



## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018

*The following management discussion and analysis ("MD&A") of financial position and results of operations of Auramex Resource Corp. (the "Company") is prepared as at April 24, 2019 and should be read in conjunction with the audited financial statements of the Company, and the notes thereto, for the year ended December 31, 2018, which are prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS"). All dollar amounts are in Canadian dollars unless otherwise specified.*

The Company is listed on the TSX Venture Exchange ("TSX-V") under the symbol AUX, and classified as a junior natural resource company. The Company is subject to the specific risks inherent in the mineral exploration business as well as general economic and business conditions. For more information on the Company, readers should review the Company's disclosure that is available on the Company's website at [www.auramex.com](http://www.auramex.com) as well as at [www.sedar.com](http://www.sedar.com).

### Description of the Business

The Company is engaged in the business of acquiring interests in mineral properties with exploration potential and exploring those properties to determine if they may host economic deposits of minerals. If the Company determines that a property likely does not host an economic deposit, or if maintaining a property becomes uneconomic for any other reason, it abandons the property and writes off the capitalized acquisition and deferred exploration and development costs associated with the property. As existing properties are abandoned, the Company seeks out new properties for acquisition that it considers may have the potential to host the economic mineral deposit or deposits that will result in its evolution into a producing, revenue generating entity. The exploration of mineral properties and subsequent development involves a high degree of risk and few properties that are explored are ultimately developed into producing properties.

### Corporate Update

On January 22, 2018, the Company finalized the sale of its Mexican subsidiary, Exploración Auramex S.A. de C.V. and transferred ownership to the purchaser. As consideration for the transfer, the purchaser provided an indemnification to the Company against all of the debts of the subsidiary. Furthermore, the Company is to receive 100,000 shares in a reporting issuer when the purchaser transfers mineral titles held by the subsidiary to a reporting issuer.

In January and February 2018, the company issued 7,705,000 units in a private placement at \$0.08 per unit for gross proceeds of \$616,400. Each unit consisted of one common share and one common share purchase warrant exercisable at a price of \$0.10 per share until February 16, 2019. The Company paid \$12,960 finders fees in relation to the issue.

In January 2018 the Company issued 3,013,750 shares at a price of \$0.08 per share to settle debt in the amount of \$241,100 owing to related parties.

In August 2018 the Company issued 2,337,000 flow-through shares at a price of \$0.05 per share for gross proceeds of \$116,850. The company paid \$1,109 finders fees in relation to the issue.

In November 2018 the Company issued 800,000 units in a private placement at \$0.05 per unit for gross proceeds of \$40,000. Each unit consists of one common share and one common share purchase warrant exercisable at a price of \$0.10 per share until November 29, 2019. The company paid \$600 finders fees in relation to the issue.

In December 2018 the Company issued 2,206,000 flow-through shares at a price of \$0.05 per share for gross proceeds of \$110,300. The company paid \$1,109 finders fees in relation to the issue.

In December 2018 the Company issued 1,700,000 flow-through shares at a price of \$0.05 per share for gross proceeds of \$85,000.

In December 2018 the Company issued 2,130,000 flow-through shares at a price of \$0.05 per share for gross proceeds of \$106,500. The company paid \$6,390 finders fees in relation to the issue.

For the year ended December 31, 2018, a total of 250,000 incentive stock options were exercised in total proceeds of \$12,500, and a total of 50,000 share purchase warrants were exercised for total proceeds of \$2,500.

In July 2018 the Company granted 518,000 incentive stock options to directors, officers, employees and consultants of the Company. The options are exercisable at a price of \$0.055 per share for a period of 5 years.

In January 2019 the Company granted 782,000 incentive stock options to officers and contractors of the Company. The options are exercisable for five years at a price of \$0.05 per share.

The composition of the board and management team has undergone significant change in the period. As of the date of this report the members of the board of directors are: Lawrence Roulston (CEO and President), Paul Metcalfe (VP Exploration), B. Marie Brannstrom (VP Operations), and Sorin Poseescu. Michael O'Brien is the CFO, Nancy Curry is the VP Corporate Development, and Janice Davies is the Corporate Secretary.

## **Mineral Properties**

### **General**

Auramex holds mineral tenures, comprising in excess of 20,000 hectares (200 square kilometres) in five project areas, in the highly prospective Stewart gold camp in the Golden Triangle region of northwest British Columbia.

- The Georgie River (or GR) project lies at or near tidewater along the Portland Canal south of Stewart.
- The Lower Bear project extends from the edge of Stewart 12 kilometres north.
- The Bear Pass project encompasses properties that straddle Highway 37A for 15 kilometres along the Bear Valley and over the Bear Pass.
- The Tide North project lies on the upper Bowser River, 12 km north of the past producing Scottie gold mine and 15 km southeast of Pretium's Brucejack Mine
- The American Creek project lies in the American Creek corridor, extending from south of the confluence of American Creek and the Bear River 15 km north along the east side of American Creek.

