CANDENTE GOLD CORP
TSX.V: CDG

TABLE OF CONTENTS

The following Management's Discussion and Analysis ("MD&A") focuses on significant factors that affected Candente Gold Corp. ("Candente Gold") and its subsidiaries (collectively, the "Company") during the relevant reporting period and to the date of the report. This MD&A contains a review and analysis of financial results for the year ended March 31, 2019 and identifies business risks that the Company faces and comments on financial resources required for development of the business.

This MD&A supplements but does not form part of the consolidated financial statements of the Company and notes thereto for the year ended March 31, 2019, and consequently should be read in conjunction with the afore-mentioned consolidated financial statements which are presented in accordance with International Financial Reporting Standards ("IFRS"). Information in this MD&A is current as of July 29, 2019.

All amounts, unless specifically identified as otherwise, both in the Company's consolidated financial statements and this MD&A are expressed in US dollars.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain "forward-looking information" which may include, but is not limited to, statements with respect to future events or future performance, management's expectations regarding the Company's growth, results of operations, estimated future revenues, requirements for additional capital, production costs and revenue, future demand for and prices of gold and precious metals, business prospects and opportunities. In addition, statements relating to mineral estimates or mineralized material of recoverable gold and precious metals are forward-looking information, as they involve implied assessment, based on certain estimates and assumptions, that the gold and precious metals can be profitably produced in the future. Such forward-looking information reflects management's current beliefs and is based on information currently available to management. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "predicts", "intends", "targets", "aims", "anticipates" or "believes" or variations (including negative or grammatical variations) of such words and phrases or may be identified by statements to the effect that certain actions "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. A number of known and unknown risks, uncertainties and other factors may cause the actual results or performance to materially differ from any future results or performance expressed or implied by the forward-looking information. Such factors include, among others, general business, economic, competitive, political and social uncertainties; development and/or exploration activities and the accuracy of probability simulations prepared to predict prospective mineral resources; changes in project parameters as plans continue to be refined; political instability or insurrection or war; labor force availability and turnover; delays in obtaining governmental approvals and permits or in the completion of development or construction activities or in the commencement of operations; as well as those factors discussed in the section entitled "Risks Factors" in this MD&A. These factors should be considered carefully, and readers of this MD&A should not place undue reliance on forward-looking information.

Although the forward-looking information contained in this MD&A is based upon what management believes to be reasonable assumptions, there can be no assurance that such forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. Such forward-looking information is made as of the date of this MD&A and, other than as required by applicable securities laws, the Company assumes no obligation to update or revise such forward-looking information to reflect new events or circumstances.

USE OF NON-GAAP MEASURES

In this document, we refer to terms that do not have any standardized meaning prescribed by International Financial Reporting Standards ("IFRS"). Usage of these terms may vary from the usage adapted by other companies and cannot be reconciled to comparable terms in the issuer's, consolidated financial statements for the year ended March 31, 2019.

In this document and in the Company's consolidated financial statements, unless otherwise noted, all financial data is prepared in accordance with IFRS.

BUSINESS OVERVIEW

The Company is principally engaged in the exploration and development of mineral properties in Mexico and Peru. The Company is in the exploration stage as its properties have not yet reached commercial production and none of its properties is beyond the preliminary exploration stage. All work presently planned by the Company is directed at defining mineralization and increasing understanding of the characteristics of, and economics of, that mineralization.

The Company's principal asset is the El Oro gold-silver property located in the states of Mexico and Michoacan, Mexico (the "El Oro Property" or the "Property").

BOARD OF DIRECTOR AND MANAGEMENT CHANGES

On April 3, 2018, Mr. Alec Peck was appointed Chief Financial Officer following the resignation of Mr. Faisel Hussein.
On October 1, 2018, Mr. Mark Lotz was appointed Chief Financial Officer, replacing Alec Peck.
On January 31, 2019 Mr. Kenneth Thomas resigned as Director of the Company.
On June 6, 2019, the Company appointed Mr. Matthew Melnyk to the Board of Directors replacing Mr. Paul Barry who resigned.

PROJECT SUMMARIES

Mexico

El Oro Property

The Company holds a 100% interest in the El Oro Property, having purchased the remaining 30% from a wholly-owned subsidiary of Goldcorp Inc. in January 2017. Management has reviewed all previous exploration results on the project and re-focused on targets for future exploration. One key area is the border zone of the historical Esperanza and Mexico Mines where several high-grade gold-silver intersections in several veins and structures were intersected by previous drilling by the Company. Since this area was drilled, a structural study identified northeasterly controls to high grades, which fits the nature of this mineralized zone. Future drilling is planned to target this border area as well as 31 other identified exploration targets. In addition to the El Oro Property, the Company has the right to process tailings left from pre-1930s milling of ores from the Mexico mine on the San Rafael vein in the El Oro District ("Tailings Project"). The Company has been evaluating the potential for the historic tailings to generate near-term cash flow. The Mexico Mine Tailings have had extensive historic and recent assessments including drill testing and metallurgical test work. In addition to the Mexico Mine Tailings, the Company has a right of first refusal to reprocess three additional tailings deposits. All four tailings deposits lie within the town of El Oro and are adjacent to existing road access, power and water services.

