



## **Management's Discussion and Analysis**

### **Fidelity Minerals Corp.**

### **Year ended July 31, 2020**

(Expressed in Canadian dollars, unless otherwise noted)

---

November 30, 2020

*For further information on the Company, reference should be made to its public filings on SEDAR at [www.sedar.com](http://www.sedar.com). Information is also available on the Company's website at [www.fidelityminerals.com](http://www.fidelityminerals.com). This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited consolidated financial statements for the year ended July 31, 2020, and related notes thereto which have been prepared in accordance with International Financial Reporting Standards. This MD&A contains certain Forward Looking Statements which is described at the end of this MD&A.*

## **OVERVIEW**

The Company is a TSX-Venture Exchange, Frankfurt and Santiago listed company devoted exclusively to mineral exploration and development in Peru.

The Company is in the process of exploring its resource properties and has not determined whether these properties contain mineral reserves which are economically recoverable. The recoverability of amounts shown for exploration and evaluation expenditures is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development and future profitable production from the property or proceeds from its disposition.

On December 13, 2019, the Company completed a 5:1 consolidation of the common shares of the Company. All share and per share information has been retrospectively restated to reflect this share consolidation.

## **OUTLOOK**

The Company is positioned to take advantage of opportunities in Peru on the basis of an established Peru-based team experienced in small to medium sized projects in the country.

The Company's medium-term objectives include:

- Cost-effectively delineate substantial gold, copper and silver resources from the existing project portfolio;
- Opportunistically expand the project portfolio, with accretive acquisitions; and
- Define a >1 million-ounce gold (1 Moz-eq) gold resource within 3 years.

The Company has significantly increased in footprint across several projects in line with the Company's objective of building strategic positions at key projects before the prospectivity of these projects is enhanced further by planned near-term exploration activities. Several credible parties have expressed an interest in earning-in to Fidelity's projects. Securing a substantial project footprint is a critical requirement in being able to secure the interest of larger parties. The Company has also embarked on a number of permitting related initiatives, which are expected to potentially enable fast-tracked access to several projects, including for bulk-sampling, should this be warranted.

## Going concern

At July 31, 2020, the Company had net working capital of \$472,900 and had not yet achieved profitable operations. In addition the Company had accumulated losses of \$11,673,135 since its inception and expects to incur further losses in the development of its business, all of which casts significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to conduct its planned work program on its mineral properties, meet its on-going levels of corporate overhead and commitments, keep its properties in good standing and discharge its liabilities as they come due. These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge liabilities in the normal course of business. In the past, the Company has been successful in obtaining financing, although there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. Accordingly, it does not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts which may differ from those shown in these consolidated financial statements.

## CERRO DORADO, PERU

### Overview

Cerro Dorado holds an option and permits to operate the Rey Salomon gold mine (NI 43-101 compliant property) with 2km of underground development, 32 identified veins, and a 60 tonnes per day carbon-in-pulp processing plant permitted for up to 100 tonnes per day. The entire mineral property under option by Cerro Dorado is comprised of 4 concessions totalling 1,172 hectares located in the department of Arequipa, province of Caravelí, Peru.

As part of the consideration the company will issue up to 266,667 common shares to Chazel subject to and upon satisfaction of the following milestones:

- 133,333 common shares upon the sale by the Company of 1,000 ounces of gold-contained ore or dore from either the Rey Salomon gold mine or the associated plant; and
- 133,333 common shares upon the sale by the Company of an additional 2,000 ounces (for an aggregate of 3,000 ounces) of gold-contained ore or dore from either the Rey Salomon gold mine or the associated plant.

On October 1, 2019, the Company entered into a binding agreement with certain private Peruvian interests ("the Purchasers"), to sell Cerro Dorado which includes all the property, plant and equipment to immediately commence the final capital investments required to upgrade and commission the Cerro Dorado CIL plant in Arequipa, Peru. The transaction involves staged payments to the Company and will conclude with the final transfer of the Cerro Dorado SAC subsidiary to the Purchaser, at completion. Cerro Dorado SAC holds title to four mineral concessions, including the Rey Salomon mine and the Cerro Dorado gold plant.

