



Management's Discussion and Analysis

Third Quarter Report - September 30, 2017

(Expressed in Canadian dollars, unless otherwise noted)

November 29, 2017

For further information on the Company, reference should be made to its public filings on SEDAR at www.sedar.com. Information is also available on the Company's website at www.gunpointexploration.com. This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited condensed consolidated interim financial statements for the nine months ended September 30, 2017 and audited annual consolidated financial statements for the year ended December 31, 2016, and related notes thereto which have been prepared in accordance with International Financial Reporting Standards. The MD&A contains certain Forward Looking Statements which are provided at the last page of this report.

OVERVIEW

Gunpoint Exploration Ltd. (the "Company" or "Gunpoint") is focused on the acquisition and exploration of precious metals located in the United States, Mexico and Guatemala. Gunpoint's primary property is the Talapoosa gold deposit ("Talapoosa") in Nevada, USA. The Company also owns two Mexican properties, La Cecilia and La Gitana and the El Escorpion property in Guatemala.

The Company trades on the TSX Venture Exchange under the symbol "GUN". The Company has its head office in Vancouver, B.C.

HIGHLIGHTS

- Pursuant to the option agreement on Talapoosa with Timberline Resources Corporation ("Timberline"), the Company received \$1.34 million (US\$1.0 million) cash and one million common shares of Timberline during the interim period. The market value of the common shares on the granting date was \$620,000.
- On January 31, 2017, the Company entered into an option agreement with Riverside Resources Inc ("Riverside") whereby Riverside has the option to acquire 100% interest in the La Cecilia-Margarita ("La Cecilia") gold project located in Sonora state, Mexico. Riverside can acquire a 100% interest in La Cecilia by making \$250,000 in cash payments and issuing 1.0 million Riverside common shares to the Company. During the period ended September 30, 2017, the Company received \$25,000 for the option payment and 100,000 common shares from Riverside.
- The Company's cash position as at September 30, 2017 was \$1.3 million.

TALAPOOSA (NEVADA, USA)

Overview

The Company owns a 100% interest in the Talapoosa project located in Lyon County, Nevada ("Talapoosa"). Talapoosa is a low-sulphidation gold-silver property in the Walker Lane gold trend of western Nevada, approximately 45 kilometres east of Reno. The property consists of 509 unpatented lode mining claims owned by the Company, 26 unpatented lode mining claims leased from Sierra Denali Minerals, 4 additional fee land sections leased from Sario Land and Livestock, two additional fee land sections leased from Nevada Bighorns Unlimited Foundation and a portion of one additional fee land section owned by American Gold Nevada. The total land package for the property is contiguous and covers 14,870 acres. The unpatented lode mining claims are administered by the Bureau of Land Management.

Talapoosa has a National Instrument 43-101 Standards for Disclosure for Mineral Projects (“NI 43-101”) compliant resource estimate (September 2010) hosting a measured and indicated resource of 632,000 ounces of gold (23.1 million tons at a grade of 0.035 oz/t AuEq) and an inferred resource of 326,000 ounces of gold (12.6 million tons at a grade of 0.033 oz/t AuEq) using a cut-off of 0.015 oz/t gold equivalent.

During 2011 the Company completed 15 core holes totaling 3,251 meters at Talapoosa. With the 2011 drill data, the Company re-modeled and re-interpreted the resource with independent consultants. In 2013, Tetra Tech WEI Inc. (“Tetra Tech”) provided an updated NI 43-101 resource estimate adding approximately 380,000 ounces of gold and 5.4 million ounces of silver compared to the previous NI 43-101 resource estimate. Set out in the table below is the updated Measured and Indicated Resource Estimate by Tetra Tech:

Cutoff Au g/t	Ore Type	Category	Tonnes	Grade Au g/t	Grade Ag g/t	Contained gold (ounces)	Contained silver (ounces)
0.45	Oxide	Measured	2,835,890	1.29	18.96	117,253	1,728,323
0.45	Sulphide	Measured	12,741,180	1.22	16.50	501,215	6,760,763
0.45	Oxide	Indicated	1,280,900	1.10	14.25	45,328	586,999
0.45	Sulphide	Indicated	11,504,500	0.94	12.36	349,005	4,573,274
0.45	Oxide	Total M&I	4,116,870	1.23	17.49	162,581	2,315,321
0.45	Sulphide	Total M&I	24,245,860	1.09	14.54	850,220	11,334,037
0.45	Oxide + Sulphide	Total M&I	28,362,500	1.11	14.97	1,012,802	13,649,358
0.45	Oxide - Sulphide	Inferred	10,159,000	0.72	6.65	233,532	2,172,766