Studies by the Company have determined that the Mexico Mine Tailings contain an Inferred Resource* of 1,267,400 tonnes grading 2.94 g/t gold, 75.12 g/t silver containing a total of 119,900 ounces of gold and 3,061,200 ounces of silver.

*Note: Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. All figures have been rounded to reflect the accuracy of the estimate. For more information, see" National Instrument 43-101 Technical Report on the Inferred Mineral Resource Estimate of the Mexico Mine Tailings" prepared by Nadia Caira, P.Geo. and Allan Reeves, P.Geo., dated August 25, 2014 with an effective date of July 8, 2014 (the "Technical Report") available at www.sedar.com.

Bi-annual land holding payments previously made by Goldcorp are now the responsibility of the Company and as at March 31, 2019, $472,003 is owed to the Mexican government for land holding costs.

During the year ended March 31, 2014, the Company signed an agreement with the Municipality of El Oro ("Municipality") that provides the Company with the access and processing rights to tailings deposits.

Upon signing the agreement, $25,000 was due and paid with monthly contributions of $3,000 for community projects. The Municipality cancelled the obligation to pay $3,000 per month in April 2015, when their tourist activities in the San Juan tunnel started interfering with normal usage of the tunnel by the Company. Under the terms of the agreement, the Company will pay an 8% net profit interest royalty ("NPI") to the Municipality on any products produced from the tailings properties. The Company is entitled to retain the first $1,500,000 of the 8% NPI payable to the Municipality.

On March 8, 2016, the Company entered into an agreement with Sun River Gold Crop. ("SRG") to grant SRG the right and option to earn a 51% interest in the Company's tailings project in El Oro Mexico. On November 9, 2018, the 2016 Agreement was superseded by a new Letter of Intent ("LOI") granting SRG the right and option to further test and, if proven economic, develop and operate the Company's tailings project in El Oro Mexico, through an indirect ownership of the Company's Mexican subsidiary, Minera CCM EL Oro Jales, S.A. de C.V. ("CCM El Oro Jales"), according to the agreement CCM EL Oro Jales executed with the Municipality of El Oro.

The LOI was superseded by a definitive agreement signed in November 2018. In order to exercise the option, SRG is required to make staged payments totaling US$300,000 (paid), over a period of fifteen months, commencing upon the date of signing of the LOI; bring the mine tailings properties into commercial production within 36 months of the effective date of the option agreement; and grant to the Company a 10% of NPI royalty on production from the properties. The definitive agreement also allows SRG to reduce the NPI payable to the Company to 5% by paying an additional US$200,000 in increments of $50,000 at the end of each quarter, commencing 18 months from the date of the LOI. SRG will also assume responsibility for the NPI payable to the Municipality. Upon making the totality of the staged payments and, if commercial production has been achieved on time, SRG will indirectly acquire a 100% interest in CCM El Oro Jales.

During the year ended March 31, 2019, the Company recorded an impairment charge of $7,949,175 on the El Oro property. The charge was in keeping with the Company's accounting policies and IFRS. Should the circumstances arise in the future IFRS permits a reversal of charges; the Company will be maintaining the title and continue to seek opportunities to advance the project.

Peruvian properties

As at March 31, 2019, the Company has maintained in good standing a portion of the Tres Marias and Las Brujas properties. There is a legal mortgage over the mining concession associated with the Tres Marias property of $50,000 and a 1.5% NSR royalty on the sale of mineral products extracted from the concession, both in favour of a third party.

CONSOLIDATED OPERATING HIGHLIGHTS FOR THE YEAR ENDED MARCH 31, 2019 AND 2018

Operating Highlights	2019	2018	Change
Mexico			
Project administration	**$ 4,545**	**$ 13,245**	**$ (8,700)**
Mining fees	**187,024**	**284,979**	**(97,955)**
Total	**$ 191,569**	**$ 298,224**	**$ (106,655)**

Year Ended March 31, 2019 Compared to the Year Ended March 31, 2018

The following is a comparison of the exploration costs incurred above for the year ended March 31, 2019 with those incurred in the year ended March 31, 2018:

Project administration - Costs included in project administration are salaries for the staff on site at El Oro and the costs of maintaining the base camp operations at El Oro. These costs haven been reduced in the current year due to management's decision to conserve cash.