During 2017, interests in several tenures were optioned to other companies in return for cash, work commitments and assessment credits. (See Note 5 to the Financial Statements, under Option Agreements, for full details.) The credits were applied to extend the expiry dates on 9,606 hectares by five years to December 31, 2022.

During 2018 and early 2019, property positions were further expanded through direct purchases and options. A six-member geological team consolidated and reviewed existing information on the various projects and carried out field work which corroborated and expanded geological understanding. Properties in the American Creek corridor and the Bear Pass region were explored under a cooperative exploration agreement with a company that holds adjoining properties.

The work over the past year will extend the expiry dates on all of the Auramex properties with the exception of Tide North. The results provide a solid basis for advancing the properties, with the intent to supplement internal funding with joint venture partnerships.

The Georgie River, Lower Bear, Bear Pass and American Creek projects are being explored for their potential to host intrusion-related gold mineralization associated with the Early Jurassic Texas Creek Plutonic Suite, similar to many other gold deposits in the Golden Triangle, including Premier, Snip, Scottie Gold and Brucejack. Tide North is interpreted to be underlain by Iskut River formation basinal rocks and is being explored for its potential to host volcanic exhalative precious and base metal mineralization similar to that at the past-producing Eskay Creek mine.

The Auramex business approach involves assembling mineral rights over ground that is prospective for large-scale gold-silver and/or base metal deposits and then advancing the geological understanding of those projects through a combination of internal funding and joint ventures. To that end, management has assembled a geological team with leading expertise in this region.

### **Georgie River Project**

The Georgie River Project (GR) is located on the eastern edge of the Portland Canal, a 115 km long fjord connecting the deep-water port of Stewart to the Pacific Ocean. The project area extends along the Portland Canal tidewater from 11 to 24 km south of Stewart. It comprises 4 main areas:

1. The area of the old mine workings, 75% optioned to Decade;
2. The Georgie River area immediately east of the Canal including the Hume Creek deformation zone and the Exdale Property tenure area;
3. The Georgie Girl property to the south and;
4. The legacy Gamebreaker tenures to the southeast.

All four areas in the GR Project are intimately associated with intrusions of the metallogenic, gold-bearing Texas Creek Plutonic Suite. On the northeast edge of the main Georgie River area is a 7 km contact with the Early Jurassic Bulldog Creek Pluton, an intrusion contemporaneous with the Texas Creek suite. On Colling Ridge, intrusive rocks contemporaneous with the Texas Creek Plutonic Suite are deformed and entrained in the Hume Creek deformation zone. The Outram Lake Porphyry underlying the Gamebreaker area is also Early Jurassic in age, contemporaneous with both the Bulldog Creek and Colling Ridge intrusions.

In December 2017, the Company commissioned a Synthetic Aperture Radar (SAR) survey over the Georgie River project area, with the interpretation continuing through the first quarter 2018. The survey used data from Canada's RadarSat constellation. These data were processed by Auracle Geospatial Science Inc., using proprietary software and techniques, to produce a fused 3-D red/blue stereo radar model. Interpretation of this image enabled sub-surface geological features to be identified and these features are helping to interpret previous geological mapping and geophysical data obtained through airborne and ground surveys, in order to direct further exploration on the property. This approach has been shown to be very effective, as SAR can effectively "see" through soil, river alluvium, swamp, shallow water, ice, vegetation and snow cover. Use of SAR allowed exploration at Georgie River to extend through the winter, providing a first pass structural interpretation that provided important guidance for the 2018 field season.

### ***Georgia River Mine***

The area contains the historic Georgia River gold mine, 16½ km south of Stewart, which contains more than 1.2 kilometres of underground workings. A 161 hectare area, representing 2% of the Georgie River project, has been 75% optioned to Decade, the terms of which are described in Note 5 of the Annual Financial Statements. The area around the historic workings was tested with trenching and with shallow drill holes from 1979 to 2003, but this system has never been tested at any depth greater than 230 m.

## **Georgie River**

Four areas of interest have been defined on the property by previous exploration.

### *Hume Creek Zone*

Immediately southwest of the historic workings is a 500 metre-thick, fault-bounded zone of deformed rock, with a penetrative brittle fabric dipping moderately to the southwest, parallel to the low-grade Main Vein in the Georgia River Mine. Originally interpreted as a zone of ductile deformation, the area was reassessed as shallower, brittle deformation during 2018 fieldwork and named the Hume Creek Deformation Zone. Fieldwork also identified intensely deformed Texas Creek intrusive rocks within the Hume Creek Zone.