The binding agreement commits the Purchasers to perform certain capital improvements to the plant, including the purchase and installation of a weigh-scale, metallurgical and assay laboratory, tailings liner and other production related improvements, and to make quarterly payments to the Company over a twelve month period. The total Cerro Dorado cash consideration for the sale of Cerro Dorado SAC is US\$1,430,000, with the first payment of US \$100,000 paid upon execution of the agreement.

As at July 31, 2020, the Company received payments totaling \$658,000 (USD \$500,000) with \$1,246,057 (USD \$930,000) remaining to be received.

Subsequent to period end on October 13, 2020, the Company announced revised payment terms. As a result of COVID-19 related regulatory delays and disruptions the Company has been working with the Purchaser to negotiate amended payment terms for the remaining US\$930,000. On October 9, 2020, the Company executed an addendum to the original sale purchase agreement, with a revised payment schedule.

The revised payment terms for the outstanding balance, is outlined below:

- US\$100,000 on October 10, 2020 (received)
- US\$100,000 on November 25, 2020
- US\$100,000 on January 25, 2021
- US\$310,000 on April 25, 2021
- US\$320,000 on July 24, 2021
- **US\$930,000 TOTAL**

## **GREATER LAS HUAQUILLAS, PERU**

### **Overview**

On February 11, 2019, the Company completed the acquisition of a 44.5% interest in a portfolio of mineral concessions which collectively constitute part of the Greater Las Huaquillas (GLH) project; a highly prospective precious and base metal project in northern Peru. The concessions are located to the immediate south of the border with Ecuador, where recent exploration success and corporate activity in the Ecuadorian mining sector, highlights the increasing interest in this historically underexplored region. The GLH project is interpreted by the Company to be located within a key north-south trending mineralised belt that extends through southern Ecuador into northern Peru.

Based on historical exploration, 5 mineralised zones, consisting of 4 mineralisation types including epithermal and porphyry style mineralisation types have been identified at the GLH project. The most advanced of these mineralised zones, the Los Socavones Zone, was partially appraised by a previous operator (Sulliden 1996-1999).

In 1998, Sulliden (Garipey & Vachon, 1999) estimated that a 500m section of the 2,200m long Los Socavones Zone hosts a geological resource of 6.57 Mt grading 2.12 g/t Au and 25.2 g/t Ag; equivalent to 446,000 ounces of gold and 5.3 million ounces of silver at a 1 g/t Au cut-off. The resource was reported to remain open at depth and along strike. This historic resource, based on 10 drill holes and 20 mineralized intercepts, was estimated by Sulliden to a depth of 200m, and is reported as an historic resource estimate in an NI 43-101 Technical Report prepared for an unrelated party in 2011 (refer below). The Company has not conducted any work to establish the relevance & reliability of the historical estimate.

The Company has expanded the land position around the Las Huaquillas acquisition through the claiming of additional concessions which are 100% owned by Fidelity Minerals.

*There has not been sufficient drilling and/or sufficient previous exploration at Las Huaquillas upon which to base a mineral resource or mineral reserve estimate compliant to the standards of National Instrument 43-101. It should be noted that the historical resource related information outlined has been derived from: NI 43-101 Technical Report (the "Technical Report") on the Las Huaquillas Au, Ag, Cu Property, Cajamarca, Peru (15 August 2011).*

*For additional information, refer to the Disclaimer & Forward Looking Statements section at the end of this report. The technical information in this announcement has been prepared in accordance with the Canadian regulatory requirements set out in National Instrument 43-101 ("NI 43-101") and has been reviewed and approved on behalf of the Company by Mr. Dean Pekeski, P. Geo., of Kraven Geological Inc., a Qualified Person under NI 43-101.*

## **PORPHYRITIC COPPER PROJECT, PERU**

### **Overview**

The Porphyritic Copper Project comprises three contiguous concessions covering 1,200Ha, located in an active mining and development district in La Libertad, Northern Peru. The project hosts near surface manifestations of visible copper mineralization, as well as small-scale artisanal workings developed for the purposes of producing small tonnages of gold bearing ore. A recent assessment of the "Upper" and "Lower" Zones has identified similarities in the type of mineralization hosted at the two zones that are situated approximately 4,000m apart.

Historical sampling at the project indicates grades of 0.36% - 0.66% Cu at the Upper Zone and higher grades at the Lower Zone including >1% Cu.