Mining fees – Mining fees were not accrued for the period from January to March 2017, therefore the fees for 2018 represent 5 quarters rather than the 4 quarters accrued for 2019.

CONSOLIDATED FINANCIAL HIGHLIGHTS

Consolidated Financial Performance and Financial Position for the Year Ended March 31, 2019

	March 31, 2019	March 31, 2018	Change
Cash	**$ 64,455**	$ 36,248	**$ 28,207**
Unproven mineral rights interest	**$ 287,301**	$ 8,456,942	**$ (8,169,641)**
Total Assets	**$ 372,229**	$ 8,504,409	**$ (8,132,180)**
Share Capital	**$ 24,193,995**	$ 24,193,995	**$ -**
Net loss	**$ (8,342,209)**	$ (434,937)	**$ (7,907,272)**
Loss per share	**$ (0.08)**	$ (0.00)	**$ (0.07)**
Audit and tax advisory	**$ 42,675**	$ 38,161	**$ 4,514**
Legal	**$ 49,815**	$ 2,836	**$ 46,979**
Management fees, office salaries and benefits	**$ 53,985**	$ 38,255	**$ 15,730**
Office, rent and miscellaneous	**$ 22,392**	$ 18,210	**$ 4,182**
Regulatory and filing fees	**$ 18,865**	$ 12,983	**$ 5,882**
Share-based payments	**$ 31,187**	$ -	**$ 31,187**
Shareholder communications	**$ 6,931**	$ 29,322	**$ (22,391)**

The net loss for the year ending March 31, 2019 was $8,342,209 compared to $434,937 for the year ending March 31, 2018. The increase in loss for the current year is largely due to the impairment of the El Oro property of $7,949,175.

Material variances of amounts included in total general and administrative expenses for the year ended March 31, 2019 are as follows:

- Legal fees were $49,815 for the year ended March 31, 2019, compared to $2,836 for 2018, representing an increase of $46,979. The increase is related to prior year invoices being recorded in the current year.

- Management fees, office salaries and benefits are personnel costs incurred at the Company's offices in Vancouver and Peru. These costs have decreased in the current year by $15,730. The proportion of management's time allocated to various projects can fluctuate, creating variances in the amounts recorded as general operating costs.
- Share-based payments for the year ended March 31, 2019, were $31,187compared to $Nil in the prior year. This increase is due to the granting of 1,850,000 options in fiscal 2019 and re-pricing of previously granted options. No options were granted in 2018.
- Shareholder communications was $6,931 for the year ended March 31, 2019, compared to $29,322 for the year ended March 31, 2018. The decrease is due to management's decision to conserve cash.

Consolidated Financial Performance for the Three Months Ended March 31, 2019

The net loss for the three months ended March 31, 2019, was $8,051,722 compared to $104,747 for the quarter ended March 31, 2018. The increase in loss for the current quarter is largely due to the impairment of the El Oro property of $7,949,175.

	March 31, 2019		March 31, 2018		Change	
Net loss	$	8,051,722	$	104,747	$	7,946,975
Audit and tax advisory	$	10,473	$	10,282	$	191
Legal	$	37,721	$	3,103	$	34,618
Management fees, office salaries and benefits	$	13,977	$	9,461	$	4,516
Office, rent and miscellaneous	$	6,676	$	4,168	$	2,508
Regulatory and filing fees	$	2,408	$	2,991	$	(583)
Share-based payments	$	3,960	$	-	$	3,960
Shareholder communications	$	2,125	$	5,438	$	(3,313)

Other variances are as follows:

- Exploration costs were $58,217 for the three months ended March 31, 2019 compared to $72,246 for the quarter ended March 31, 2018, a decrease of $14,029, largely due to lower mining fees charged in the current quarter.
- Accounts payable of $27,967 from prior years were written off in the current period, resulting in a gain of $27,967.
- Legal fees were $37,712 for the three months ended March 31, 2019, compared to $3,103 for the same period in 2018, representing an increase of $34,618. The increase is due to the reversal of a Q1 write-off of legal fees.

LIQUIDITY AND CAPITAL RESOURCES

There is a working capital deficiency of $1,410,318 at March 31, 2019, including $733,469 in amounts due to related parties, which primarily consist of payables due to Candente Copper Corp., a company with shared administrative expenses, common directors and management.

The Company anticipates that during the next year, a substantial portion of available capital resources will be used to pay accounts payable and accrued liabilities and commitments related to ongoing exploration activities in Mexico and Peru. The Company anticipates the future need to raise additional capital to further project development in Mexico and Peru as well as receive continued vendor support.

