



Management's Discussion and Analysis

Year ended April 30, 2018

(Expressed in Canadian dollars, unless otherwise noted)

August 17, 2018

This Management's Discussion and Analysis ("MD&A") relates to the financial condition and results of operations of Candelaria Mining Corp. ("Candelaria" or the "Company") together with its subsidiaries as of the date of this report, and is intended to supplement and complement the Company's audited consolidated financial statements for the year ended April 30, 2018. Readers are cautioned that this MD&A contains forward-looking statements and that actual events may vary from management's expectations. Candelaria's public disclosure documents are available on SEDAR at www.sedar.com. The consolidated financial statements and MD&A are presented in Canadian Dollars, except where noted, and have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This discussion addresses matters we consider important for an understanding of our financial condition and results of operations as of and for the year ended April 30, 2018.

Please also refer to the "Cautionary Statement on Forward-Looking Information" at the end of this MD&A.

OVERVIEW

Candelaria Mining Corp., (formerly Branco Resources Ltd.) (the "Company") is a British Columbia public company listed on the TSX Venture Exchange ("TSXV") under the trading symbol "CAND.V". The Company was incorporated under the Business Corporations Act of British Columbia on January 23, 2012. The Company's registered and records office is located at Suite 1200, 750 West Pender Street, Vancouver, BC, Canada, V6C 2T8. The address of the Company's head office is 1201 - 1166 Alberni Street, Vancouver, BC V6E 3Z3.

On March 27, 2017, the Company commenced trading on the OTCQX Market under the symbol "CDEL.F."

On February 27, 2015, the Company, entered into an agreement to acquire a 60% interest in Minera Apolo, S.A. de C.V. ("Apolo"). Apolo is a privately-owned exploration company with certain mining concessions located in the State of Zacatecas, Mexico (the "Property"). The Company finalized the agreement for the acquisition of Apolo on March 17, 2016.

On May 11, 2016, the Company signed an agreement to acquire the Caballo Blanco Gold Project ("Caballo Blanco") in Veracruz (Mexico) from Molimentales Del Noroeste, SA de CV, a subsidiary of Alio Gold Inc. ("Alio"), formerly Timmins Gold Corp. Pursuant to the terms of the agreement, Candelaria will pay Molimentales a total of US\$12.5 million in cash and assume US\$5 million in liabilities in exchange for the project and all related rights and assets.

On November 18, 2016, TSX Venture Exchange has approved a share consolidation of the outstanding share capital of the Company on the basis of every three (3) pre-consolidation common shares into (1) new post-consolidation common share. All share capital related items presented in this MD&A are presented in post-consolidation in current fiscal year and comparative period.

HIGHLIGHTS – YEAR ENDED APRIL 30, 2018

- Cash and cash equivalents of \$2.1 million as at April 30, 2018
- On September 14, 2017, the Company converted the US\$2.5 million convertible debenture into 6,989,247 common shares and 3,494,523 share purchase warrants
- On September 11, 2017, the Company appointed two members of Board of Directors:

Mark Backens, Chairman – Mr. Backens has over 30 years of global mining experience including, most recently, as CEO of Alio Gold Inc. Mr. Backens has 10 years of investment banking experience most recently as Director of Investment Banking - Mining for Scotia Capital. Mr. Backens also has 20 years of senior management experience with Meridian Gold, Placer Dome and Goldcorp in the areas of exploration, engineering, mine construction, mine management and corporate development. Mr. Backens holds a Bachelor of Science in Geological Engineering from South Dakota School of Mines and is formerly a Professional Geologist. Mr. Backens is currently a director of Alio Gold Inc.

Wayne Hubert – Mr. Hubert was most recently CEO and director of Andean Resources Limited from 2006 until December 2010. When he joined Andean, the company had a market capitalization of \$70 million and a resource base of about 800,000 ounces of gold. Mr. Hubert helped lead Andean through several discoveries which increased the resource base to over 5 million ounces of high-grade gold as well as subsequent feasibility studies, financings and permitting. Andean was ultimately acquired by Goldcorp for \$3.5 billion. Prior to his tenure at Andean, Mr. Hubert was Vice-President Corporate Development and Investor Relations with Meridian Gold Inc. During his 14 years career at Meridian, he gained considerable experience in the areas of finance, exploration, project development, permitting and construction. He has a bachelor of science in Chemical Engineering from the University of Cape Town and an MBA from Brigham Young University.

- On December 21, 2017, the Convertible Debenture note holder converted the remaining \$625,000 to 2,083,333 common shares.

Subsequent to April 30, 2018

- On May 2, 2018, the Company announced that it received authorization of the Environmental Impact Assessment (MIA) for its Pinos Project located in Zacatecas, Mexico. The regulator (SEMARNAT) outlined the environmental protection programs required during construction of the project which are normal and in-line with expectations. Furthermore, the Company previously received authorization for the Change of use of soil permit (ETJ) for this project.

CABALLO BLANCO, STATE OF VERACRUZ, MEXICO

Ownership: 100% Candelaria Mining Corp.

Acquisition terms

On May 11, 2016, the Company signed an agreement to acquire the Caballo Blanco Gold Project (“Caballo Blanco”) in Veracruz, Mexico from Molimentales Del Noroeste, SA de CV, a subsidiary of Alio. Pursuant to the terms of the agreement, Candelaria will pay Molimentales a total of US\$12.5 million in cash and assume US\$5 million in liabilities in exchange for the project and all related rights and assets.