## **CERRO EL BRONCE PROJECT, PERU**

### **Overview**

The Cerro El Bronce project consists of 2 concessions totalling 600Ha located in the Ancash province of Peru. Historical exploration at the project has identified a number of important copper minerals including malachite, pyrite and chalcopyrite with peak copper values of up to 6.8% Cu. In addition to the copper mineralization, at least 8 mesothermal gold veins have been identified at the project. Historical sampling of the Bronce Vein returned peak values of 20.3 g/t Au and 41.0 g/t Ag, with the seven-sample average of 8.29 g/t Au and 7.78 g/t Ag. The general project area has previously undergone small-scale artisanal working, with historical reports delineating relatively shallow high-grade gold resources.

The Cerro El Bronce project is entirely surrounded by concessions controlled by major gold mining companies including Newmont, which are actively exploring adjacent concessions.

In the event the Company sells the concessions to an unrelated third party in the future, the vendors will receive 10% of the cash profits generated from the sale. The determination of cash profits essentially consists of the sale proceeds minus total expenditures made by the Company on the project up to the time of the sale, including transaction costs and taxes and duties related to the sale transaction.

## **LAS BRUJAS PROJECT, PERU**

### **Overview**

The Las Brujas project is located in the Cajamarca province of Peru. The original project (1,900ha) acquired by Fidelity Minerals in June 2019, was expanded to 3,400ha in early 2020, and in August 2020, has been expanded further, to 8,400ha in total. The project is accessible by road and is located within 10km of the La Zanja high sulphidation gold mine, and 20km and 23km from the Tantauatay epithermal (Au/Ag) and Cerro Corona porphyry (Cu/Au) mines, respectively. The project features extensive argillic, advanced argillic, and quartz-sericite alteration over a 3 x 6 km area, where gold mineralization occurs in silicified volcanic rocks and hydrothermal breccias. Anomalous gold values have been reported from more than three extensive zones (including surface chip samples over 10 metres grading 1.5 g/t Au). Previous exploration at the project identified an apparent geochemical signature that appears typical of an epithermal precious metal system. The Project is hosted in the Calipuy Formation, which also hosts the world-class Yanacocha and Pierina gold deposits, and is situated within the "Yanacocha External Caldera", which hosts several economic deposits within 50 kilometres of Yanacocha, in the Western Andes of Peru. Yanacocha is one of the largest heap leachable gold mines in the world, mining an occurrence of over 50M Oz.

In March 2020, through a combination of cutting-edge remote sensing techniques, available geoscientific data, and the interpretation of historical exploration results, the Company identified a number of priority exploration targets across the 1,900ha project area.

Based on the review the Company carried out its first sampling program on the Las Brujas Property. The 85 grab sample reconnaissance program targeted fresh road cuts located within the under-explored Las Brujas Gold, Las Brujas Gold 2 and Las Brujas Gold 3 concessions. Initial mapping and sampling of the new outcrops identified zones where limonite, goethite and manganese oxide minerals occur within the fractures of brecciated plagioclase porphyritic rock. Pervasive hematite alteration is also commonly present. Assay results confirm gold mineralization at three distinct structures visible along the road cut with Au concentrations reaching 15.3 g/t Au, 1.59 g/t Au and 1.16 g/t Au. Twelve other samples, including 6 consecutive samples extending over 500m were also characterized by anomalous gold contents from 0.11 g/t to 0.26 g/t.

The newly exposed alteration and now identified geochemical anomalies are consistent with the generated spectral anomalies. The sampling undertaken was constrained to new roads and did not sample the highest priority targets identified during desktop evaluation.

The samples described herein are from grab samples weighing from 1.5 to 2.5 kg taken over 30 to 60cm of potential mineralization. The sample element contents were determined at SGS laboratory in Lima using the PRP93, FAA313 Au and ICP14B analytical methods. Ten percent of the samples were field duplicates. The duplicate QA/QC program showed little sample pair Au content variability, possibly signifying that the gold is reasonably homogenously distributed in the sampled rocks.

The expanded project now comprises 5,000ha in total, and comprises at least five prospect zones in which elevated gold anomalism has been identified. The four largest zones are tabulated following.

