

PARA RESOURCES INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

BACKGROUND

This management's discussion and analysis of financial position and results of operations is prepared at October 29, 2019 and should be read in conjunction with the condensed interim consolidated financial statements of Para Resources Inc. (the "Company" or "Para") for the three and six months ended June 30, 2019 and the consolidated financial statements for the year ended December 31, 2018 as presented in accordance with International Financial Reporting Standards. The Company's reporting currency is Canadian dollars, unless otherwise stated.

The Company was a capital pool company pursuant to the policies of the TSX Venture Exchange ("Exchange"). On April 30, 2012, the Company completed its Qualifying Transaction by acquiring all of the issued and outstanding shares of Angra Metals Mineração Ltda. (previously named Stronghold Brasil Mineracao Ltda) ["ANGRA"] from Eagle Mountain Gold Corp. [formerly Stronghold Metals Inc. and now Goldsource Mines Inc.] after obtaining approval from the TSX Venture Exchange (the "Exchange"). Effective May 2, 2012, the Company commenced trading as a Tier 2 Issuer and currently trades under the symbol "PBR".

Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com

FORWARD-LOOKING INFORMATION

This MD&A contains certain statements that may constitute "forward-looking statements". All statements, other than statements of historical fact, included herein, including but not limited to, statements regarding future anticipated property acquisitions, the nature of future anticipated exploration programs and the results thereof, discovery and delineation of mineral resources/reserves, business and financing plans and business trends, are forward-looking statements. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct.

Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward looking statements as a result of various factors, including, but not limited to, variations in the nature, quality and quantity of any mineral deposits that may be located, variations in the market for, and pricing of, any mineral products the Company may produce or plan to produce, the Company's inability to obtain any necessary permits, consents or authorizations required for its activities, the Company's inability to produce minerals from its properties successfully or profitably, to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies, and other risks and uncertainties identified herein under "Risks and uncertainties".

Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in any of those forward-looking statements. For this reason, investors should not attribute undue certainty to or place undue reliance on forward-looking statements.

Historical results of operations and trends that may be inferred from the following discussion and analysis may not necessarily indicate future results from operations. In particular, the current state of the global securities markets may cause significant fluctuations in the price of the Company's securities and render it difficult or impossible for the Company to raise the funds necessary to develop any of its present or future mineral properties.

DESCRIPTION OF BUSINESS

The Company is a natural resource company engaged in the business of acquiring, exploring, developing and mining properties in North and South America.

The Company has been focused on developing the El Limon and Gold Road mines in an effort to move towards commercial production which, as at September 30, 2019 this was still in process. As at September 30, 2019 the Company has capitalized all development and ramp up related expenditures and continues to work towards commercial production. In January 2019, significant progress was achieved in getting the Gold Road mine ready for the commencement of mining, the final remediation and testing of the Mill was also substantially completed in February 2019.

Gold Road Mine

Gold Road received approval from the Mines Safety and Health Administration (“MSHA”) for a new secondary escape route from the lowest levels of the mine. In the quarter of 245 feet of development raise and incline for the of this new secondary escape route had been completed. Work continues on lining and landings to finalize this project. The surface vent drift was completed, and commissioning began on the new surface fan and air doors. In May, a new underground portable refuge chamber was installed and commissioned.

The work plan, during the balance of Q3 2019 included the completion of the development work accessing the 900-Level by 1,650ft. In July, the 3750 decline to access the 900-level advanced 520 feet, including passing the first sib-level. The vein at 3310 W is 4 ft in width and channel sampling has yielded an average grade of 50 ounces per ton (17 g/mt). The 3310E heading vein is also 4 ft in width with an average grade of 50 ounces per ton (8.6 g/mt). These preliminary results are better than modeled and are at a width that allows for a conventional shrink stope mining method. Additional miners are currently being hired to restart mining on the 100-level and rehabilitate the 800-level. These three production faces produced in September 2019.

On January 9, 2018, the Company received an evaluation report from its consultant RPM Global (“RPM”) on the condition of the Gold Road Mill and an estimate of the capital necessary to begin processing mineralized material once the anticipated operation of the mine begins. In addition to the mill evaluation, RPM also reviewed the project infrastructure to confirm it was sufficient to support the successful operation of the mill.