Pursuant to the terms of the agreement, the Company will acquire the Caballo Blanco project in exchange for cash payments to be paid over a period of twelve months as follows:

- i) US\$1,250,000 payable on signing of the agreement as a non-refundable deposit (paid).
- ii) US\$2,250,000 payable no later than 15 business days from the date of the agreement as an additional non-refundable deposit (paid).
- iii) US\$6,500,000 payment upon closing, which is to occur on or before June 24, 2016 (US\$5,750,000 paid as at date of the reporting, the remaining US\$750,000 will be paid upon settlement of a dispute between Alio and a landowner).

- iv) Issuance of a US\$2,500,000 non-interest bearing secured promissory note due on the earlier occurrence of the Company receiving permits or June 24, 2017 (paid as at July 31, 2017); and
- v) The Company agreed to assume a US\$5.0 million payment obligation owing to Goldgroup Mining Inc. On August 18, 2016, the Company settled the US\$5 million payment obligation to Goldgroup Mining Inc. in exchange for US\$3.1 million in payments. Pursuant to the settlement the Company has paid US\$2.5 million (through the issuance of convertible debenture, with additional US\$600,000 to be paid upon SEMARNAT approval).

Caballo Blanco is located on the eastern coast of Mexico in the state of Veracruz, 65 kilometers northwest of the city of Veracruz. The project envisions a low CAPEX, simple heap-leach open pit mining operation targeting approximately 100,000 ounces of gold production annually.

Since acquiring the asset in July 2016, the Company has engaged with government authorities, community members and stakeholders. Candelaria has also closed a strategic investment with Agnico Eagle Mines Limited for \$9.7 million and significant ownership in the Company. A thorough review and update of the Environmental Impact Assessment has been completed. The Company is evaluating the proper moment to submit to the permit to SEMARNAT, the Mexican Environmental Authority, based on recent changes in the elected federal and state officials and pending change in government agencies.

NI 43-101 – Technical Report (April 20, 2017)

Mineral Resource Estimate

Mineralization at La Paila in the Northern zone remains open to the north and south along trend and at depth. Drilling on a 2,000 meter infill drill program was carried out to confirm the resource model and provide tighter drill spacing in some areas of the resource. Numerous technical studies will be undertaken to advance Caballo Blanco. These include, but are not limited to, additional metallurgical test work, re-design of the conceptual pit, resource update, water supply studies and ore and waste rock characteristic studies.

Indicated and Inferred Resources (1)(2)(3)(4)					
Category	Tonnes	Au Grade (g/t)	Ag Grade (g/t)	Contained Gold Ounces	Contained Silver Ounces
Indicated	31,220,000	0.52	2.16	521,000	2,170,000
Inferred	8,630,000	0.34	2.14	95,000	590,000

1. The resource estimate is based on 200 diamond drill holes completed since the discovery of the La Paila mineralized zone. The resource available for blocks contained within a conceptual open pit using metal prices of \$1150 US / oz Au and \$21 US / oz Ag, using a cut-off of 0.11 grams per tonne (g/t) gold.

2. Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues. There is no certainty that all or any part of the Inferred Mineral Resource will be upgraded to an Indicated or Measured Mineral Resource as a result of continued exploration.

3. Gary Giroux, of Giroux Consulting, along with Jim Cuttle B.Sc. P.Geo. are qualified persons as defined in NI 43-101 are authors of the technical report and responsible for the resource estimate.

4. The effective date of the resource estimate is March 20, 2017.

Outlook

In the future, the Company will advance the Caballo Blanco project towards a construction decision. While the Company has made significant advancements in identifying the resource at the La Paila zone, additional drilling and technical work will be on-going. In addition, 7 other exploration targets have been identified on the property through IP Resistivity, magnetics, geo-chemical and sampling programs. The Company plans to realize a drilling program on these targets. Recent activities at the Caballo Blanco project include:

- Environmental Permitting update (Environmental Impact Assessment and change of use of soil permits submitted in July 2017) and subsequently retracted during late September 2017 (which was submitted to the Mexican Environmental Authority on July 14, 2017). The Company will use this time to further optimize the

project and continue ongoing dialogue with the local communities and state and federal officials. Going forward, the Company will be focusing on community and government relations.

PINOS DISTRICT, STATE OF ZACATECAS, MEXICO

Ownership: 60%

Option agreement

On February 27, 2015, the Company, entered an agreement (the “Agreement”) with the shareholders of Apolo to acquire 60% of Apolo’s issued and outstanding common shares.

Apolo is a privately owned exploration company with certain mining concessions located in the State of Zacatecas, Mexico (the “Apolo Property”). Pursuant to the terms and conditions of the Agreement, the Company will earn the 60% interest by:

- i) Paying an aggregate of US\$250,000 to the shareholders of Apolo on the agreement approval date, March 22, 2016 (paid); and
- ii) a further US\$250,000 to the shareholders of Apolo (paid);
- iii) Issuing a total of 6.7 million common shares (issued as at date of report) of the Company in installments over an 18 months period beginning on the March 22, 2016; and
- iv) Funding exploration expenditures of a minimum of US\$3,500,000 (met as at date of report) by advancing funds to Apolo on or before March 22, 2018 (the “Funding Commitment”); and
- v) Lending or arranging for a third party to loan, to Apolo, a minimum of US\$1,000,000 on or before March 22, 2017 from the closing date (the “Loan”). The Company shall not issue dividends until the financing and the Loan are fully paid. As at the date of the report, this criteria is met from the issuance of the convertible debenture.