The Company does not generate cash flows from operations and accordingly, the Company will need to raise additional funds by entering into a joint venture agreement or through the issuance of securities or resource secured debt. Although, the Company has been successful in raising funds in the past there can be no assurance that the Company will be able to raise sufficient funds in the future, in which case the Company may be unable to meet obligations in the normal course of business. These factors may cast significant doubt regarding the Company's ability to continue as a going concern. Should the Company be unable to discharge liabilities in the normal course of business, the net realizable value of the Company's assets may be materially less than amounts on the statement of financial position.

COMMITMENTS AND CONTINGENCIES

Company has no material or significant commitments or contingencies other than the management and consulting agreements disclosed under related party transactions.

OFF BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

PROPOSED TRANSACTIONS

The Company continues to review potential transactions, but as of the date of this MD&A, none have been approved by the Board of Directors.

RELATED PARTY TRANSACTIONS

Related parties consist of companies owned by executive officers and directors. The following is a list of the related parties that the Company entered into trading transactions with:

- Ridley Rocks Inc. – Management and exploration fees.
- SW Project Management – Former Vice President, project management and engineering fees.
- Michael Thicke Geological Consulting Inc. – Exploration fees.
- Candente Gold Corp. – Shared expenses with a company related by common directors and management.
- Lotz CPA Inc. – Financial services, fees thereto.

The Company incurred the following fees and expenses in the normal course of operations for key management personnel for the year ended March 31, 2019 and 2018. Expenses have been measured at the exchange amount that is determined on a cost recovery basis.

				Year ended March 31,
		2019		2018
Salaries and management fees	**$**	**53,756**	$	37,392
Share-based payments		**25,260**		-
	$	**79,016**	$	37,392

Share-based payments are the fair value of options expensed to directors and key management personnel during the year ended March 31, 2019 and 2018.

Balance owing

Amounts due to related parties are unsecured, non-interest bearing and due on demand. Accounts payable at March 31, 2019 includes $176,845 (March 31, 2018 - $183,724) owing to directors and officers and $556,624 (March 31, 2018 - $583,167) owing to Candente Copper Corp., a shareholder of the Company.

Management and Consulting Agreements

On March 1, 2018, the Company entered into a management agreement with a company controlled by the CEO of the Company to provide management services for an indefinite term. Under the agreement, in the event of termination without cause, the Company will pay a one-time termination payment of $200,000. In the event of a change of control, the individual will have the right at any time within 60 days to provide notice of termination and will receive a $500,000 one-time payment. The individual will also be entitled to the $500,000 if they terminate the agreement or there is a termination without cause and a change of control occurs within one year of the effective date of such termination.

On September 28, 2018, the Company entered into a consulting agreement with a company controlled by the CFO of the Company to provide consulting services for an indefinite term. Under the agreement, in the event of termination without cause or the consultant terminating the agreement within 30 days after a change of control, the Company will pay a one-time termination payment of $28,500.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company's significant accounting policies are summarized in Note 3 of its consolidated financial statements for the year ended March 31, 2019. The preparation of consolidated financial statements in accordance with IFRS requires management to select accounting policies and make estimates and judgments that may have a significant impact on the consolidated financial statements. The Company regularly reviews its estimates; however, actual amounts could differ from the estimates used and, accordingly, materially affect the results of operations.

(a) Critical accounting estimates

i. Valuation of share-based payments and warrants

When options and warrants are issued, the Company calculates estimated fair value using a Black-Scholes valuation model, which may not reflect actual fair value on exercise. The Company uses historical Company stock prices and estimated dividend yield rates to arrive at the inputs that are used in the valuation model to calculate the fair value of options or warrants.

(b) Critical accounting judgments

i. Going concern

Management assesses the Company's ability to continue as a going concern.

ii. Unproven mineral right interests

Mineral properties include the cost of acquiring licenses, exploration and analysis, project administration, drilling, community and social values and environmental and health and safety. The technical feasibility and commercial viability of extracting a mineral resource is considered to be determinable when proven reserves are determined to exist, the rights of tenure are current and it is considered probable that the costs will be recouped through successful development and exploitation of the area, or alternatively by sale of the property. Management is required to exercise significant judgment in determining the timing of the determination of the technical and economic feasibility of the mineral resource. The Company considers both external and internal sources of information in assessing whether there are any indicators that unproven mineral right interests are impaired.

iii. Functional currency

The functional currency of the Company and its subsidiaries is the currency of the primary economic environment in which the entity operates. Determination of functional currency may involve certain judgments to determine the primary economic environment in which the entity operates and the Company reconsiders its functional currency and that of its subsidiaries if there is a change in events and conditions which determined the primary economic environment.