On February 16, 2018, the Company filed a revised NI 43-101 Technical Report on the Gold Road Mine and surrounding mineral claims, 88% owned by Para, on SEDAR. Key clarifications include cautionary parameters around historical estimates, improved disclosures of exploration targets and data verification.

In February and April the company published two 43-101 Reports on the historical resources at Gold Road and the Tr-Ue Vein. In April 2018 the company executed the agreement with Steve Anderson to lock up the Tr-Ue Vein. In May 2018 the company completed the 43-101 Compliant PEA, highlights being a 7-year mine life and 214,000 ounces at an average diluted grade of 6.5 g/mt. US 81.3 NPV at a 5% discount with initial capital of \$5.7 million. In August 2018 repairs began on the Gold Road Plant In September 2018 a new General Manager was employed. In November 2018 Atkinson the contract miner began mobilization to site, and in January 2019 a target price contract was signed with mining beginning in February 2019. From February 2019 to March 2019 all circuits of the Gold Road Plant were recommissioned.

In April 2019 announced an initial exploration plan for the Tr-Ue Vein near Oatman, Arizona and approximately 1.5 miles from the Gold Road mill and mine. The program, anticipated to begin in May, will start with the first phase of approximately 5 holes totaling 3,750 feet in conjunction with a geophysics program to orient future drilling. Results were reported for the first 4 holes of the 5 holes in the quarter.

El Limon Mine

For the current year to date, El Limon produced 1,435 oz of gold. The mine is currently focusing on four (4) main development projects, including three (3) new mine mouths:

- **Level 9** of El Limon is a development project to deepen the lowest levels of the mine past the El Limon fault. The project to date has rehabilitated 140 meters of existing drift, re-established internal hoisting, and all utilities and advanced 32 meters of development passing and establishing ground support in the fault zone. 83 meters of waste development remains before drifting and raises begin in the vein for 320 meters of development to establish the first two (2) production stopes.
- **Renacer** is a new mine mouth for the El Limon Mine. A new mine mouth with concreted metal archways has been established and development in the main decline has advanced 22 meters with 60 meters remaining, before beginning 440 meters of drifting and raises in the vein for 440 meters to establish the first two (2) production stopes.
- **Alacran** is a modernization project on a formalized mine with support in engineering, design, and supervision from the Company. The 70 meters of the existing access incline were straightened by new excavation, and 120 meters of drift rehabilitated. The incline is being extended and 15 meters remain. In parallel, construction is almost completed on a truck loadout with the new hoist. Once completed, work will begin on 340 meters of development in the vein to establish the first two (2) production stopes.
- **Diamantina** is a modernization project on a formalized mine with support in engineering, design, and supervision from the Company. The mine mouth has been re-established with a concreted metal archway and 95 meters of incline rehabilitation including re-excavation of 15 meters. 50 meters of incline extension remain before drifting and raises begin in the vein for 190 meters of development to establish the first production stope.

In the third quarter of 2019 plant through-put averaged 36.82 tpd and averaging 3.6 grams per ton (“gpt”).

El Limon has not yet reached commercially viable operations. Based on this assessment, the Company has capitalized the operating costs less the proceeds from the sale of gold dore to mineral properties.

North Otu Properties

As at September 30, 2019 the North Otu Properties were not in production. The North Otu project will bring additional sources of feed material for the El Limon processing plant. The Company plans to quantify the amount of recoverable gold on these properties through an exploration program. The results of that program may justify an investment to further increase the through-put of the El Limon Mill. During the nine months ended September 30, 2019 the Company incurred \$nil (2018 - \$nil) of development costs and considers the North Otu a mineral property.

Tucumã gold project

The Company completed its Qualifying Transaction on April 30, 2012 by acquiring all of the issued and outstanding shares of Angra from Eagle Mountain Gold Corp. (formerly known as Stronghold Metals Inc. and now as Goldsource Mines Inc. (“Goldsource”)) as per a definitive share purchase agreement dated January 4, 2012. ANGRA holds 100% interest in the Tucumã gold project (“Tucumã”). In consideration, the Company issued 16,300,000 common shares to Goldsource. The Company also granted to Goldsource a 2% Net Smelter Royalty [“NSR”] from the production of minerals from the Tucumã property, subject to the Company’s right to purchase the NSR from Goldsource for \$1,500,000, which is exercisable at any time.