Subject to the terms and conditions set forth in the Agreement, the Company will pay an additional US\$100,000 to the Apolo shareholders annually if all of the following conditions are satisfied:

- Apolo reaches a production of 250 tons per day on an Apolo Property;
- any portion of the Funding Commitment remains outstanding and payable on due date;
- any portion of the Loan remains outstanding and payable;
- the price of gold is over US\$1,100 per ounce; and
- the price of silver is over US\$17 per ounce.

The Company will grant a 1.5% net smelter royalty (“NSR”) on the Apolo Property to the shareholders of Apolo. The Company will have a right of first refusal on the NSR and on the remaining 40% interest in Apolo held by the Apolo shareholders.

Land Package: 3,516.14 ha

Location: The Pinos Property is located in the municipality of Pinos, Zacatecas state in north-central Mexico near the town of Pinos, Zacatecas. The Property lies 405 air-kilometres northwest of Mexico City and lies 67 km west-northwest of the city of San Luis Potosí, 113 km east-southeast of the city of Zacatecas, and 85 km northeast of the city of Aguascalientes (Figure A).

The project plant and offices are located at $\approx 22^{\circ} 18' 45''$ N Latitude and $101^{\circ} 35' 26.5''$ W Longitude. The property lies in the Mexican Altiplano at elevations ranging from 2,360 to 2,800 m above sea level. Excellent location within the Fresnillo – Guanajuato Trend, current major mines of Minera Frisco, Fresnillo and Panamerican Silver.

Geology and Mineralization: Gold and silver mineralization occurs in epithermal quartz and quartz-calcite veins concentrated in two principal trends in the western part of the concession block: the roughly north-south Candelaria – San Ramón trend, and the north-northeast – south-southwest Cinco Estrellas – La Paz trend (Figure B). Most of the development in the district has occurred on these trends. Vein trends commonly have accompanying anastomosing stringers and veinlets.

Veins are composite, consisting of silica-cemented breccia, silica, calcite, and inclusions of fault breccia. In detail, veins exhibit features typical of epithermal systems with splits on large and small scales. Irregular bends and vein breccia are common. Vein textures include vugs, colliform banding, chalcedonic silica, cockaded banding, and bladed, boiling textures are frequently observed.

In the northern part of the project area, at the Tanous vein and shaft, veins cut rhyolite and trachyte of the Pinos Volcanic Complex.

Contacts between vein and wallrock are sharp with little or no alteration seen in the wallrock. Zones of brecciation contain a network of smaller veinlets in a silicified groundmass adjacent to silica veins; these breccia zones are variably mineralized. In the northern part of the area, intense hematite alteration is observed in wall rocks. Hematization is likely related to the proximity to the Pinos volcanic complex.

Veins are continuous, range in thickness from 0.5 to 3.2 meters, with an average thickness of 1.2-1.5 m, dip steeply to the west, and occupy normal faults cutting the sedimentary host rocks. Normal fault geometry is evidenced by local drag folding on beds.

Veins are hosted by Cretaceous carbonates and argillites. Mapping by the Mexican Geological Service (Servicio Geológico Mexicano, 1999) identifies the host rocks as lower Cretaceous Taraises Fm. McLeroy and others (1981) consider the host rocks to be the upper Cretaceous Cuesta del Cura Fm. Branco geologists consider that the host rocks are lower Cretaceous (Albian stage) that are more related to the Guerrero Terrain than to the Valles-San Luis Potosí Platform to the east (H. González, 2014, personal communication).

Mine workings extend in most places to about 120m below the surface, with mineralization maintaining its values to that level.

Qualified person

Stephen Maynard, MS, CPG, has acted as the qualified person as defined in National Instrument 43-101 for this disclosure, and has supervised the preparation of the technical information in this report.

Mr. Jim Cuttle, B.Sc, P.Geo. a qualified person as defined in National Instrument 43-101, has reviewed, and approved the technical information in this report.

Outlook

In May 2018, the Mexican Environmental Authority (SEMARNAT) approved the Environmental Impact Assessment. The change of use of soil permit (“Estudio Técnico Justificativo” or “ETJ”) was previously approved in February 2018. Therefore, the Company has obtained all necessary permits to move forward with the project. The Company is in the process of completing 43-101 compliant Preliminary Economic Assessment and resource update and evaluation financing alternatives to move the project forward. In addition, the Company plans to carry out programs to follow up on previously identified outcropping structures, sampling of historic workings and technical studies.

OTHER PROJECTS

Project	Description
KM66	The Kilometre 66 property consists of 17 concessions comprising 3,508 hectares situated in eastern Durango state, Mexico. Apolo acquired the property in 1995, and optioned it to Coeur d'Alene Mines in late 1996. Between 1997 and 1998, Coeur d'Alene carried out a comprehensive exploration program including regional as well as detailed geological mapping, 397 metres of trenching, a gravity survey, 81 reverse circulation drill holes (7,515 metres), 22 diamond drill holes (2,983 metres) and 422 surface channel samples.
Lucifer	The Company has discontinued its exploration activities as at January 31, 2018.
El Gato	The Company has discontinued its exploration activities as at January 31, 2018.
Guadalcazar	The Company has discontinued its exploration activities as at January 31, 2018.