Prospect Name	Footprint	Type	Known Au-Ag	Description
Guacamayo	2-4km <sup>2</sup>	HSE	Historical 2.6gpt Au, 85.8gpt Ag	Argillic assemblage with coherent anomaly coincident with alteration anomaly
Grimaldi	2-4km <sup>2</sup>	HSE	Historical 130.6gpt Ag, 2020 15.3gpt Au	Advanced argillic assemblage, geochemical anomaly with strong alteration profile
El Alambique	2-4km <sup>2</sup>	HSE	2020 1.6 gpt Au	Strong Hem-Si alteration defines prospect extensive geochemical anomaly
Bohorquez	1-4km <sup>2</sup>	HSE	Historical 260ppb Au in soil	Prospect located in prospective setting and defined by complex alteration

In the event the Company makes a decision to mine at the Las Brujas project, the Company will establish a 75:25 unincorporated JV with the original project vendors, where the majority interest in the JV is owned by the Company. In the event that the Las Brujas project is sold, any right by the Vendors to participate in a JV will expire.

In the event the Company sells the concessions to an unrelated third party in the future, the original project vendors will receive 10% of the cash profits generated from the sale. The determination of cash profits essentially consists of the sale proceeds minus total expenditures made by the Company on the project up to the time of the sale, including transaction costs and taxes and duties related to the sale transaction.

## LIQUIDITY AND CAPITAL RESOURCES

	Year ended July 31		
	2020	2019	2018
Cash outflows from operating activities	(891,978)	(807,190)	(887,038)
Cash inflows from financing activities	138,176	1,107,883	899,911
Cash inflow (outflows) from investing activities	602,483	(93,609)	-
Effect of exchange rate changes on cash	-	(18,703)	(29,748)
Net cash inflows (outflow)	(151,319)	188,381	(6,875)
Cash balance	52,827	204,146	15,765

As at July 31, 2020, the Company’s net working capital was \$472,900 compared to net working capital deficit of \$992,261 as at July 31, 2019.

Cash outflow from operating activities was \$891,978 in the year ended July 31, 2020, which was similar to 2019 and 2018 and relates to the change working capital items, net of corporate expenses

Cash inflow from financing activities was \$138,176 in the year ended July 31, 2020, which was lower than comparative periods in 2019 and 2018. During the current period the Company completed three private placements and received proceeds from promissory notes and advances net of repayments during the year although the completed private placements were smaller than in the previous years.

Cash inflow from investing activities was \$602,483 in the year ended July 31, 2020 compared to an outflow of \$93,609 in 2019 and \$nil in 2018. The increase is related to the sale of Cerro Dorado proceeds received during the year.

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 July 30		
	2020	2019	2018
Revenue	\$ -	\$ -	\$ -
Loss before other items	(974,435)	(2,041,758)	(1,822,222)
Net loss	(944,915)	(1,990,648)	(2,085,621)
Basic and diluted – loss per share	(0.03)	(0.11)	(0.34)
Total assets	4,984,256	5,522,839	1,811,817

Revenue was nil in all periods as the Company has not yet began operations or monetized any of its assets.

Net loss in the current year ended July 31, 2020 was lower than the comparative period in 2019 and 2018 as the Company has implemented cost cutting initiatives.

Total assets as at July 31, 2020 have decrease from 2019 due to the sale of Cerro Dorado and increased relative to the comparative period of 2018 due to the Company closing the four mineral property acquisitions in 2019.

QUARTERLY RESULTS	July 31, 2020	April 30, 2020	Jan 31, 2020	October 31, 2019	July 31, 2019	April 30, 2019	Jan 31, 2019	October 31, 2018
	Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net loss	(586,659)	(66,491)	(226,274)	(65,491)	(505,851)	(823,945)	(427,008)	(233,844)
Basic & diluted loss per share	(0.02)	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)
Total assets	4,984,256	4,958,582	5,075,855	5,673,024	5,522,839	5,301,078	1,777,270	1,848,923

### *Three months ended July 31, 2020 compared to historical quarters in 2019 & 2018*

Net loss in the current quarter was higher than all comparative quarters in except for Q3 2019 and is the result of non-cash share-based compensation expense of \$140,043 being recorded in the quarter. Management has implemented cost cutting initiatives and has reduced costs which is shown on the yearly comparison but timing of certain expenses and SBC cost in the current period increase the net loss.