ACCOUNTING POLICIES

The accounting policies applied in preparation of the consolidated financial statements for the year ended March 31, 2019 are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended March 31, 2018, except for the following:

Financial instruments

On April 1, 2018, the Company adopted IFRS 9 – Financial Instruments ("**IFRS 9**") which replaced IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking 'expected loss' impairment model. IFRS 9 also includes significant changes to hedge accounting. The standard is effective for annual periods beginning on or after January 1, 2018. The Company adopted the standard retrospectively. IFRS 9 did not impact the Company's classification and measurement of financial assets and liabilities.

The following summarizes the significant changes in IFRS 9 compared to the previous standard:

- IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value. The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments for principal and interest. The change did not impact the carrying amounts of any of the Company's financial assets on the transition date. Prior periods were not restated and no material changes resulted from adopting this new standard.

- The adoption of the new "expected credit loss" impairment model under IFRS 9, as opposed to an incurred credit loss model under IAS 39, had no impact on the carrying amounts of our financial assets on the transition date given the Company transacts exclusively with large international financial institutions and other organizations with strong credit ratings.

FUTURE ACCOUNTING STANDARDS AND INTERPRETATIONS

Leases

On January 13, 2016, the IASB published a new standard, IFRS 16, eliminating the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. The main provision of IFRS 16 is the recognition of lease assets and lease liabilities on the balance sheet by lessees for those leases that were previously classified as operating leases. Under IFRS 16, a lessee is required to do the following: (i) recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, on the balance sheet; and (ii) recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant, as the right-of-use asset is depreciated and the lease liability is accreted using the effective interest method. The new standard also requires qualitative disclosures along with specific quantitative disclosures. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier adoption permitted. At present the Company has no leases. As such, the Company does not expect any impact to the financial statements from the adoption of this standard.

FINANCIAL RISK, FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT

The Company is exposed to certain financial risks in the normal course of its operations:

a. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The liquidity position of the Company is managed to ensure sufficient liquid funds are available to meet financial commitments in a timely and cost-efficient manner. The Company's management continually reviews the liquidity position including cash flow forecasts to determine the forecast liquidity position and maintain appropriate liquidity levels. The Company plans to make payments of trade payables and commitments from its current working capital and future sources of equity financing. Liquidity risk is considered to be high.

b. Currency risk

Currency risk is the risk that arises on financial instruments that are denominated in a currency, i.e. in a currency other than the functional currency in which they are measured. The Company operates internationally and is exposed to risks from foreign currency rates. The functional currency of the Company's subsidiaries is the United States and Canadian dollars and some of the subsidiaries' transactions are denominated in Mexican Pesos and Nuevo Soles. The Company does not enter into any foreign exchange contracts to mitigate this risk. The Company and its subsidiaries do not have significant transactions or hold significant cash denominated currencies other than their functional currencies. Therefore, the risk is considered minimal.

c. Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Company by failing to discharge its obligations. Credit risk arises from cash and receivables. Cash are deposited in highly rated corporations and the credit risk associated with these deposits is low.

Fair value hierarchy

The consolidated statements of financial position carrying amounts for cash, and receivables and accounts payable, approximate fair value due to their short-term nature.

The following provides a description of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Cash is measured as Level 1. There were no transfers between levels during the year.

Capital management

The Company's capital structure is comprised of working capital (current assets minus current liabilities and shareholders' equity (deficit)). The Company's objectives when managing its capital structure is to, maintain financial flexibility to preserve the Company's access to capital markets and its ability to meet its financial obligations.

The Company's corporate office is responsible for capital management. This involves the use of corporate forecasting models, which facilitate analysis of the Company's financial position including cash flow forecasts to determine the future capital management requirements.

In preparing its budgets and corporate forecasting models, the Company considers operating commitments imposed by its subsidiaries and the stability of the global capital markets

There were no changes in the Company's approach to capital management during the year and the company is not subject to any restrictions on its capital.

INTERNAL CONTROLS OVER FINANCIAL REPORTING ("ICFR")

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The Company's internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that accurately and fairly reflect the additions to and dispositions of the assets of the Company; provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS and the Company's receipts and expenditures are made only in accordance with authorization of management and the Company's directors; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the annual or interim financial statements.

Any system of internal controls 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.

An evaluation of the design effectiveness of the Company's internal controls over financial reporting was conducted as of March 31, 2019 by the Company's management. Based on this evaluation, the Company's CEO and CFO have concluded that the design, disclosure controls, procedures and the effectiveness of the Company's internal controls over financial reporting was and is effective.

There were no changes in the Company's internal control over financial reporting during the period from April 1, 2018 to March 31, 2019 that have materially affected, or are reasonably likely to affect, the Company's internal control over financial reporting.