The Tucumã Project is a gold and copper/gold exploration project, which consists of six mineral concessions covering a total of 11,456 hectares located in the Carajas metallogenic province in the State of Pará, Brazil.

The Company has applied for a Trial Mining and Environmental license that will allow the Company to extract up to 50,000 cubic metres of saprolite. This mining trial will allow the company to refine processing methodology and to test the economic viability of mining at Tucuma before it applies for a definitive Mine Permit. Once the trial mining and plant processing has proven to be economically viable, the Company may decide to expand the trial mine and build a larger operation on site. The Company expects to make a profit from the trial mining operation.

	September 30, 2019	December 31, 2018
	\$	\$
Acquisition Cost		
Balance, beginning of period	1	1
Addition, during the period	-	-
Impairment charge	-	-
Balance, end of the period	1	1
Deferred Exploration Costs		
Balance, beginning of the period	2,241,832	1,741,450
Additions	58,824	275,157
Foreign exchange translation	302,799	225,225
Balance, end of the period	2,603,455	2,241,832
Total Acquisition Cost and Deferred Exploration Costs	2,603,456	2,241,833

Gold Road Project

On April 4, 2018, the Company entered into option agreements to acquire parcels of land adjacent to the Gold Road mine. The terms of option agreements are shown below:

Agreement	Max Term (Years)	License Fee Year 1, US\$	License Fee Year 2, US\$	License Fee Year 3, US\$	License Fee Year 4, US\$	Termination Date	Purchase Price US\$
United Western to Telluride	4	50,000	75,000	100,000	200,000	4/3/2022	4,179,535
Blue Ridge	3	5,000	5,000	5,000	n/a	4/3/2021	347,490
United Western Extension	3	5,000	5,000	5,000	n/a	4/3/2021	365,910
Gold Ore	3	5,000	5,000	5,000	n/a	4/3/2021	375,000
Gold Road	3	5,000	5,000	5,000	n/a	4/3/2021	240,000
Silver Creek	2	5,000	5,000	n/a	n/a	4/3/2020	327,000
United Western	15	10,000	10,000	10,000	10,000	8/22/2032	900,000
		85,000	110,000	130,000	210,000		6,734,935

The part of the option agreements cost includes up to 2,500,000 share purchase warrants of the Company, exercisable at the Company's discretion under a particular option agreement.

No costs associated with the share purchase warrants were recognized in the consolidated financial statements because it is conditional upon exercise of option agreement(s) and management cannot reliably estimate whether such options will be exercised and, if exercised, the number of share purchase warrants exercised.

	September 30, 2019	December 31, 2018
	\$	\$
Balance, beginning of period	102,315	-
Additions during the period	421,281	102,315
Foreign exchange translation	(4,546)	-
Balance, end of the period	519,050	102,315

The Company paid the license fees of \$126,576 (US\$100,000 equivalent) on April 26, 2019.

RESULTS OF OPERATIONS

Nine months ended September 30, 2019 compared to nine months ended September 30, 2018

The Company had net loss of \$9,639,390 for the nine months ended September 30, 2019, compared to net income of \$1,040,386 for the nine months ended September 30, 2018.

The following is an analysis of the significant items and variances between the nine months ended September 30, 2019 and September 30, 2018:

For the nine months ended	September 30, 2019	September 30, 2018	
Gain (loss) on revaluation of derivative	(3,137,428)	438,121	The gain (loss) on revaluation represents the change in fair value of prepaid forward gold purchase liability. The value of this instrument has a positive correlation with the price of gold. As gold price had increased during the nine months ended September 30, 2019, so did the loss from revaluation of derivative. In the comparative period, the declining gold prices were observed resulting in a gain on revaluation of derivative.
Office and miscellaneous	(969,817)	(407,366)	Office and miscellaneous expenses increased due to the following: <ol style="list-style-type: none"> 1) Increased travel costs as a result of efforts to raise financing and more frequent visits of the Company's mine sites; 2) Increased insurance costs as the Gold Road mine transitioned to a pre-commercial production phase of operations; 3) Foreign exchange loss was greater in 2019 Q3 compared to 2018 Q3;

			4) Increased office and other related costs with the ramp up of Gold Road operations.
Salaries and wages	(2,237,845)	(1,068,982)	Salaries increased due to an increase in number of employees at Gold Road mine with the commencement of development activities in December 2018.
Share-based compensation	(80,065)	(743,310)	Share-based compensation decreased because more stock options vested during the nine months ended September 30, 2018 in comparison with the same period of 2019.
Gain on debt forgiveness	3,217	7,420,579	Gain on debt forgiveness decreased because the Company realized a material gain on debt forgiveness during the nine months ended September 30, 2018, the similar event did not occur in the same period of 2019.
Interest expense	(1,547,915)	(2,121,069)	Interest expense decreased as the Company carried lower debt during the nine months ended September 30, 2019 in comparison with the same period of 2018.

