affect our business in that country.

*We may be adversely affected by fluctuations in foreign exchange rates.*

We maintain our accounts in Canadian dollars. Any appreciation in the Peruvian currency against the Canadian dollar will increase our costs of carrying out such exploration activities.

*We face industry competition in the acquisition of exploration properties and the recruitment and retention of qualified personnel.*

We compete with other exploration companies, many of which have greater financial resources than us or are further along in their development, for the acquisition of mineral claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel. If we require and are unsuccessful in acquiring additional mineral properties or personnel, we will not be able to grow at the rate we desire or at all.

*Potential conflicts of interest*

Certain of our directors and officers are directors or officers of other natural resource or mining-related companies. These associations may give rise to conflicts of interest from time to time. In particular, our directors who also serve as directors of other companies in the same industry may be presented with business opportunities which are made available to such competing companies and not to us. As a result of these conflicts of interest, we may miss the opportunity to participate in certain transactions, which may have a material, adverse effect on our financial position.