RISK FACTORS

The Company is subject to a number of significant risks due to the nature and the current stage of its business and the effect of worldwide economic conditions. Exploration of mineral properties involves a high degree of technical, financial and social risk. While discovery of a mineral deposit may result in substantial rewards, few exploration properties are ultimately developed into producing mines. Major expenditures may be required to establish resources and reserves by drilling, constructing mining and process facilities, developing metallurgical processes and extracting base and precious-metals from ore. It is impossible to ensure that the current exploration programs of the Company will result in profitable commercial mining operations.

Risk factors that should be taken into account in assessing the Company's activities and any investment in the Company include, but are not limited to, those listed below. Any one or more of these risk factors could have a material impact on the financial condition of the Company. This information, by its nature, is not all inclusive and risk factors that have not been listed could have a material impact on the future financial condition of the Company.

Economic conditions may prevent the Company from obtaining the capital required to continue Operations

The Company's ability to continue operations is contingent on its ability to obtain additional financing. Equity market conditions, funding environments and the price of the Company's common shares may make it dilutive and difficult to raise funds by the sale of the Company's shares. An investment in the shares of a junior resource company is considered to be a high-risk investment. The Company currently is in the process of raising capital to fund current operations and a working capital deficit, and there is no assurance that financing will be available to the Company in future periods.

History of Losses

The Company has incurred a net loss for the year ended March 31, 2019 of $8,342,209 and is expected to continue to generate losses while it continues to be an exploration-stage company. The Company anticipates significant expenditures for its mineral exploration programs. Since most exploration projects do not result in the discovery of commercially productive mineral reserves and are ultimately expensed in full, the Company expects to report net losses into the foreseeable future.

The long-term profitability of the Company's operations will be in part directly related to the success of its exploration programs, which are affected by numerous factors including the cost of such programs, the amount of mineral resources or reserves discovered and fluctuations in the price of any minerals produced.

Dilution

The Company does not generate any revenues from production and may not have sufficient financial resources to undertake by itself all of its planned exploration, feasibility and development programs. The Company has limited financial resources and has financed its operations primarily through the sale of securities such as common shares. The Company will need to continue its reliance on the sale of such securities for future financing, resulting in potential dilution to the Company's existing shareholders. The amount of additional funds required will depend largely on the success of the Company's exploration programs and extent of future development activities.

Further exploration programs will depend on the Company's ability to obtain additional financing which may not be available under favorable terms, if at all. If adequate financing is not available, the Company may not be able to commence or continue with its exploration and development programs or to meet minimum expenditure requirements to prevent the full or partial loss of its mineral properties. Also, failure to meet the Company's share of costs incurred under joint venture arrangements to which it is a party may result in a reduction of its interests in mineral properties. Furthermore, if other parties to such agreements do not meet their share of such costs, the Company may be unable to finance the cost required to complete the recommended programs.

No Known Mineral Reserves

All of the Company's mineral properties are in the exploration stage and are without known mineral reserves. Although the Company may discover mineral reserves through its exploration programs, commercial production may not be warranted due to insufficient quantities. Development of any of the Company's properties will only follow upon obtaining satisfactory exploration results. However, few mineral properties that are explored are ultimately developed into producing mines.

In the event a commercially productive mineral reserve is discovered, substantial expenditures are required to develop mineral reserves for production, development of metallurgical processes for extraction and to develop the mining and processing facilities and infrastructure at the production site. The marketability of any minerals discovered may be affected by numerous factors which are beyond the Company's control and which 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 of minerals, and environmental protection. Depending on the price of minerals produced, the Company may determine that it is impractical to commence or continue commercial production.

Title to Mineral Properties

The Company believes it has diligently investigated title to all of its hardrock mineral properties and, to the best of its knowledge, title to all properties are in good standing. However, these properties may be subject to prior unregistered agreements or transfers, which may affect the validity of the Company's ownership of such properties. The Company entered into an agreement on June 13, 2013 for the sole rights to recover and reprocess various tailings deposits located within the Municipality of Hidalgo. Although the original term for this agreement ended December 2015, on March 15, 2016, the Company entered into an extension with the Municipality under similar terms.

Although the Company has exercised the usual due diligence with respect to title to properties in which it has a material interest, title to such properties may be challenged or impugned in the future. The boundaries of the Company's mineral properties have not been surveyed and, therefore, the precise location and area of these mining properties may be in doubt. The Company makes a search of mining records in accordance with mining industry practices to confirm that it has acquired satisfactory title to its properties but does not obtain title insurance with respect to such properties. The possibility exists that title to one or more of its properties, particularly title to undeveloped properties, might be defective because of errors or omissions in the chain of title, including defects in conveyances and defects in locating or maintaining such claims. Should any defect in title be discovered by or disclosed to the Company, all reasonable steps would be taken to perfect title to the particular claims in question. The Company is not aware of any material defect
in the title to its mineral properties.