***Change in total assets***

Total assets as at July 31, 2020 have increase relative to the comparative period of 2018 due to the Company closing the four mineral property acquisitions in the prior year.

**SHAREHOLDERS' EQUITY**

The Company's authorized capital stock consists of an unlimited number of common shares without par value. As at July 31, 2020, the Company had 41,438,830 common shares, 3,784,999 stock options and 18,785,889 share purchase warrants outstanding. As at the date of this report, the Company had 49,106,951 common shares, 4,684,999 stock options and 26,347,210 share purchase warrants outstanding.

On December 13, 2019, the Company completed a 5:1 consolidation of the common shares of the Company. The share data in these financial statements are presented on a post-consolidated basis.

On September 4, 2019, Company issued 213,600 units at \$0.25 per unit for a reduction of \$53,400 in accounts payable. Each unit consists of one common share and one half transferable share purchase warrant with each warrant exercisable into one additional share at \$0.30 per share for one (1) year following the closing date.

On December 20, 2019, the Company issued 5,000,000 units at \$0.05 per unit for gross proceeds of \$122,250 and \$127,750 in reduction of accounts payable. Each unit consists of one common share and one transferable share purchase warrant with each warrant exercisable into one additional share at \$0.06 per Share for two (2) years following the closing date.

On February 26, 2020, the Company issued 300,000 common shares at a value of \$9,000 and paid AUD \$20,000 in cash in order to settle certain obligations totalling AUD \$100,000.

On June 3, 2020, the Company issued 9,680,000 units at \$0.025 per unit for gross proceeds of \$92,000 and \$150,000 in reduction of accounts payable. Each unit consists of one common share and one transferable share purchase warrant with each warrant exercisable into one additional Share at \$0.05 per share until December 17, 2021.

On July 6, 2020, the Company granted an aggregate of 1,950,000 incentive stock options to certain directors, officers and consultants of the Company which are exercisable at a price of \$0.075 per share for a period of 5 years.

Subsequent to period end on August 10, 2020, the Company issued 7,668,121 units at \$0.06 per unit for gross proceeds of \$460,087. Each unit consists of one common share and one transferable share purchase warrant with each warrant exercisable into one additional share at \$0.07 per share for two (2) years following the closing date.

Subsequent to period end on August 12, 2020, the Company granted an aggregate of 900,000 incentive stock options to certain directors, officers and consultants of the Company which are exercisable at a price of \$0.105 per share for a period of 5 years.

The following is a summary of the stock options outstanding as at July 31, 2020:

<b>Number of stock option outstanding and vested</b>	<b>Exercise price per stock option</b>	<b>Expiry date</b>
99,999	\$1.50	August 2, 2021
10,000	\$1.05	January 17, 2022
1,725,000	\$0.075	January 24, 2025
1,950,000	\$0.075	July 6, 2025
3,784,999	\$0.12	

The following is a summary of the stock options outstanding as at the date of this report:

Number of stock option outstanding and vested	Exercise price per stock option	Expiry date
99,999	\$1.50	August 2, 2021
10,000	\$1.05	January 17, 2022
1,725,000	\$0.075	January 24, 2025
1,950,000	\$0.075	July 6, 2025
900,000	\$0.105	August 12, 2025
4,684,999	\$0.12	

The following is a summary of the share purchase and broker warrants outstanding as at July 31, 2020:

Number of warrants	Exercise price per warrant	Expiry date
544,666	\$1.50	October 27, 2021
622,757	\$1.50	December 15, 2021
206,666	\$1.50	January 13, 2022
2,625,000	\$0.40	February 8, 2024
106,800	\$0.30	September 4, 2020
85,000	\$0.30	October 18, 2020
5,000,000	\$0.06	December 19, 2021
9,680,000	\$0.05	December 17, 2021
18,870,889		

The following is a summary of the share purchase and broker warrants outstanding as at the date of this report:

Number of warrants	Exercise price per warrant	Expiry date
544,666	\$1.50	October 27, 2021
622,757	\$1.50	December 15, 2021
206,666	\$1.50	January 13, 2022
2,625,000	\$0.40	February 8, 2024
5,000,000	\$0.06	December 19, 2021
9,680,000	\$0.05	December 17, 2021
7,668,121	\$0.07	August 10, 2022
26,347,210		

## REGULATORY DISCLOSURES

### *Off balance sheet arrangements*

The Company does not have any off-balance sheet arrangements.