The exposure of the Hume Creek Zone on the crest of Colling Ridge is coincident with a 1 km<sup>2</sup> geophysical anomaly, detected by a property-wide airborne magnetometer and variable time domain electromagnetic (V-TEM) survey carried out in 2010. Unconstrained 3D inversion of the magnetic data and 1D inversion of the electromagnetic data are consistent with the presence of a southwest-dipping conductive zone. The projected surface trace of this zone is coincident with at least two 2018 field locations which returned grab samples with gram-plus gold values. This structure appears not to have been tested by historic drill holes.

Work carried out to date by Auramex personnel strongly suggests that the Hume Creek Zone and the veins at the Georgia River Mine formed as high-level mineralized zones from a single, large hydrothermal system during the same metallogenic event coincident with the geophysical anomaly.

### *South Anomaly (Anomaly 2)*

Two other, smaller geophysical anomalies were detected by the 2010 airborne survey. The larger of these is located on Colling Ridge, 3.5 km southwest of the Georgia River Mine and covers an area of 25 ha. 2018 fieldwork determined the anomaly to be coincident with an area of alteration.

### *Exdale tenure and Gloria adit*

In May 2018 and on the basis of results from the SAR survey, the Company expanded its Georgie River property holdings by acquiring the Exdale tenure. The 654-hectare mineral tenure is located on the northern edge of the Company's Georgie River property. The 100% acquisition of the tenure is in consideration of 50,000 shares of Auramex and a retained 2% net smelter return royalty in favour of the vendor. The Exdale tenure encloses over 2½ km of a highly prospective contact between a large intrusion of the Early Jurassic Texas Creek Plutonic Suite and deformed Late Triassic country rocks. Several important gold deposits in the region are closely related to the Texas Creek Plutonic Suite and the Exdale tenure encloses three known mineral occurrences.

### *Anomaly 4 and Glory Extension*

The smallest of the electromagnetic anomalies, 5 ha in area, is located in the Glory Lake valley, 3.7 km east of the Georgia River Mine. The anomaly has not been examined, but historic, anomalous values of gold were reported from a stream sediment survey in the valley.

## **Georgie Girl**

A single airborne geophysical anomaly was located during the 2010 airborne geophysical survey to the southeast of the main tenure block. Historical work in the area indicates that the tenure block is underlain by similar lithologies and structures to those in the Hume Creek-Mine area. The Georgie Girl property awaits ground-truthing.

## **Gamebreaker**

Gamebreaker is located northeast of Ashwood Lake, eight kilometres southeast of the Georgia River gold mine. Two previous diamond drill projects had tested a gold anomaly known as the 1100 Zone, without grade encouragement.

Preliminary exploration by Auramex personnel in 2011 located the Gamebreaker showing, comprising a ten-metre strike length exposure of a 1 m-wide quartz vein with consistent gram-plus values of gold in the vein and sub-gram

values in wallrock. The location of the showing is consistent with the structure being the source of the gold anomaly examined by previous owners. A further mineral tenure along this structural trend was added to the property in 2015. This property is in good standing until December 31, 2022.

### **Lower Bear Project**

Auramex' Lower Bear Project extends from the Stewart town limit to 12 km up the Bear Valley, within 3 km of the Premier Mine and includes the Lower Bear tenures and the Bay Silver property. Auramex controls a portion of the east side of the Bear River Ridge, with the Premier mine to the west of the ridge and the Dunwell, Ben Ali and Sunbeam Mines immediately east of the Auramex ground.

The geology on the east side of the Bear Ridge, in the Bear River Valley, is identical to that of the Salmon River Valley west of the ridge, which hosts the Premier mine camp (historic production of 2 million ounces of gold and 43 million ounces of silver). Intrusions in the Bear River Valley, although not positively identified as being part of the Texas Creek Plutonic Suite, are very similar in texture and mineralogy.

The Dunwell Mine, to the immediate east of the Lower Bear property, was third only to the Silbak Premier and Porter Idaho mines in silver production during its mine life.

### ***Lower Bear Property***

The Lower Bear block encloses ground along structural strike from the Silbak Premier Mine, which is across the Bear River Ridge. Partial coverage by a 2009 airborne geophysical survey identified three areas of anomalous conductivity beneath the river valley, called the Gravel South, Gravel and Gravel North anomalies, coincident with northwest-trending structures that cross the Bear River Ridge and proximal to an Early Jurassic Texas Creek intrusion.