Cascabel	The Company has discontinued its exploration activities as at January 31, 2018.
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LIQUIDITY AND CAPITAL RESOURCES

A summary of the Company's cash position and changes in cash and cash equivalents for:

	Year ended April 30,		
	2018	2017	2016
<i>(table amounts are expressed in thousands of Canadian dollars)</i>			
Cash used in operating activities	\$ (5,102)	\$ (5,647)	\$ (551)
Cash used in investing activities	-	(12,146)	(1,165)
Cash flow from financing activities	6,393	17,067	1,002
Increase (decrease) in cash	1,291	(726)	(714)
Cash and cash equivalents, end of period	\$ 2,109	\$ 940	\$ 1,584

As at April 30, 2018, the Company's net working capital was \$2.5 million compared to net working capital deficit of \$2.7 million as at April 30, 2017, net working capital of \$1.5 million as at April 30, 2016. The increase in net working capital was the result of the \$9.6 million Agnico Eagle private placement, net of the debt repayment of US\$2.5 million and net of operational expenditures.

Cash outflow from operating activities for the current year ended April 30, 2018 was consistent with 2017 but higher than the comparative historic year 2016 because of increased corporate and exploration activities due to acquisition of mineral projects.

Cash outflow from investing activities was nil in the current year end when compared to the previous two comparative historic years because of the US\$10.0 million Caballo Blanco acquisition payments paid in the prior year.

Cash inflow from financing activities was lower in the current year when compared with the comparative period in 2017 and higher than in 2016. \$16.4 million of equity and \$1.3 million of debt financing were raised in fiscal April 30, 2017. In fiscal year ended April 30, 2018, \$9.6 million was raised from the Agnico Eagle private placement and the Company repaid US\$2.5 million of promissory note. There was minimal activity in 2016.

The Company's ability to continue as a going concern is dependent on the Company's ability to raise funds.

SUMMARY OF CONSOLIDATED PROFIT AND LOSS

	Year ended April 30,		
	2018	2017	2016
<i>(tabled amounts are expressed in thousands of Canadian dollars)</i>			
Amortization	\$ (45)	\$ (29)	\$ -
Exploration expense	(1,821)	(1,597)	(226)
General and administration (1)	(1,108)	(984)	(158)
Management fees	(121)	(105)	-
Consulting and professional fees	(947)	(517)	(116)
Share-based compensation	(936)	(2,900)	(116)
Finance cost (net)	(3,892)	(3,616)	-
Gain on fair value of convertible debenture	1,352	361	-
Gain on settlement of contingent liability	-	1,337	-
Foreign exchange loss	(179)	(610)	(99)
Other	7	-	-
Net loss	(7,690)	(8,660)	(715)
Other comprehensive loss	(1,100)	(107)	-
Total comprehensive loss for the year	\$ (8,790)	\$ (8,767)	\$ (715)
Basic & diluted loss per share	(0.07)	(0.10)	(0.12)

	April 30, 2018	April 30, 2017	April 30, 2016
<i>(tabled amounts are expressed in thousands of Canadian dollars)</i>			
Cash	\$ 2,109	\$ 940	\$ 1,584
Total assets	36,298	38,885	3,501
Cash dividends declared	0.00	0.00	0.00

- (1) General and administration includes all administration expense including salary and wages, investor relations and development, regulatory and filing fees, and travel, etc.

Net loss for the year ended April 30, 2018 were lower than the comparative period in 2017 and higher than the comparative period in 2016. Corporate activities and exploration activities have increased in 2017 since the acquisition of Caballo Blanco and Apolo.

Corporate expenses, professional fees and exploration expense were higher than prior period due to the increase level of operating activities since the acquisition of Caballo Blanco and Apolo. Finance cost was higher than prior year due to the non cash accretion expense related to the convertible debenture and Caballo Blanco acquisition payables. The gain on fair value of the convertible debenture resulted from the revaluation of the conversion option of the convertible debenture. Foreign exchange resulted from the strengthening of the US dollar against the Canadian dollar.

Other comprehensive income resulted from the cumulative translation adjustment from foreign exchange impact from foreign subsidiaries.

As at April 30, 2018, the Company's assets increased from fiscal 2016 due to various project acquisitions. When comparing the current year with fiscal 2017, total assets have decreased. There were various items that would increase the assets in fiscal 2018 such as the private placement from Agnico Eagle. However, the increase was netted out by other decreases such as US\$2.5 million promissory note and general operating expenses.