Three months ended September 30, 2019 compared to the three months ended September 30, 2018

The Company had a net loss of \$3,842,879 for the three months ended September 30, 2019, compared to a net loss of \$2,375,258 for the three months ended September 30, 2018.

The following is an analysis of the significant items and variances between the three months ended September 30, 2019 and the three months ended September 30, 2018:

For the three months ended	September 30, 2019	September 30, 2018	
Gain (loss) on revaluation of derivative	(1,126,662)	438,121	The gain (loss) on revaluation represents the change in fair value of prepaid forward gold purchase liability. The value of this instrument has a positive correlation with the price of gold. As gold price had increased during the nine months ended September 30, 2019, so did the loss from revaluation of derivative. In the comparative period, the declining gold prices were observed resulting in a gain on revaluation of derivative.

Office and miscellaneous	(860,564)	9,620	Office and miscellaneous expenses increased due to the following: 1) Increased travel costs as a result of efforts to raise financing and more frequent visits of the Company's mine sites; 2) Increased insurance costs as the Gold Road mine transitioned to a pre-commercial production phase of operations; 3) Increased office and other related costs with the ramp up of Gold Road operations. Foreign exchange gain offset all other office and miscellaneous costs in 2018 Q3, thus the Company observed gain from office and miscellaneous category.
Salaries and wages	(833,366)	(290,806)	Salaries increased due to an increase in number of employees at Gold Road mine with the commencement of development activities in December 2018.
Gain on debt settlement	-	(628,664)	Gain on debt settlement decreased because the Company realized a material gain on debt settlement during the nine months ended September 30, 2018, the similar event did not occur in the same period of 2019.

SUMMARY OF QUARTERLY RESULTS

The following table sets out financial information for the past eight quarters:

	Three Months Ended (\$)			
	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018
Total Revenues	-	-	-	-
Net Income (Loss) Income	(3,842,879)	(3,747,022)	(2,049,489)	(11,733,203)
Net Loss Per Share	(0.02)	(0.02)	(0.01)	(0.07)

	Three Months Ended (\$)			
	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
Total Revenues	-	-	-	-

Net (Loss) Income	(2,375,258)	5,620,748	(2,205,104)	(2,889,636)
Net Loss Per Share	(0.01)	0.03	(0.01)	(0.02)

LIQUIDITY AND CAPITAL RESOURCES

The Company received the loan of \$5,132,847 during the nine months ended September 30, 2019 from the related party. In addition, the Company raised gross proceeds of \$12,751,073 in private placements completed in May and September 2019. The Company's aggregate operating, investing and financing activities during the nine months ended September 30, 2019 resulted in a decrease in its cash balance from \$389,446 at December 31, 2018 to \$295,137 at September 30, 2019. The Company's working capital deficit at September 30, 2019 was \$7,794,145 (December 31, 2018 – working capital deficit of \$1,463,694). The Company will need additional capital to finance the development of the El Limon and the Gold Road mines.

Management is in discussions with the major shareholders and others to provide financing to bridge the working capital and capex requirements through the prolonged development timeline.

On August 3, 2018, the Company restructured the Conex loans, Conterra loan and Gold secured loan, whereby all outstanding loans and accrued interest, previously made to the Company and to its subsidiary Gold Road were converted into a five-year Convertible Subordinated Note, convertible into common shares of the Company. The face value of the convertible subordinated note is \$11,996,078. The interest is compounded monthly at 12% and principal and compounded interest are repayable at the end of the term to Conex Services Inc., a related party. The principal may be converted into common shares of the Company at the following conversion prices:

- Between months 1-36 at \$0.30 per common share
- Between months 37-60 at \$0.40 per common share

On December 21, 2018, the Company restructured the remaining balance of the Conex loans. The Company recognized a loss of \$242,745 from debt extinguishment, which is included in loss from debt settlement in the statement of loss, due to transaction costs of \$37,880 incurred and difference in value of loan extinguished and value of loan assumed.