### ***Bay Silver Property***

In August 2018, the Company secured an option to acquire the Bay Silver property, located immediately west of the Lower Bear Property. The 1393-hectare (13.9 square kilometres) property augments the Auramex Lower Bear property, extending west to the Alaska border and north to the Premier property of Ascot Resources Ltd. The Company made an initial payment of \$10,000 and issued 100,000 shares to the vendors. To complete the option, payments aggregating a further \$110,000 and 400,000 shares are required over the next four years. The vendors will retain a 2% NSR, one half of which can be bought down for \$1 million, with a minimum advance annual royalty of \$50,000 to begin after 7 years.

A geophysical survey over the Bay Silver Property by the previous operator identified a target area, but there was only minimal follow up. That geophysical target aligns with a geophysical target on the adjacent Auramex ground.

Field work by Auramex in 2018 identified high grade values of gold and silver in a favourable geological setting, providing a strong basis for the next phase of work.

### ***Bayview Property***

Auramex acquired the historic Bayview property in a transaction that included the Comet Property. Consideration for both properties was 100,000 shares of Auramex in return for outright ownership of the two tenures, save for a 1% NSR. Bayview is located 3.5 kilometres north of Stewart and adjoins the Bay Silver property. Limited production in the 1920s and 1930s exploited high-grade gold and silver veins, but the property has seen minimal modern exploration.

### **Bear Pass Project**

The extensive Bear Pass property package encloses multiple targets that extend along the upper Bear Valley and over the Bear Pass. The properties span a distance of 15 km along Highway 37A and are centred on the highway.

The target areas were acquired based on Auramex' unique knowledge of the geology of that region. The area hosts widespread gold-silver and base metal mineral occurrences, identified and exploited by miners in the early 1900s and explored on a piecemeal basis ever since. Nearly all of the historic work was conducted on small land-holdings with little or no broad geological interpretation. Exploration by Auramex in 2018, partly on behalf of a neighbouring property holder, Mountain Boy Minerals Ltd. (Mountain Boy), was the first-ever comprehensive geological review of the property.

### ***Capital Property***

The Capital property encloses an area of structurally hosted gold mineralization beneath an unconformity, coincident with conductivity anomalies located by two airborne surveys. In August 2017, the Company granted Mountain Boy an option to acquire a 60% interest in the West George Copper tenure representing 24% of the Capital property, the terms of which are described in Note 5 of the Annual Financial Statements.

### ***West George Copper Property***

Mountain Boy is exploring this property in conjunction with its property that hosts the past-producing George Copper mine. Auramex retains a 40% interest.

### ***Rufus Property Option***

The 920-hectare (9.2 square kilometre) Rufus property is located immediately north of Highway 37A, 25 kilometres north of Stewart and is between the Company's Champion and Capital properties.

In February 2019 The Company secured an option to acquire a 75% interest in the Rufus property. The Company issued 175,000 shares to the vendor, and in order to complete the option must issue 175,000 shares on each of the first and second anniversaries and 225,000 shares before the third anniversary. The vendor retains a 2% NSR royalty, of which one half can be purchased for \$1 million until 90 days after the start of commercial production.

The Rufus property hosts several historic workings which appear to be related to the same large mineralizing system that is present on the Auramex properties to the north and south of Rufus. Only limited modern work has been conducted on the Rufus property.

### ***Comet Property***

Auramex acquired the historic Comet property in a transaction that included the Bayview Property. Consideration for both properties is 100,000 shares of Auramex in return for outright ownership of the two tenures, save for a 1% NSR. Comet is located 25 kilometres north of Stewart, 1.5 kilometres north of Highway 37A, and adjoins the Rufus property. The tenure is located in the midst of a number of occurrences that were worked in the 1920s and 1930s but has seen minimal modern work.

### ***Icefield Property***

This tenure covers an area of favourable geology but has yet to be explored.

### ***Lucky Frenchman Property***

The Lucky Frenchman property encloses the historic Enterprise workings, which explored southeast-striking structures proximal to an Early Jurassic Texas Creek intrusion. These structures are coincident with strong airborne magnetic and electromagnetic anomalies and are only minimally tested by drilling to date. The property was expanded in 2017, when 234 hectares were added. In September 2017, the Company granted Decade Resources Ltd. ("Decade") an option to acquire a 60% interest in 38% of this property (Lucky Frenchman East), the terms of which are described in Note 5 of the Annual Financial Statements.

***Lucky Frenchman East***

This property is being explored in conjunction with Decade's historic Goat Mine project, with Auramex retaining a 40% interest.

***Tory Property***

The Tory property is located in a favourable structural setting, similar to that at the Capital property. In early 2017 the Company interpreted SAR (Synthetic Aperture Radar, a satellite imaging technology) data which aided the structural interpretation as a basis for 2018 field work.