### *Proposed Transactions*

The Company does not have any proposed transactions as at July 31, 2020 other than as disclosed elsewhere in this document.

### *Financial instruments*

The Company's financial instruments consist of cash, other receivables, accounts payable and accrued liabilities, loan payable and promissory notes and advances. The fair value of these financial instruments approximates the carrying value due to the short maturity or current market rate associated with these instruments.

Financial instruments disclosure requires a statement of the inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of fair value are:

- Level 1      Unadjusted quoted prices in active markets for identical assets and liabilities
- Level 2      Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, and;
- Level 3      Inputs that are not based on observable market data

### *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 is 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.

### *Market Risk*

The Company's financial instruments include investments which are publicly traded and therefore subject to the risks related to the fluctuation in market prices of publicly traded securities. Some of these investments have been acquired as a result of property transactions and, to a large extent, represent strategic investments in related mining companies and their properties. The Company closely monitors market values to determine the most appropriate course of action.

### *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*

Currency risk is the risk of a loss due to the fluctuation of foreign exchange rates and the effects of those fluctuations on the Company's foreign currency denominated monetary assets and liabilities. The Company currently operates in the United States and Peru. Certain costs and expenses are incurred in US dollars and Peruvian sol. The Company attempts to mitigate currency risk through the preparation of short and long term expenditure budgets in the foreign currencies and planning for the conversion of Canadian dollars into foreign currencies whenever exchange rates are favourable.

The Company's financial assets and liabilities as at July 31, 2020 are denominated in United States Dollars, Canadian Dollars, and Peruvian Soles, and are set out in the following table:

	Canadian Dollars	US Dollars	Peruvian Soles	Total
<b>Financial assets</b>				
Cash	\$ 52,827	\$ -	\$ -	\$ 52,827
Other receivables	3,024	-	-	3,024
Cerro Dorado proceeds receivable	-	1,246,057	-	1,246,057
	55,851	1,246,057	-	1,301,908
<b>Financial liabilities</b>				
Accounts payables and accrued liabilities	(357,543)	(324,381)	(7,843)	(689,767)
Loan payable	-	(102,411)	-	(102,411)
Promissory notes and advances	(36,830)	-	-	(36,830)
Net financial (liabilities) assets	\$ (338,522)	\$ 819,265	\$ (7,843)	\$ 472,900

The Company's financial assets and liabilities as at July 31, 2019 are denominated in United States Dollars, Canadian Dollars, and Peruvian Soles, and are set out in the following table:

	Canadian Dollars	US Dollars	Peruvian Soles	Total
<b>Financial assets</b>				
Cash	\$ 203,590	\$ -	\$ 556	\$ 204,146
Other receivables	15,977	-	-	15,977
	219,567	-	556	220,123
<b>Financial liabilities</b>				
Accounts payables and accrued liabilities	(530,375)	(229,272)	(152,847)	(912,494)
Loan payable	-	(201,690)	-	(201,690)
Promissory notes and advances	(120,634)	-	-	(120,634)
Net financial (liabilities) assets	\$ (431,442)	\$ (430,962)	\$ (152,291)	\$ (1,014,695)

The Company's reported results will be affected by changes in the US dollar to Canadian dollar and US dollar to Peruvian Sol exchange rate. As of July 31, 2020, a 10% appreciation of the Canadian dollar relative to the US dollar would have decreased net financial liabilities by approximately \$81,927 (July 31, 2019 - \$43,096). A 10% appreciation of the US Dollar relative to the Canadian dollar would have had the equal but opposite effect. A 10% appreciation of the Peruvian Sol relative to the CAD dollar would have increased net financial liability by approximately \$784 (July 31, 2019 - \$15,229) and a 10% depreciation of the Peruvian Sol 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.

### ***Related Party Transactions***

The Company's related parties include its subsidiaries, associates over which it exercises significant influence, and key management personnel. Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include officers, directors or companies with common directors of the Company.

The remuneration of the Company's directors and other key management personnel during the year ended July 31, 2020 and 2019 are as follows:

	July 31, 2020	July 31, 2019
Consulting fees	\$ 203,994	\$ 264,164
Professional fees	29,000	30,000
Share-based payments	129,452	163,382

As at July 31, 2020 the Company had amounts payable of \$117,142 (July 31, 2019 - \$61,729) to these parties. These amounts are unsecured and non-interest bearing.