A claim on any of the Company's mineral properties, especially if commercially productive mineral resources or reserves are located, could adversely affect the Company's long-term profitability as it may preclude entirely the economic development of a mineral property. Also, such a claim would affect the Company's current operations due to the high costs of defending against such claims and its impact on senior management's time.

Key Personnel

The Company is dependent on a relatively small number of key personnel, the loss of any of whom could have an adverse effect on the operations of the Company. The Company's success is dependent to a great degree on its ability to attract and retain qualified management personnel. The loss of such key personnel, through incapacity or otherwise, would require the Company to seek and retain other qualified personnel and could compromise the pace and success of its exploration activities. The Company does not maintain key person insurance in the event of a loss of any such key personnel. Also, management personnel of the Company are officers and/or directors of other publicly-traded companies and will only devote part of their time to the Company.

Additionally, the Company has relied on and is expected to continue relying upon consultants and others for exploration and development expertise. In the event a commercial mineral deposit is discovered on any of the Company's properties, the Company will likely require the expertise of such consultants and others for the development and operation of a producing mine.

Competition

The resource industry is intensively competitive in all of its phases, and the Company competes with many companies possessing much greater financial and technical research resources. Competition is particularly intense with respect to the acquisition of desirable undeveloped base-metal and precious-metal properties. The principal competitive factors in the acquisition of such undeveloped properties include the staff and data necessary to identify, investigate and purchase such properties, and the financial resources necessary to acquire and develop such properties. Competition could adversely affect the Company's ability to acquire suitable prospects for exploration in the future.

Industry Operating Hazards and Risks

Mineral exploration and development involves many risks, including location of commercially productive mineral resources or reserves, which may not occur even with a combination of experience, knowledge and careful evaluation. The operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to resource companies, any of which could result in work stoppages and damage to persons or property or the environment and possible legal liability for any and all damage. Fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides social disruptions, political instability and the inability to obtain suitable or adequate machinery, equipment or labour are some of the industry operating risks involved in the development and operation of mines and the conduct of exploration programs. Other risks include injury or loss of life, severe damage to or destruction of property, clean-up responsibilities, regulatory investigation and penalties and suspension of operations. The occurrence of any of these operating risks and hazards may have an adverse effect on the Company's financial condition and operations.

Although the Company will, when appropriate, secure liability insurance in an amount which it considers adequate, the nature of these risks is such that liabilities might exceed policy limits, the liability and hazards might not be insurable, or the Company might elect not to insure itself against such liabilities due to high premium costs or other reasons, in which event the Company could incur significant costs that may have a material adverse effect upon its financial condition and operations.

Government Regulations and Political Climate

Mineral exploration on the Company's properties are affected to varying degrees by: (i) government regulations relating to such matters as environmental protection, health, safety and labour; (ii) mining law reform; (iii) tax laws (iv) restrictions on production, price controls, and tax increases; (v) maintenance of claims; (vi) tenure; and (vii) expropriation of property through nationalization, requisition or confiscation. Any mineral exploration activities conducted by the Company, including commencement of production, require permits from governmental authorities and such operations are and will be governed by laws and regulations governing prospecting, mining, production, exports, taxes, labour standards, occupation health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters.

Companies engaged in the development and operation of mines and related facilities generally experience increased costs, and delays in development and/or production and other schedules as a result of the need to comply with applicable laws, regulations and permits. All permits required for the conduct of exploration, development and mining operations, including the construction of mining facilities, may not be obtainable by the Company on reasonable terms which would have an adverse effect on any mining project the Company might undertake. Additionally, 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 exploration, development or operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

To the best of the Company's knowledge, the Company is and will be operating in compliance with all applicable social and legal regulations. However, amendments to current governmental laws and regulations affecting mining companies, or the more stringent application thereof, or shifts in political conditions or attitudes could adversely affect the Company's operations including the potential to curtail or cease exploration programs or to preclude entirely the economic viability of a mineral property. The extent of any future changes to governmental laws and regulations cannot be predicted or quantified, but it should be assumed that such laws and regulations will become more stringent in the future. Generally, new laws and regulations will result in increased compliance costs, including costs for obtaining permits, delays or fines resulting from loss of permits or failure to comply with the new requirements.

Social Climate

Social acceptance to operate during the various stages of a mining project is an integral part of operating such that lack thereof provides a very real risk during the exploration, exploitation and closure stages of mine development. In addition, the fact that the means and tools to manage social acceptance are not an exact science adds to the level of risk.