***Cornice Mountain Property***

The Cornice Mountain Breccia Zone lies southeast and along structural strike from the Lucky Frenchman. Encouraging geochemical data collected by previous workers highlights the importance of the southeast-striking structure.

***"L" fraction Property***

The Mickey Fraction mineral tenure covers an area of favourable geology comprising a gold-bearing structure identified on third-party tenures to north and south of its property boundary. The property itself has yet to be explored in the projected area of the prospective structure.

**American Creek Project**

Auramex holds a dominant land position in the lower American Creek corridor. Drilling by Pretium Resources Inc. ([www.pretivm.com](http://www.pretivm.com)) on their American Creek Zone included holes within 4 km of the Auramex property and produced significant values of gold and silver within that zone.

Three past-producing high-grade silver mines (Mountain Boy, Terminus and Ketchum) are located in close proximity to each other along this corridor and all near 1000 m elevation. The working hypothesis is that the high-grade silver zones represent the upper portions of extensive hydrothermal systems, with the lower portions of the system(s) underlying those high-level expressions.

Auramex considers this area to be underexplored, especially given the presence of the nearby past-producers, the prospective geology enhanced by more modern interpretations and the encouraging results reported by Pretium Resources Inc. along the American Creek corridor on their adjacent property to the north.

***Confluence Property***

The Confluence property encloses an area adjacent to the Red Cliff property of Decade, along two southeast trending structural anomalies. The property is named for the confluence of the south flowing American Creek and the sharp bend, from west-flowing to south flowing, in the Bear River valley.

In September 2017, the Company granted Decade an option to acquire an 80% interest in approximately 36% of this property to Decade the terms of which are described in Note 5 of the Annual Financial Statements. The Company is advised that the part of the property optioned to Decade is being explored in conjunction with their work on the historic Red Cliff mine.

***Champion Property***

The Champion property covers 6 km of the American Creek corridor and encloses the past-producing Terminus silver mine. An airborne geophysical survey by a previous operator identified an area of anomalous VLF-EM response coincident with the historic high-grade silver mine

### ***Champion South (Silver Crown) Property***

In March 2019 the Company secured an option to acquire a 100-per-cent interest in the Silver Crown property. The 1720-hectare (17-square-kilometre) Silver Crown property is located 25 kilometres north of Stewart.

Auramex has paid the vendor \$10,000 and issued 100,000 common shares. In order to complete the option, Auramex must pay a further \$110,000 and issue 400,000 common shares of Auramex over four years. The vendor retains a 2-per-cent net smelter return royalty, of which one-half can be purchased for \$1-million until 90 days after the start of commercial production, with an advance royalty commencing in 2026.

The Company subsequently optioned to Mountain Boy Minerals Ltd. the right to earn a 100% interest in a portion of the Silver Crown property. The agreement specifies that each of Auramex and Mountain Boy will receive pre-determined portions of the property upon exercise of the underlying option agreement. In return, Mountain Boy has agreed to fund a “*pro rata*” portion of the underlying agreement, as determined by the relative areas of the properties to be received by each company, being 85% for Mountain Boy in return for the rights to portions of the property aggregating 1478 hectares.

The Champion South property adjoins Champion and the historic Ketchum mine on the north and extends to Decades Red Cliff property. The property shares the same geological setting as the neighbouring mines, yet has seen little modern exploration.

### ***Dorothy 2 Property***

Dorothy 2 is located on the east side of American Creek, with the lower portion of the property accessible by road. Two past producing mines are located within a few kilometres to the south of Dorothy 2. The closer of those - Terminus - is on the adjacent Auramex property, with the historic Mountain Boy mine on the opposite side of American Creek. Both were high-grade silver mines and are hosted in a geological trend that continues onto Dorothy 2. Intrusive bodies as of yet undetermined age are present on the property. The three nearby past-producing mines attracted most of the exploration attention, so that this property has seen minimal modern exploration.

In March 2019 Auramex acquired an option to acquire a 100% interest in the Dorothy 2 project. The Company has paid the vendor \$5,000 and issued 100,000 shares. In order to complete the option, Auramex must deliver 100,000 shares and \$10,000 on each of the first, second and third anniversaries, and 300,000 shares and \$10,000 before the fourth anniversary. The vendor retains a 2.5-per-cent net smelter return royalty, of which one-half percent can be purchased for \$1-million until 90 days after the start of commercial production. Auramex is required to keep the property in good standing and carry out \$150,000 of work over 4 years.

Dorothy 2 will be explored as part of the Company’s American Creek project.

### **Tide North Project**

The Tide North Project consists of the Tide North Property, located 3.5 kilometres north of the Tide airstrip on the Granduc Mine road. The property is located 9 km north of the historic Scottie Gold Mine, which is presently being evaluated by Scottie Resources.