	Conex Loans	Conterra Loan	Gold Secured Loan	Total
	\$	\$	\$	\$
Balance, December 31, 2017	4,367,781	3,930,699	1,254,500	9,552,980
Additions	1,101,460	-	-	1,101,460
Interest and accretion	654,505	297,750	-	952,255
Foreign exchange on translation	-	140,718	43,800	184,518
Fair value of the convertible subordinated note	(6,328,611)	(4,369,167)	(1,298,300)	(11,996,078)
Loss from debt extinguishment	204,865	-	-	204,865
Balance, December 31, 2018	-	-	-	-

Management used an effective interest rate of 24% to estimate the present value of a liability component (\$6,715,636) of the convertible subordinated note, the residual value of \$5,280,442 was classified as a contributed surplus on the statement of financial position. The tax impact of \$1,425,719 was recorded against the contributed surplus, see Note 19 for more details. The loan balances and changes up to September 30, 2019 were as follows:

	\$
Balance, December 31, 2017	-
Additions	6,715,636
Interest	582,144
Balance, December 31, 2018	7,297,780
Interest	1,447,739
Balance, September 30, 2019	8,745,519

CAPITAL EXPENDITURES

During the nine months ended September 30, 2019 the Company incurred \$17,616,481 (2018 - \$2,858,293) in cash development costs related to mineral properties.

INVESTING AND FINANCING ACTIVITIES

The Company received a loan of \$5,132,847 during the nine months ended September 30, 2019 from a related party. In addition, the Company raised gross proceeds of \$12,751,073 in private placements completed in May and September 2019.

RELATED PARTY TRANSACTIONS

Transactions with related parties are measured at the exchange amount of consideration established and agreed to by the related parties. The Company paid or accrued remunerations to its directors and officers during the three and nine months ended September 30, 2019 and 2018 are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
	\$	\$	\$	\$
Consulting fees	48,460	68,243	211,343	204,728
Salaries and benefits	93,880	112,004	419,070	336,011
Share-based compensation	9,373	29,786	28,120	490,716
	151,713	210,033	638,513	1,031,456

As at September 30, 2019 the Company had \$358,864 (2018 - \$39,390) in amounts owing to related parties. These amounts consisted of the following:

- \$30,000 (2018 - \$4,739) was owing to director and CEO of the Company. The liability does not bear an interest and due on demand. The opening balance was settled through issuance of the Company's common shares. The outstanding balance is included in accounts payable and accrued liabilities.
- \$Nil (2018 - \$19,199) was owing to Goldsource Mines Inc., a company with common directors and officers. The debt was forgiven during the nine months ended September 30, 2019, a resulting gain on debt forgiveness is included in other income.
- \$23,252 (2018 - \$23,252) was owing to a private company which is controlled by the director of the Company.
- \$7,800 (2018 - \$7,800) owed to the Company by a private entity controlled by CEO.
- \$313,412 (2018 - \$217,693) was due to the executive and director of the Company, the amounts owing are non-interest bearing and due on demand. This amount is included in accounts payable and accrued liabilities.

OUTSTANDING SHARE DATA

As at the date of this report, the following securities were outstanding:

Shares issued and outstanding	268,458,734
Warrants	110,810,814
Stock options	11,250,000

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

MATERIAL CONTRACTS

On January 1, 2016, the Company entered into a Consultancy and Management Agreement with Hampson Equities Ltd, a company wholly owned by Geoff Hampson whereby Hampson Equities Ltd agreed to provide the services of Geoff Hampson to act as President and Chief Executive Officer of the Company. Services to include the provision of the services of James P Taylor to act in the capacity of CFO, the provision of the services of Andrea Laird to act in the capacity of Administrator and Corporate Secretary, the provision of the services of Staff Accountant and all offices supplies, communication and other management services as may be needed from time to time collectively, "the Management Team". In consideration, the Company agreed, among other terms, to pay Hampson Equities a monthly fee of USD \$25,000, which has subsequently been adjusted downward to reflect the change in CFO's.