QUARTERLY RESULTS

<i>(table amounts are expressed in thousands of Canadian dollars)</i>	April 30, 2018	Jan 31, 2018	Oct 31, 2017	July 31, 2017	Apr 30, 2017	Jan 31, 2017	Oct 31, 2016	Jul 31, 2016
Amortization	\$ (9)	\$ (12)	\$ (12)	\$ (12)	\$ (26)	\$ (2)	\$ (1)	\$ -
Exploration (recovery) expense	35	(384)	(832)	(622)	(1,234)	(195)	(84)	(84)
Stock based compensation	(936)	-	-	-	(37)	(271)	(224)	(2,368)
General and administration (1)	(414)	(377)	(484)	(919)	(669)	(441)	(402)	(95)
Finance cost, and other (expense) income	(1,696)	(7)	(359)	(471)	(4,087)	(113)	2,290	(8)
Foreign exchange	87	(176)	415	(505)	(393)	165	(324)	(58)
Net (loss) income	(2,933)	(956)	(1,272)	(2,529)	(6,446)	(855)	1,254	(2,613)
Other comprehensive loss	(1,164)	(42)	3	103	(172)	-	-	-
Net (loss) income and comprehensive loss	(4,097)	(998)	(1,269)	(2,426)	(6,618)	(855)	1,254	(2,613)
Basic & diluted earnings (loss) per share	(0.04)	(0.01)	(0.00)	(0.02)	(0.07)	(0.03)	0.03	(0.06)
Total assets	36,298	37,598	38,549	42,116	38,885	29,924	30,133	21,080

- (1) General and administration includes all administration expense including salary and wages, investor relations and development, regulatory and filing fees, travel, professional fees and management fees, etc.
- (2) Finance costs and other includes foreign exchange and other expenses that are not categorized

Three months ended April 30, 2018 compared to all historical quarters

Net loss of \$2.9 million was higher than all of the historic comparative quarters except April 30, 2017 due to higher cost in all categories from increase in corporate activities and exploration activities since the acquisition of Caballo Blanco (July 2016) and Apolo (the Company acquired control of Apolo in August 2016).

\$0.9 million of stock based compensation expense was recorded in current quarter. Finance cost were higher in the current quarter due to non-cash accreted interest expense related to the convertible debentures (due to change in accounting estimates and valuation). Foreign exchange was also favorable to the Company resulting in a gain instead of a loss compared to the previous quarters.

Other comprehensive income resulted from the cumulative translation adjustment from foreign exchange impact from foreign subsidiaries.

Change in total assets

As at April 30, 2018, total assets amounted to \$36.3 million. The asset balance was higher than any historic quarters on and prior January 31, 2017 due to the closing of the acquisition of Caballo Blanco. The asset balance has slowly declined since due to repayment of US\$2.5 million promissory note and other operating expenditures. There was an increase in assets in July 31, 2017 due to the closing of Agnico Eagle private placement.

SHAREHOLDER'S EQUITY

As at April 30, 2018 and as at the date of this report (on post-consolidation basis)

Candelaria's authorized capital stock consists of an unlimited number of common shares without par value. As at April 30, 2018 and the date of this report, the Company has the following shareholder equity item outstanding:

	Stock options (‘000)	Share purchase warrants (‘000)	Common shares (‘000)
As at April 30, 2018	6,591	12,630	111,897
Share issuance – RSU	-	-	1,025
As at date of report	6,591	12,630	112,922

On March 27, 2018, 1,925,000 restricted share units (“RSUs”) were awarded to officers and directors pursuant to the Company's restricted share unit plan. The RSUs have various vesting terms ranging from immediate vesting, vesting in stages with 1/3 vesting immediately on the date of grant and the remainder to vest 1/3 every three months from the date of grant, and vesting in stages with 1/3 vesting immediately on the date of grant and the remainder to vest 1/3 every six months from the date of grant. Subsequent to April 30, 2018, 1,025,000 shares were issued related to these RSUs.

Stock options

Table below provides a summary of the stock options outstanding (posted-consolidated, as at April 30, 2018 and the date of this report):

Number of options (‘000s)	Number of options vested (‘000s)	Weighted average remaining contractual life (years)	Exercise price	Expiry Date
1,017	1,017	3.39	\$0.15	22-Mar-2021
83	83	3.41	\$0.15	31-Mar-2021
1,134	1,134	3.67	\$0.45	4-Jul-2021
3,383	3,383	3.74	\$0.90	27-Jul-2021
100	100	4.00	\$0.90	31-Oct-2021
124	124	4.05	\$0.90	23-Nov-2021
750	250	4.91	\$0.68	27-Mar-2023
6,591	6,091	3.81	\$0.67	

Table below provides a summary of the share purchase warrants outstanding:

	Warrants outstanding (‘000)	Weighted average exercise price (CAD\$)
Ending – April 30, 2017	10,652	\$0.70
Exercised	(1,016)	\$0.75
Grant	3,494	\$0.75
Expired	(500)	\$0.75
Ending – April 30, 2018 and date of this report	12,630	\$0.60

As at April 30, 2018 and the date of this report, the follow share purchase warrants are outstanding:

Warrants outstanding ('000)	Exercise price (CAD\$)	Date of Grant	Date of Expiry
2,888	0.60	14-Jun-2016	14-Dec-2018
2,154	0.60	6-Jul-2016	6-Jan-2019
3,317	0.60	18-Aug-2016	18-Feb-2019
3,494	0.60	14-Sep-2017	18-Feb-2019
777	0.60	13-Sep-2016	13-March-2019
12,630	\$ 0.60		

REGULATORY DISCLOSURES

Off balance sheet arrangements

The Company does not have any off-balance sheet arrangements as at April 30, 2018 and date of this report.

Proposed Transactions

The Company does not have any proposed transactions as at April 30, 2018 and date of this report other than as disclosed elsewhere in this document.

Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss

This category involves financial instruments held for the purpose of selling them in the short term. All of the financial instruments in this category meet the definition of financial assets held for trading. Derivatives are included in this category, unless they are designated as hedges. The instruments classified in this category are classified in current assets and include cash. The financial instruments included in this category are initially recognized at fair value and the transaction costs are expensed to the Statement of Loss and Comprehensive Loss. Subsequently, financial assets at fair value through profit or loss are measured at fair value and all gains and losses, realized and unrealized, measured on the basis of market transactions, are recognized directly in the Statement of Loss and Comprehensive Loss. As at April 30, 2018 and 2017, the Company has no financial instruments classified as fair value through profit or loss.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. The Company has reported cash in this category.

Held-to-maturity investments

These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired,

determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the Statement of Loss and Comprehensive Loss. The Company has no held to maturity investments as at April 30, 2018 and 2017.

Available-for-sale

Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized in other comprehensive income. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is reclassified from other comprehensive income to profit or loss in the Statement of Loss and Comprehensive Loss. The Company has no available-for-sale assets as at April 30, 2018 and 2017.

Impairment

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss

This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the Statement of Loss and Comprehensive Loss.

Other financial liabilities

This category includes accounts payable and amounts due to related parties, all of which are measured at amortized cost.

Fair values of financial instruments

The fair values of financial instruments are summarized as follows:

In thousands ('000)	April 30, 2018		April 30, 2017	
	Carrying value \$	Fair value \$	Carrying value \$	Fair value \$
Financial assets				
<i>Loans and receivables</i>				
Cash and cash equivalents ⁽¹⁾	2,109	2,109	940	940
Other receivables ⁽¹⁾	59	59	147	147
Financial liabilities				
<i>Fair value through profit or loss</i>				
Convertible debenture	-	-	7,563	7,563
<i>Other financial liabilities</i>				
Accounts payable & accrued liabilities ⁽¹⁾	376	376	700	700
Caballo Blanco acquisition payable ⁽¹⁾	1,734	1,734	1,769	1,769
Promissory notes ⁽¹⁾	-	-	3,339	3,339

(1) The carrying value of cash, receivables and accounts payable and accrued liabilities approximates fair value due to the short-term nature of these items.

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and cash equivalents, and marketable securities. The Company's cash are held through large Canadian financial institutions.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure. The accounts payable and income taxes payable is due within the current operating period.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate because of changes to market interest rates. The Company is exposed from time to time to interest rate risk as a result of holding fixed income cash equivalents and investments, of varying maturities. A 1% change in market interest rates would result in no significant change in value of cash and cash equivalents or fixed income securities. The risk that the Company will realize a loss as a result of a decline in the fair value of these assets is limited as they are generally held to maturity.

Foreign Exchange Risk

The Company operates in Canada and Mexico. As a result, the Company is exposed to foreign exchange risk arising from transactions denominated in foreign currencies.

The operating results and the financial position of the Company are reported in Canadian dollars. Fluctuations of the operating currencies in relation to the Canadian dollar will have an impact upon the reported results of the Company and may also affect the value of the Company's assets and liabilities.

The Company's financial assets and liabilities as at April 30, 2018 are denominated in United States Dollars, Canadian Dollars, and Mexican Pesos, and are set out in the following table:

	Canadian Dollars	US Dollars	Mexico Pesos	Total
Financial assets				
Cash and cash equivalent	\$ 50	\$ 1,949	\$ 110	\$ 2,109
Other receivables	1	-	2,438	2,439
	51	1,949	2,548	4,548
Financial liabilities				
Accounts payables and accrued liabilities	(297)	(3)	(100)	(400)
Caballo Blanco Acquisition Payable	-	(1,734)	-	(1,734)
Net financial (liabilities) assets	(246)	212	2,448	2,413

The Company's financial assets and liabilities as at April 30, 2017 are denominated in United States Dollars, Canadian Dollars, and Mexican Pesos, and are set out in the following table:

In thousands ('000)	Canadian Dollars	US Dollars	Mexico Pesos	Total
Financial assets				
Cash and cash equivalent	\$ 146	\$ 542	\$ 252	\$ 940
Other receivables	158	-	1,773	1,931
	304	542	2,025	2,871
Financial liabilities				
Accounts payables and accrued liabilities	(261)	(284)	(155)	(700)
Caballo Blanco Acquisition Payable	-	(1,769)	-	(1,769)
Promissory note	-	(3,339)	-	(3,339)
Convertible debenture – FVTPL	-	(7,563)	-	(7,563)
Convertible debenture – amortized cost	-	(1,740)	-	(1,740)
Net financial (liabilities) assets	\$ 43	\$ (14,153)	\$ 1,870	\$ (12,240)

The Company's reported results will be affected by changes in the US dollar to Canadian dollar and US dollar to Mexican Pesos exchange rate. As of April 30, 2018, a 10% appreciation of the Canadian dollar relative to the US dollar would have decreased net financial assets by approximately \$21,000 (April 30, 2017 - \$1,415,000). A 10% depreciation of the US Dollar relative to the Canadian dollar would have had the equal but opposite effect. A 10% appreciation of the Mexican Pesos relative to the Canadian dollar would have decreased net financial asset by approximately \$245,000 (April 30, 2017 - \$187,000) and a 10% depreciation of the Mexican Pesos would have had an equal but opposite effect. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risk.