The property was acquired by Auramex for its potential to host an Eskay Creek-style deposit.

In 2009, Auramex commissioned Geotech to fly VTEM-M geophysics over parts of the Tide North property. A large, 900 by 300 metre zone of anomalous conductivity was identified and three zones within the anomaly were selected for drilling. The conductivity anomalies are consistent with conductive strata of the Iskut River formation presented in a north-westerly trending syncline across the property.

In October 2014, Pretivm completed a 501 metre diamond drill hole into the B-Zone on behalf of Auramex, in consideration of receiving a right-of-way for their power line over the Auramex tenures. The hole was successful in testing the geophysical target, intersecting minor stratabound sulphide in highly graphitic rocks. The geological target, at the base of the Iskut River Formation, was not tested, but casing remains in the hole in anticipation of extending the hole. Five years of work assessment was applied, keeping the property in good standing to May of 2021.

### **Overview of the 2018 Exploration Program**

The Company's geological team is currently compiling and interpreting preliminary results from an extremely successful field season.

The program was conducted in conjunction with Mountain Boy Minerals Ltd (MTB-TSXV) under a cooperative exploration agreement by which the Company pooled its extensive geological data base with data from Mountain Boy Minerals and explored their adjacent properties in a coordinated manner.

Pooling of historic data and working across property lines provided the geological team the first-ever comprehensive view of the geological settings that produced the numerous gold-silver occurrences in the region.

Results of the recent field work, together with the extensive data base of previous results, are being interpreted with leading-edge scientific approaches, leading to refined interpretations of the geological systems. The team has been very successful at locating and integrating geophysical data from multiple earlier surveys. Further geophysical surveys are planned in order to complete coverage of the area.

The team is now beginning to outline broad and robust mineralizing systems capable of generating large deposits. Multiple exploration targets are being refined in advance of next summer's program.

*The technical disclosure in this MD&A has been read and approved by Dr. Paul Metcalfe, PhD, P.Geo., a qualified person as defined in National Instrument 43-101*

### **SELECTED ANNUAL INFORMATION**

	<b>Years Ended</b>		
	<b>December 31, 2018</b>	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Total revenues	\$ -	\$ -	\$ -
Loss for the year	(29,150)	(276,135)	(76,075)
Comprehensive Loss	(29,150)	(276,134)	(76,075)
Basic and diluted loss per share	(0.001)	(0.013)	(0.00)
Total assets	2,884,664	2,341,792	2,285,531
Long term liabilities	Nil	Nil	Nil
Dividends declared	N/A	N/A	N/A

The Company has recorded losses in each of its three most recently completed fiscal years and expects to continue to record losses until such time as an economic resource is identified, developed and brought into profitable commercial operation on one or more of the Company's properties, or otherwise disposed of at a profit. Expenses during a given year are largely dependent on the funds raised in the period.

A significant portion of the net loss of the Company in 2017 includes share-based payments and a Mexican property tax payment that had no equivalent in 2016. The loss in 2018 was significantly reduced by the profit on the sale of the subsidiary of \$301,301.

The variation in total assets is consistent with the increase in capitalized mineral exploration costs and the cash balance at year end.

### Summary of Quarterly Results

The following table sets out selected financial information for each of the last eight quarters ended December 31, 2018:

	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
<b>Total revenues</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Loss for the period</b>	(121,115)	(101,876)	(62,558)	223,827	(151,426)	(9,196)	(50,226)	(65,287)
<b>Basic and diluted loss per share</b>	(0.003)	(0.003)	(0.002)	(0.007)	(0.007)	(0.000)	(0.002)	(0.003)

Fluctuations in results from quarter to quarter can be explained in part by availability of funds and the corresponding associated level of activity. Q1 2017, Q4, 2017 and Q3 2018 include share based compensation costs. The net income in Q1 2018 results from the profit on sale of the subsidiary. Q1 to Q4 costs in 2018 have generally increased as a result of the appointment of a full management team and the resumption of exploration activity in the year.

### Results of Operations

	Three Months Ended December 31		Year Ended December 31	
	2018	2017	2018	2017
<b>Expenses</b>				
Bank charges, interest and penalties	862	970	\$ 1,823	\$ 1,062
Currency exchange gain	(116)	(8,974)	(206)	(8,900)
Directors fees	-	600	450	2,750
Financing fees	-	2,806	-	2,806
Insurance	999	1,008	3,985	4,000
Management and consulting fees	50,700	12,596	187,053	48,093
Marketing and promotion	31,585	2,754	36,861	12,821
Office and sundry	9,444	644	12,383	2,536
Professional fees	2,997	11,879	46,023	30,941
Property expense	-	82,141	-	95,341
Share based payment expense	-	43,214	27,702	66,969
Transfer agent and filing fees	7,526	3,418	28,866	18,025
Travel	3,833	1,823	5,801	3,146
	107,830	154,879	350,741	279,590

The operating loss for the year ended December 31, 2018 amounted to \$350,741, compared to \$279,590 in the same period in the prior year. The increase in the operating loss of \$71,151 is mainly attributable to an increase in activity made possible by the capital raised, including a fully active management team. The property expense in the prior year comprises property tax payments made by the Company's former subsidiary.