The Company has established Shared Value and Corporate Social Responsibility policies and programs that includes:

- Regular communication with various members of the Community regarding their concerns and needs as well as our activities and objectives.

- Sustainable Development projects and alliances with International Non–Governmental Organizations ("NGOs") that are committed to improving the lives of families in under-developed regions.

The Company considers these initiatives as a foundation for building a positive and mutually beneficial long-term relationship with the various stakeholders in the project.

Environmental Liability

Although the Company is not aware of any formal claims for damages related to any impact that its activities have had on the environment, it may become subject to such claims in the future. An environmental claim could adversely affect the Company's business due to the high costs of defending against such claims and its impact on senior management's time.

The Company conducts exploration activities in Mexico and Peru. Such activities are subject to various laws, rules and regulations governing the protection of the environment. All phases of the Company's operations are subject to environmental regulation in the jurisdictions in which it operates. Environmental legislation is evolving in a manner which requires stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed properties and a heightened degree of responsibility for companies and their officers, directors and employees.

Although the Company is committed to compliance with all environmental regulations currently applicable, environmental hazards may exist on the Company's mineral properties, which are not known to the Company at present, that have been caused by previous or existing owners or operators.

Also, environmental regulations may change in the future which could adversely affect the Company's activities including the potential to curtail or cease exploration programs or to preclude entirely the economic development of a mineral property. The extent of any future changes to environmental regulations cannot be predicted or quantified, but it should be assumed that such regulations will become more stringent in the future. Generally, new regulations will result in increased compliance costs, including costs for obtaining permits, delays or fines resulting from loss of permits or failure to comply with the new regulations.

Fluctuations in Metal Prices

Although the Company does not hold any known mineral reserves, its future revenues, if any, are expected
to be in large part derived from the future mining and sale of base and precious metals or interests related thereto. The prices of these commodities have fluctuated widely, particularly in recent years, and are affected by numerous factors beyond the Company's control including international economic and political conditions, expectations of inflation, international currency exchange rates, interest rates, global or regional
consumptive patterns, speculative activities, levels of supply and demand, increased production due to other new mine developments and improved mining and production methods, availability and costs of metal
substitutes, metal stock levels maintained by producers and others and inventory carrying costs. The effect
of these factors on the price of base and precious metals, and therefore the economic viability of the Company's operations cannot be accurately predicted.

Depending on the price obtained for any minerals produced, the Company may determine that it is impractical to commence or continue commercial production.

Cyber Security Risks

As the Company continues to increase its dependence on information technologies to conduct its operations, the risks associated with cyber security also increase. The Company relies on management information systems and computer control systems. Business and supply chain disruptions, plant and utility outages and information technology system and network disruptions due to cyber-attacks could seriously harm its operations and materially adversely affect its operation results, Cyber security risks include attacks on information technology and infrastructure by hackers, damage or loss of information due to viruses, the unintended disclosure of confidential information, the issue or loss of control over computer control systems, and breaches due to employee error. The Company's exposure to cyber security risks includes exposure through third parties on whose systems it places significant reliance for the conduct of its business. The Company has implemented security procedures and measures in order to protect its systems and information from being vulnerable to cyber-attacks. The Company believes these measures and procedures are appropriate. To date, it has not experienced any material impact from cyber security events. However, it may not have the resources or technical sophistication to anticipate, prevent, or recover from rapidly evolving types of cyber-attacks. Compromises to its information and control systems could have severe financial and other business implications

SHARE CAPITAL

As of July 29, 2019, the Company had 109,206,923 common shares outstanding. As of July 29, 2019, the Company had 5,000,000 warrants outstanding and 9,695,000 outstanding share options.

DISCLOSURES

Additional Information as specified by National Instrument 51-102

Additional information, including the Company's most recent Annual Information Form, is available on SEDAR at http://www.sedar.com

APPENDIX A

Summary of selected annual information for each of the three most recently completed financial years

	March 31, 2019	March 31, 2018	March 31, 2017
Cash	**$ 64,455**	$ 36,248	$ 124,923
Unproven mineral rights interest	**$ 287,301**	$ 8,456,942	$ 8,524,911
Total Assets	**$ 372,229**	$ 8,504,409	$ 8,661,075
Share Capital	**$ 24,193,995**	$ 24,193,995	$ 24,193,995
Net loss	**$ (8,342,209)**	$ (434,937)	$ (258,447)
Loss per share	**$ (0.00)**	$ (0.00)	$ (0.08)

Summary of quarterly financial results

	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Net gain (loss)	(8,051,722)	(93,368)	(105,446)	(91,673)	(104,747)	(256,613)	18,552	(92,129)
Earnings (Loss) Per Share Attributable to Shareholders, Basic and Diluted	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	0.00	(0.00)