The table below summarizes the maturity profile of the Company's non-derivative financial liabilities.

April 30, 2018 – in thousands ('000)	Current – within 1 year	Non- current – 1 to 3 years
Accounts payables and accrued liabilities	\$ 376	\$ -
Caballo Blanco Acquisition Payable	1,734	-
	\$ 2,110	\$ -

Exploration expenses

The Company has not had significant revenue from operations in either of its last financial years. The Company's primarily involves in mining exploration and development. Here are the significant expenditure for the past two fiscal years:

In thousands ('000)	Caballo Blanco	Apolo	Total
Salary, consulting and administration	\$ 1,126	\$ 142	\$ 1,268
Consumables	28	11	39
Travel	14	4	18
Lab and analysis	96	31	127
Equipment maintenance and rental	2	7	9
Concession payments	165	195	360
Period ended April 30, 2018	\$ 1,431	\$ 390	\$ 1,821

During the period ended April 30, 2017, the Company incurred an exploration expense on general project investigation and evaluation expense on various projects:

In thousands ('000)	Caballo Blanco	Apolo	Total
Salary, consulting and	\$ 447	\$ 710	\$ 1,157
Consumables	8	16	24
Travel	13	4	17
Lab and analysis	6	48	54
Equipment maintenance and	2	32	34
Concession payments	-	311	311
Year ended April 30, 2017	\$ 476	\$ 1,121	\$ 1,597

Related Party Transactions

The Company's related parties include its subsidiaries, associates over which it exercises significant influence, and key management personnel. Transactions with related parties for goods and services are made on normal commercial terms and are considered to be at arm's length.

The Company incurred the following expenses with related parties during period ended April 30, are as follows:

In thousands ('000)	2018	2017
Professional fees	\$ 67	\$ 25
Management fees	438	105
General and administration	33	90
Stock based compensation	936	2,657

Professional fees were paid and accrued to firms of which one of the partners has been the Chief Financial Officer, Chief Executive Officer or President of the Company during 2018 and 2017. General and administration (rent, corporate service management) were paid and accrued to a firm of which one of the partners has been the President of the Company during 2018 and 2017. These expenses were measured at the exchange amounts agreed upon by the parties.

As at April 30, 2018 the Company had amounts payable of \$nil (April 30, 2017 - \$23,000) to these parties. These amounts are unsecured and non-interest bearing, due on demand and included in accounts payable and accrued liabilities.

Capital Risk Management

The Company's objective of capital management is to ensure that it will be able to continue as a going concern, continue the exploration of mineral properties, and identify, evaluate, and acquire additional resource properties. The capital of the Company consists of shareholders' equity. The Company is meeting its capital risk objectives by successfully raising, from time to time, the required funds through debt and equity.

Internal controls and procedures

During the year ended April 30, 2018, there has been no significant change in the Company's internal control over financial reporting since last year.

The Chief Executive Officer, President and Chief Financial Officer of the Company are responsible for establishing and maintaining appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete, reliable and timely. They are also responsible for establishing adequate internal controls over financial reporting to provide sufficient knowledge to support the representations made in this MD&A and the Company's annual financial statements for the year ended April 30, 2018 (together the "Annual Filings"). The Chief Executive Officer and Chief Financial Officer of the Company have filed the Venture Issuer Basic Certificate with the Annual Filings on SEDAR at <http://www.sedar.com>.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the venture issuer basic certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency, and timeliness of interim and annual filings and other reports provided under securities legislation.

Accounting estimates

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Such estimates primarily relate to share-based transaction valuations, fair values of financial instruments and the recoverability of deferred income tax assets. Actual results could differ from those estimates. Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in Note 2 relating to going concern.

Significant Accounting Policies

Please refer to the audited annual financial statements for the year ended April 30, 2018, which was filed on SEDAR.

Recent accounting pronouncements issued but not yet effective

IFRS 9 Financial Instruments

This new standard is a partial replacement of IAS 39 “Financial Instruments: Recognition and Measurement”. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets.

The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company’s financial statements.

IFRS 15 Revenues from Contracts with Customers (“IFRS 15”)

This standard was issued on May 28, 2014 and will replace IAS 11 Construction Contracts (“IAS 11”), IAS 18 Revenue (“IAS 18”), and related interpretations. This new standard outlines a single comprehensive model to be used in recognizing revenue arising from contracts with customers, and contains more prescriptive guidance than in IAS 11, IAS 18 and related interpretations. The core principle in IFRS15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration the entity expects to be entitled to in exchange. The standard is effective for reporting periods beginning on or after January 1, 2018, with early adoption permitted.

The Company has analyzed the impact of adopting IFRS 9 and IFRS 15 and anticipates that there will be no material changes as a result of adopting these standards.

IFRS 16, Leases (“IFRS 16) and revised IAS 17 (“IAS 17)

The IASB issued IFRS 16 and revised IAS 17 in January 2016. IFRS 16 specifies how to recognize, measure, present and disclose leases. IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the term of the lease is twelve months or less or the underlying asset has a low value. Lessor accounting however remains unchanged from IAS 17 and the distinction between operating and finance leases is retained. IAS 17, as revised, now prescribes the accounting policies and disclosures applicable to leases, both for lessees and lessors.