The company recorded a net gain of \$301,301 on the sale of its subsidiary, recorded a gain on the sale of tax benefits resulting from flow-through expenditure of \$48,528, and recorded a loss on the settlement of debt of \$30,238 resulting in a net comprehensive loss of \$29,150 for the year.

The loss for the 3 months ended December 31, 2018 amounted to \$107,830 compared to \$154,879 in the prior year. The decrease of \$47,040 is attributable property costs and share issuance costs in the prior year that did not recur in the same period in the current year, offset by an increase in costs that resulted from the return to an active status for the Company.

#### **Capital Resources and Liquidity**

The Company is an exploration stage company and has to raise funds by the issuance of its common share or other financial instruments, or by entering partnering or joint venture arrangements. As at December 31, 2018 the Company had cash on of \$370,453 and intends to raise additional capital to fund its planned exploration activities.

#### **Off Balance Sheet Arrangements**

There are no off-balance sheet arrangements to which the Company is committed.

#### **Proposed Transactions**

There are no proposed transactions that have not been disclosed herein.

#### **Financial Instruments and Risk Management**

As at December 31, 2018, the Company's financial instruments are comprised of cash, amounts due to related parties, and accounts payable and accrued liabilities. The carrying value of cash, due to related parties, reclamation bonds, and accounts payable and accrued liabilities approximate their fair values due to the relatively short periods to maturity of these financial instruments.

#### **Capital Management**

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as share capital, and cash.

The Company is in the exploration stage; as such the Company has historically relied on the equity markets to fund its activities. The Company will continue to assess new sources of financing available and to manage its expenditures to reflect current financial resources in the interest of sustaining long term viability.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company's capital management objectives, policies and processes have not changed over the period presented. The Company is not subject to any externally imposed capital requirements.

## Related Party Transactions

### Key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Remuneration attributed to key management personnel can be summarized as follows:

	<b>Years ended December 31,</b>	
	<b>2018</b>	<b>2017</b>
Directors' fees	\$ 450	\$ 2,750
Management and consulting fees	187,000	47,535
Geological consulting fees	55,025	7,140
Share based payments	27,703	61,260
	<b>\$ 270,178</b>	<b>\$ 118,685</b>

At December 31, 2018, an amount of \$34,290 (December 31, 2017 - \$472,448) was included in accounts payable and accrued liabilities for unpaid amounts relating to fees and expenses owed to officers and directors, and to companies controlled by them.

As at December 31, 2018, there were no shareholder loans due. As at December 31, 2017, shareholder loans of \$50,000 were due to the former CFO and director and to the previous CEO and director of the Company.

During the year ended December 31, 2017, the Company received loans totalling \$12,000 from directors of the Company. During the year ended December 31, 2018, the principal and interest of \$12,983 was repaid.

The Company issued 3,013,750 shares at a price of \$0.09 per share to settle debt in the amount of \$241,100 owing to related parties, resulting in a loss on settlement of debt of \$30,238.

### **Disclosure of Outstanding Share Data**

At the date of this report, the Company has 46,923,899 common shares outstanding.

The following table provides a summary of the Company's stock options outstanding at the date of this report:

<b>Expiry Date</b>	<b>Exercise Price*</b>	<b>Number of options*</b>
July 23, 2019	\$0.05	150,000
July 12, 2023	\$0.055	518,000
September 24, 2024	\$0.05	400,000
February 8, 2027	\$0.05	500,000
December 19, 2027	\$0.05	416,000
January 29, 2024	\$0.05	782,000
<b>Total</b>		<b>2,766,000</b>

The following table provides a summary of the Company's warrants outstanding at the date of this report:

<b>Expiry Date</b>	<b>Exercise Price*</b>	<b>Number of warrants*</b>
December 22, 2019	\$ 0.055	2,000,000
February 16, 2020	\$ 0.10	7,705,000
November 29, 2019	\$0.10	400,000
January 29, 2010	\$0.10	775,000
<b>Total</b>		<b>10,880,000</b>

### **Adoption of Accounting Standards and Pronouncements under IFRS**

#### Accounting Standards adopted during the year

The following standards have been adopted as at January 1, 2018. The Company has determined the impact of the new requirements to be not material.