On December 5, 2017, the Company entered into an unsecured promissory note with Lions Bay. The loan accrues interest at a rate of 6% per annum. The principal and interest were due on December 5, 2018 and are now payable on demand. During the year ended July 31, 2020 the advances per the promissory note totaled \$29,985 (July 31, 2019 - \$256,579). During the year ended July 31, 2020, \$104,789 was settled in shares (July 31, 2019 - \$359,800 made up of \$12,900 in a warrant exercise and \$346,900 in private placements). During the year ended July 31, 2020 \$5,773 (July 31, 2019 - \$17,841) was recorded as interest expense.

### ***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 July 31, 2020, there has been no significant change in the Company's internal control over financial reporting since last year.

The Chief Executive Officer 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 July 31, 2020 (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.

### ***New Accounting Standards Adopted during the year***

#### ***IFRS 16 – Leases***

On August 1, 2019, the Company adopted IFRS 16 – Leases ("IFRS 16") which replaced IAS 17 – Leases and IFRIC 4 – Determining Whether an Arrangement Contains a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard is effective for annual periods beginning on or after January 1, 2019. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead, all leases are treated in a similar way to finance leases applied in IAS 17. IFRS 16 does not require a lessee to recognize assets and liabilities for short-term leases (i.e. leases of 12 months or less), leases with certain variable lease

payments and leases of low-value assets. The adoption of IFRS 16 did not have an impact on the Company's financial statements.

### ***Accounting estimates***

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually 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. Actual results could materially differ from these estimates.

The areas which require management to make significant estimates and assumptions in determining carrying values include, but are not limited to:

**(i) Depreciation and depletion**

Plants and other facilities used directly in mining activities are depreciated using the units-of-production ("UOP") method over a period not to exceed the estimated life of the ore body based on recoverable ounces to be mined from proven and probable reserves and a portion of measured and indicated and inferred resources. Mobile and other equipment are depreciated, net of residual value, on a straight-line basis, over the useful life of the equipment to the extent that the useful life does not exceed the related estimated life of the mine based on mineral reserves.

The calculation of the UOP rate, and therefore the annual depreciation and depletion expense, could be materially affected by changes in the underlying estimates. Changes in estimates can be the result of actual future production differing from current forecasts of future production, expansion of mineral reserves through exploration activities, differences between estimated and actual costs of mining and differences in gold price used in the estimation of mineral reserves.

Significant judgment is involved in the determination of useful life and residual values for the computation of depreciation and depletion and no assurance can be given that actual useful lives and residual values will not differ significantly from current assumptions.

**(ii) Share-based payments**

Share-based payments are determined using the Black-Scholes option pricing model based on estimated fair values of all share-based awards at the date of grant and is expensed to profit or loss over each award's vesting period. The Black-Scholes option pricing model utilizes subjective assumptions such as expected price volatility and expected life of the option. Changes in these input assumptions can significantly affect the fair value estimate.

For asset acquisitions, contingent share consideration is an estimate of the fair value of the contingent amounts expected to be payable in the future. The fair value is based on number of contingent shares, the share price of the Company on the date of acquisition and management's expectations of probability.

**(iii) Deferred taxes**

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. Forecasted cash flows from operations are based on life of mine projections internally developed and reviewed by management. The likelihood that tax positions taken will be sustained upon examination by applicable tax authorities is assessed based on individual facts and circumstances of the relevant tax position evaluated in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of

income tax assets recognized. At the end of each reporting period, the Company reassesses unrecognized income tax assets

**(iv) Decommissioning and restoration provision**

The Company assesses its reclamation provisions at each reporting date. Significant estimates and assumptions are made in determining the provision for mine rehabilitation as there are numerous factors that will affect the ultimate amount payable. These factors include estimates of the extent, cost, and timing of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to the inflation rate, and changes in discount rates. These uncertainties may result in future expenditures differing from the amounts currently provided.

**(v) Contingent consideration**

For asset acquisitions, contingent share consideration is an estimate of the fair value of the contingent amounts expected to be payable in the future.