RISKS AND UNCERTAINTIES

Risks arising from financial instruments and risk management

The Company's activities expose it to a variety of risks including interest rate risk, credit risk and liquidity risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance. Risk management is carried out by the officers of the Company as discussed with the Board of Directors. The officers of the Company are charged with the responsibility of establishing controls and procedures to ensure that financial risks are mitigated in accordance with the expectations of the Board of Directors.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is subject to interest rate risk with respect to its cash and cash equivalents; however, the risk is minimal because of their short-term maturity. All of the Company's interest-bearing debt instruments have fixed interest rates and are not subject to interest rate risk.

Credit risk

Credit risk is the risk of a loss if a customer or third party to a financial instrument fails to fulfill its contractual obligations. The Company's credit risk arises from cash and accounts receivable. The Company mitigates this risk by placing its cash and cash equivalents in large reputable Canadian financial institution. The Company considers the credit risk related to cash and accounts receivable to be minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. To mitigate this risk, the Company develops forecasts and budgets to better manage its obligations while supporting ongoing operations and capital expenditures.

The Company relies on debt and equity offerings to raise the financing it needs to meet its ongoing requirements. The Company's cash is available on demand.

Foreign currency risk

The Company has operations in Canada, Brazil and Colombia and is exposed to foreign exchange risk due to fluctuations in the US dollar, Brazilian real and Colombian peso. Foreign exchange risk arises from financial assets and liabilities denominated in these foreign currencies. The sensitivity of the Company's net loss to a 10% change in the US dollar exchange rate relative to the Canadian dollar would change the Company's net loss by approximately \$112,356.

The Company's financial assets and liabilities as at September 30, 2019 are denominated in Canadian dollar, US dollar, Colombian Peso, Euro and Brazilian real as follows:

	Canadian dollar	US dollar	Colombian Peso	Euro	Brazilian real	Total
	\$	\$	\$		\$	\$
Financial assets						
Cash	268,169	23,130	(3,598)	-	7,436	295,137
Receivables	44,095	-	825,031	-	-	869,126
	312,264	21,130	821,433	-	7,436	1,164,263
Financial liabilities						
Accounts payable and accrued liabilities	440,949	2,167,248	1,590,795	29,928	112,164	4,341,084
Loans	14,049,881	-	-	-	-	14,049,881
Pre-paid forward gold purchase liability	-	18,277,885	-	-	-	18,277,885
	14,490,830	20,445,133	1,590,795	29,928	112,164	36,668,850

The Company's financial assets and liabilities as at December 31, 2018 are denominated in Canadian dollar, US dollar, Colombian Peso, Euro and Brazilian real as follows:

	Canadian Dollar	US dollar	Colombian Peso	Euro	Brazilian Real	Total
	\$	\$	\$	\$	\$	\$
Financial assets						
Cash	146,572	229,095	10,881	-	2,898	389,446
Short-term investment	-	3,383,216	-	-	-	3,383,216
	146,572	3,612,311	10,881	-	2,898	3,772,662
Financial liabilities						
Accounts payable and accrued liabilities	225,408	536,842	1,176,797	28,103	65,587	2,032,738
Due to related parties	39,390	-	-	-	-	39,390
Loans	7,297,780	-	-	-	-	7,297,780
Pre-paid forward gold purchase liability	-	21,169,581	-	-	-	21,169,581
	7,562,578	21,706,423	1,176,797	28,103	65,587	30,539,489

The Company does not use derivative instruments to hedge exposure to foreign exchange rate risk.

Operational risks

The Company's operational risks include economically developing their mining properties, creating market awareness for the Company, navigating and managing potential changes in governmental laws and regulations in different countries, hiring and retaining skilled employees and contractors, environmental hazards from its mining and exploration activities, industrial and occupational accidents and hazards, equipment failures, unexpected environmental conditions, failures or downtime at the mining operations due to weather or other events and human error.

The Company monitors these risks on an ongoing basis and responds to changes or actions involving the factors. The Company also seeks to adhere to all government regulations in its operations.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods if the change affects both.

Information about critical judgments and estimates in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below.

Estimates

Useful life of depreciable assets

Management reviews its estimate of useful lives of depreciable assets at each reporting date, based on the expected utility of the assets.