IFRS 9, Financial Instruments ("IFRS 9") replaces IAS 39, Financial Instruments – Recognition and Measurement ("IAS 39") and some of the requirements of IFRS 7, Financial Instruments: Disclosures ("IFRS 7").

The objective of IFRS 9 is to establish principles for reporting of financial assets and financial liabilities in respect of the assessment of the amounts, timing and uncertainty of an entity's future cash flows.

IFRS 15, Revenue from Contracts with Customers ("IFRS 15") replaces IAS 11, Construction Contracts ("IAS 11"), IAS 18, Revenue ("IAS 18") and some revenue-related interpretations. The objective of IFRS 15 is to provide a single comprehensive revenue recognition model that applies to contracts with customers using two approaches to recognizing revenue – at one point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of the revenue recognized.

#### New standards and interpretations not yet adopted

IFRS 16, Leases ("IFRS 16") replaces IAS 17, Leases ("IAS 17"). The new model requires the recognition of almost all lease contracts on a lessee's statement of financial position as a lease liability reflecting future lease payments and a 'right-of-use asset' with exceptions for certain short-term leases and leases of low-value assets. In addition, the lease payments are required to be presented on the statement of cash flow within operating and financing activities for the interest and principal portions, respectively.

IFRS 16 is effective for annual periods beginning on or after January 1, 2019. The Company has determined the impact of IFRS 16 to be not material.

### **Changes in Internal Control over Financial Reporting ("ICFR")**

In connection with National Instrument 52-109, Certification of Disclosure in Issuer's Annual and Interim Filings ("NI 52-109") adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis. The Venture Issue Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI52-109.

**Forward Looking Statements**

All statements in this discussion, other than statements of historical facts, that address future exploration drilling, exploration activities, anticipated metal production, internal rate of return, estimated ore grades, commencement of production estimates and projected exploration and capital expenditures (including costs and other estimates upon which such projections are based) and events or developments that the Company expects, are forward looking statements. Although the Company believes the expectations expressed in such forward looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include metal prices, exploration success, continued availability of capital and financing, as well as general economic, market or business conditions. Accordingly, readers should not place undue reliance on forward-looking statements.

**Risks and uncertainties**

Prior to making an investment decision, investors should consider the investment risks set out below and those described elsewhere in this document, which are in addition to the usual risks associated with an investment in a business at an early stage of development. The directors of the Company consider the risks set out below to be the most significant to potential investors in the Company, but are not all of the risks associated with an investment in securities of the Company. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the Directors are currently unaware, or which they consider not to be material in relation to the Company's business, actually occur, the Company's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of the Company's securities could decline and investors may lose all or part of their investment.

Title matters

While the Company has performed its diligence with respect to title of its properties, this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements of transfer or other adverse land claims, and title may be affected by undetected defects.

Availability of financing

There is no assurance that additional funding will be available to the Company for additional exploration or for the substantial capital that is typically required in order to bring a mineral project to the production decision or to place a property into commercial production. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of its properties.

Management

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 Company.

Environmental legislation

Environmental legislation is becoming increasingly stringent and the costs of compliance with environmental legislation are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the mineral properties, the potential for production on the properties may be diminished or negated

### Economics of developing mineral properties

Mineral exploration and development involves a high degree of risk and few properties which are explored are ultimately developed into producing mines.

With respect to the Company's properties, should any mineral resource exist, substantial expenditures will be required to confirm that mineral reserves which are sufficient to commercially mine exist on its current properties, and to obtain the required environmental approvals and permits required to commence commercial operations. Should any resource be defined on such properties, there can be no assurance that the mineral resources on such properties can be commercially mined or that the metallurgical processing will produce economically viable, merchantable products. The decision as to whether a property contains a commercial mineral deposit and should be brought into production will depend upon the results of exploration programs and/or feasibility studies, and the recommendations of duly qualified engineers and/or geologists, all of which involves significant expense. This decision will involve consideration and evaluation of several significant factors including, but not limited to: (i) costs of bringing a property into production, including exploration and development work, preparation of production feasibility studies and construction of production facilities; (ii) availability and costs of financing; (iii) ongoing costs of production; (iv) market prices for the minerals to be produced; (v) environmental compliance regulations and restraints (including potential environmental liabilities associated with historical exploration activities); and (vi) political climate and/or governmental regulation and control.

The ability of the Company to sell and profit from the sale of any eventual mineral production from any of the Company's properties will be subject to the prevailing conditions in the global minerals marketplace at the time of sale. The global minerals marketplace is subject to global economic activity and changing attitudes of consumers and other end-users' demand for mineral products. Many of these factors are beyond the control of the Company and therefore represent a market risk which could impact the long-term viability of the Company and its operations.