The Company has not yet completed the process of assessing the impact of IFRS 16 will have on its consolidated financial statements, or whether to early adopt this new requirement.

Risk and uncertainties

The operations of the Company are speculative due to the nature of its business which is the investment in the exploration and development of mining properties. These risk factors could materially affect the Company’s future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.

Operating Hazards and Risks

Exploration and development of natural resources involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of resources, any of which could result in work stoppages, damage to persons or property and possible environmental damage. Although the Company has or will obtain liability insurance in an amount which it considers adequate, the nature of these risks is such that liabilities might exceed policy limits, the liabilities and hazards might not be insurable against, or the Company might not elect to insure itself against such liabilities due to high premium

costs or other reasons, in which event the Company could incur significant costs that could have a material adverse effect upon its financial condition.

Title to Assets

Although the Company has or will receive title options for any concessions in which it has or will acquire a material interest, there is no guarantee that title to such concessions will be not challenged or impugned. In some countries, the system for recording title to the rights to explore, develop and mine natural resources is such that a title opinion provides only minimal comfort that the holder has title. Also, in many countries, claims have been made and new claims are being made by aboriginal peoples that call into question the rights granted by the governments of those countries.

The successful exploration and development of the Company's properties is dependent on support from local communities. A community agreement may be required to permit the Company to conduct exploration activities on its projects. There is no assurance that such an agreement can be reached or, if reached, subsequently renewed or extended. The Company is committed to working in partnership with its local communities in a manner which fosters active participation and mutual respect. The Company works towards minimizing negative project impacts, encouraging certain joint consultation processes, addressing certain decision making processes and towards maintaining meaningful ongoing dialogue. The Company regularly consults with the communities close to its exploration and development activities.

Management

The Company is dependent on a relatively small number of key employees, the loss of any of whom could have an adverse effect on the Company.

Requirement of New Capital

As an early exploration/development company, the Company typically needs more capital than it has available to it or can expect to generate through the sale of its products. In the past, the Company has had to raise, by way of debt and equity financing, considerable funds to meet its capital needs. There is no guarantee that the Company will be able to continue to raise funds needed for its business. Failure to raise the necessary funds in a timely fashion will limit the Company's growth. It is the intention of the company to invest in cash-flowing assets, to migrate the business into a situation where the need to raise capital on the markets for continued operation is reduced over time.

Metals Pricing Risk

The feasibility of the Company's mineral exploration and development is significantly affected by changes in the market price of gold and silver. Gold prices fluctuate widely and are affected by numerous factors beyond the Company's control. The level of interest rates, the rate of inflation, world supply of gold and stability of exchange rates can all cause significant fluctuations in gold prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments.

Risk of Foreign Operations

In Mexico, the jurisdiction in which the Company has its operations and mineral properties, the Company is subject to various political, economic and other uncertainties, including the risks of civil unrest, expropriation, nationalization, renegotiation or nullification of existing concessions, licenses, permits, approvals and contracts, and changing political conditions. In addition, in the event of a dispute arising from foreign operations, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of courts in Canada. It is not possible for the Corporation to accurately predict such developments or changes in laws or policy or to what extent any such changes may have a material adverse effect on the Company's operations.

Other Significant Risks

In addition to the foregoing, the Company's business risks include operating hazards, environmental and other government regulations, competition in the marketplace, and the market for our securities. Its properties are located in Mexico and are subject to the laws and regulations of that country. The Company carries on its exploration activity outside of Canada. Accordingly, it is subject to the risks associated with the fluctuation of the rate of exchange of the Canadian dollar and foreign currencies, in particular the US dollar and the Mexican pesos. Such fluctuations may materially affect the Company's financial position and results.

Also, please refer to the "Cautionary Statement on Forward-Looking Information" at the end of the MD&A.

FORWARD-LOOKING STATEMENT

This MD&A contains forward-looking statements that involve risks and uncertainties, which may cause actual results to differ materially from the statements made. When used in this document, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect" and similar expressions are intended to identify forward-looking statements. Such statements reflect our current views with respect to future events and are subject to such risks and uncertainties. Many factors could cause our actual results to differ materially from the statements made, including those factors discussed in filings made by us with the Canadian securities regulatory authorities. Should one or more of these risks and uncertainties, such as the actual results of current exploration and development programs, the general risks associated with the mining industry, the price of gold and other metals, reduced funding, currency and interest rate fluctuations, increased competition and general economic and market factors, occur or should assumptions underlying the forward-looking financial statements prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated or expected. We do not intend and do not assume any obligation to update these forward-looking statements, except as required by law. Shareholders are cautioned not to put undue reliance on such forward-looking statements.

This MD&A has been approved by the Board of Directors of the Company, and contains certain information that is current to the date of the report. Events occurring after that date could render the information contained herein inaccurate or misleading in a material respect. The Company may, but is not obligated to, provide updates to forward-looking statements, including in subsequent news releases and its annual and interim MD&A as filed with regulatory authorities. Additional information relating to the Company is available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at <http://www.sedar.com>.

Qualified person

Stephen Maynard, MS, CPG, has acted as the qualified person as defined in National Instrument 43-101 for this disclosure, and has supervised the preparation of the technical information in this report.

Mr. Jim Cuttle, B.Sc, P.Geo. a qualified person as defined in National Instrument 43-101, has reviewed, and approved the technical information in this report.