Impairment of non-current assets

The Company assesses each asset or CGU at each reporting period to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs of disposal and value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices (considering current and historical prices, price trends and related factors), discount rates, operating costs, future capital requirements, closure and rehabilitation costs, exploration potential, reserves and operating performance. These estimates and assumptions are subject to risk and uncertainty and therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of assets and/or CGUs. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Fair value for mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset/CGU. Management has assessed its CGUs as being an individual mine site, which is the lowest level for which cash inflows are largely independent of those of other assets/CGUs.

Mineral resource estimate

The life of the El Limon mine is determined from the ore reserves that are available to be extracted at the end of each reporting period. The Company initially estimates the ore reserve available based on the findings of qualified, independent, mining professionals. These estimates are updated from time to time as additional technical and economic information becomes available.

Factors that impact the computation of reserves available include the geological data on the size, depth and shape of the ore body, the prevailing and expected market price for the underlying metals to be extracted and the expected costs to extract and process the mined material.

Changes in the mineable ore reserve available may impact the carrying value of mine property, exploration and evaluation properties, plant and equipment, site closure and reclamation provision and changes in the recognition of deferred tax amounts in addition to changes in the recognition of depreciation and depletion.

Income taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law.

For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent that there are enough taxable temporary differences relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees and consultants by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

Judgments

Business combination

On the acquisition of a subsidiary, the Company must determine whether the acquisition is a business combination by applying the definition in IFRS 3 Business Combinations. If the assets and liabilities assumed do not constitute a business the transaction would be accounted for as an asset acquisition. Management has determined that the acquisition of CML constituted a business combination as CML met the definition of a business. A business consists of inputs to which processes are applied resulting in outputs that provide a return to the Company and its shareholders.

Business combinations are accounted for using the acquisition method whereby acquired assets and liabilities are recorded at fair value as of the date of acquisition.

Exploration and evaluation assets

The Company's investment in and expenditures on its mineral property interests comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent on establishing legal ownership of the properties, on the attainment of successful commercial production or from the proceeds of their disposal. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of the properties, and upon future profitable production or proceeds from the disposition thereof.

Although the Company has taken steps to ensure the title to mineral property interests in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures may not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

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

Commencement of Commercial Production

The Company assesses the stage of each mine under construction to determine when a property reaches the stage when it is substantially complete and ready for its intended use. Criteria used to assess when a property has commenced commercial production include, among other considerations:

- the level of capital expenditures incurred relative to the expected costs to complete;
- the completion of a reasonable period of testing of the mine plant and equipment;
- the ability to produce saleable metals;
- the attainment of relevant permits;
- the ability to sustain ongoing production; and
- the achievement of pre-determined production targets.

When management determines that a property has reached commercial production, costs capitalized during development are amortized.

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 involves certain judgements to determine the primary economic environment of an entity. The Company re-evaluates the functional currency of its entities when there is a change in events and conditions which previously determined the primary economic environment of an entity.

Impairment of exploration and evaluation assets

The application of the Company's accounting policy for determining whether it is likely that costs incurred on exploration and evaluation assets will be recovered through successful exploration and development also requires significant judgment. Management evaluates impairment with consideration of the economic and political environments and current mining codes of the countries where they perform exploration.

ACCOUNTING STANDARDS

The following accounting standards were adopted during the three and nine months ended September 30, 2019:

IFRS 16, Leases

IFRS 16 was issued by the IASB in January 2016 and is effective for annual periods beginning on or after January 1, 2019. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees: leases of 'low-value' assets (e.g., personal computers); and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from current accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

In transitioning to IFRS 16, a lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs. The Company plans to adopt IFRS 16 using the modified retrospective approach, which means the cumulative impact of adoption will be recognized as at January 1, 2019 and comparatives will not be restated. The Company will elect to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value.

In 2018, the Company initiated a detailed impact assessment and implementation project which included reviewing contracts, aggregating data to support the evaluation of the accounting impacts and identifying where key accounting policy decisions were required. The Company analyzed its contracts to identify whether they contain a lease arrangement for the application of IFRS 16 and identified no lease arrangements that would require a material effect on the consolidated financial statements. The Company's existing operating leases will be the main source of leases under the new standard.

DISCLOSURE CONTROLS AND PROCEDURES

In connection with National Instrument 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the condensed interim consolidated financial statements for the three and nine months ended September 30, 2019 and this accompanying MD&A (together the "Interim Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Interim Filings on SEDAR at www.sedar.com.

SUBSEQUENT EVENTS

No material subsequent events occurred that required disclosure.