***Significant judgments in applying accounting policies***

The critical judgments that the Company's management has made in the process of applying the Company's accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognized in the Company's consolidated financial statements are as follows:

**(i) Impairment of property, plant and equipment**

The carrying value of property, plant and equipment is reviewed each reporting period to determine whether there is any indication of impairment. If the carrying amount of an asset exceeds its recoverable amount, the asset is impaired and an impairment loss is recognized in profit or loss. The assessment of fair values, including those of the cash-generating units, require the use of estimates and assumptions for recoverable production, long-term commodity prices, discount rates, foreign exchange rates, future capital requirements and operating performance. Changes in any of the assumptions or estimates used in determining the fair value of assets could impact the impairment analysis.

**(ii) Economic recoverability and probability of future economic benefits of exploration and evaluation assets**

Management has determined that exploratory drilling and evaluation costs incurred which have been capitalized are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit including geologic and metallurgic information, history of conversion of mineral deposits to proven and probable reserves, scoping and feasibility studies, accessible facilities, existing permits and life of mine plans.

**(iii) Functional currency**

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

**(iv) Acquisition of Minera LBJ S.A.C.**

During fiscal 2019, the Company acquired 100 % of the outstanding shares of Minera LBJ S.A.C., which holds a 44.5% ownership in Rial Minera S.A.C. which holds mineral concessions in Peru. Management determined that the purchase represented an acquisition of assets rather than a business combination. The allocation of purchase consideration to each component is based on the relative fair value of the assets acquired.

(v) **Stage of development**

The Company has determined that all are properties held should be classified as exploration and evaluation assets. In making this determination, the Company must assess whether or not the properties meet the criteria for technical feasibility and commercial viability to be recognized as development stage assets.

***Accounting policies***

Please refer to the audited annual financial statements for the year ended July 31, 2020 for the Company's significant accounting policies, which was filed on SEDAR

***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, copper 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 Peru, 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 Peru 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 Peruvian soles. Such fluctuations may materially affect the Company's financial position and results.

### **Forward-Looking Statements**

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.

The technical information in this report relating to the Greater Las Huaquillas project has been derived from: NI 43-101 Technical Report (the "Technical Report") on the Las Huaquillas Au, Ag, Cu Property, Cajamarca, Peru (15 August 2011) prepared by Luc Pigeon, P.Geo., of Gateway Solutions SAC, a Qualified Person under NI 43-101. The Company has not sought any form of consent from either the Qualified Person, or the Issuer which commissioned the Technical Report, but rather references this Technical Report in an historical context as the report was originally submitted for exchange approval on August 15, 2011. It should be noted that there has not been sufficient drilling and/or sufficient previous exploration at Las Huaquillas upon which to base a mineral resource or mineral reserve estimate compliant to the current standards of National Instrument 43-101, and the Company has not undertaken any independent verification of the data contained in that report by a Qualified Person or Persons acting for the Company. There has been no additional or independent verification site visits, sampling or analytical work undertaken

by the Company with respect to the Las Huaquillas property. The Company has relied entirely upon historic disclosure relating to the Las Huaquillas project in preparing this report.

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 this 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 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**

The technical information in this Management Discussion and Analysis has been prepared in accordance with the Canadian regulatory requirements set out in National Instrument 43-101 and reviewed on behalf of the Company by Luc Pigeon B.Sc., M.Sc., P.Geo.

#### **Corporate Head Office**

Suite 1201 - 1166 Alberni Street  
Vancouver, British Columbia  
V6E 3Z3  
Canada  
Tel – 604.689.1799  
Fax – 604.689.8199

#### **Corporate Counsel**

Clark Wilson  
885 West Georgia Street, Suite 800  
Vancouver, British Columbia  
V6C 3H1

#### **Board of Directors**

Ian Graham  
Bahay Ozcakmak  
Anthony Balic

#### **Transfer Agent**

TMX Equity Transfer Services Inc.  
200 University Avenue, Suite 300  
Toronto, Ontario  
M5H 4H1

#### **Auditors**

Davidson & Company LLP  
Chartered Professional Accountants  
1200 – 609 Granville Street, P.O. Box 10372  
Vancouver, BC, Canada V7Y 1G6

#### **Shares Listed**

TSXv: MNY  
FSE: S5GM  
SSE: MNYCL