(1) Prepared in accordance with NI 43-101 and the Canadian Institute of Mining, Metallurgy and Petroleum classification system

(2) The 2013 resource model used ordinary kriging grade estimate within a three-dimensional block model with mineralized zone defined by wireframed solids

(3) Resource estimate was completed in imperial units with the following conversions:

- 1 gram/tonne = 0.0291667 troy oz/short ton
- 1 tonne = 1.10231 short ton

(4) A base cutoff grade of 0.45 g/t Au was used for reporting resources

(5) Capping was implemented for gold grades at 23.52 g/t and silver grades at 329.14 g/t

Option agreement – Timberline Resource Corporation

On April 1, 2015, the Company closed a transaction with Timberline, granting Timberline an option (“Option”) to acquire from Gunpoint’s subsidiary, American Gold Capital US Inc. (“American Gold”), a 100% interest in Talapoosa located in Nevada. In consideration for the option, Timberline paid US\$300,000 and issue 2.0 million shares of common stock of Timberline to American Gold. The Timberline shares are subject to the following vesting schedule over 24 months:

Vesting date (date initial securities are released from escrow)	Timberline Common Shares ('000)
September 12, 2015 (vested)	500
March 12, 2016 (vested)	500
September 12, 2016 (vested)	500
March 12, 2017 (vested)	500
	2,000

Pursuant to the Agreement, Timberline has until September 12, 2017 to exercise the Option to acquire a 100% interest in Talapoosa (the “Option Period”). Timberline can exercise the Option by making a US\$10.0 million cash payment to American Gold. For a period of five years after Timberline exercises the Option, Timberline would be required to pay American Gold an additional US\$10.0 million (payable in cash and Timberline common shares) if the daily price of gold averages US\$1,600 per ounce or greater for a period of ninety consecutive trading days. Timberline plans to complete a feasibility study on Talapoosa during the option period. American Gold retains a 1% net smelter royalty on Talapoosa which Timberline can purchase for US\$3.0 million.

On August 10, 2015, Timberline filed a “Preliminary Economic Assessment on the Talapoosa Project” (“PEA”) on SEDAR (for further details, please see the full PEA on www.sedar.com). At a 5% discount rate, the PEA indicated an after-tax NPV of US\$136 million and 39% IRR at US\$1,150/oz gold and US\$16/oz silver.

On October 20, 2016, the Option Agreement was amended. The Company agreed to extend the Option (“Extended Option”) 18 months from September 12, 2017 to March 31, 2019. In consideration for the Extended Option, Timberline will pay US\$1 million and issue an additional 3.5 million common shares to the Company. In addition, Timberline’s repurchase option for the Company’s 1% net smelter return royalty (“NSR”) on Talapoosa has been eliminated.

The amended terms of the Option Agreement are as follows:

- Payment of US\$1 million and one million common shares of Timberline by March 31, 2017 (Received).
- Payment of US\$2 million and one million common shares of Timberline by March 31, 2018.
- A final payment of US\$8 million and 1.5 million common shares of Timberline by March 31, 2019 (“Option Exercise Closing Date”).
- Timberline undertakes cumulative project expenditures of a minimum of US\$7.5 million by December 31, 2018.
- Elimination of Timberline’s US\$3 million purchase option of the 1% NSR retained by the Company upon Timberline’s acquisition of Talapoosa.
- The Contingent Payment based on escalating gold prices has been amended such that if gold prices average greater than or equal to US\$1,600 over any 90-day period (“Trigger Event”) within a 5-year period commencing on the Option Exercise Closing Date, Timberline will pay Gunpoint an additional US\$10 million of which a minimum of US\$5 million will be payable within six months of the trigger event, and the remaining US\$5 million payable within twelve months of the Trigger Event, with both payments payable in cash or, at Timberline’s discretion, up to 50% in shares.

Upon exercise of the Extended Option, Timberline will have paid US\$11.3 million and issued 5.5 million shares to the Company to acquire a 100% interest in Talapoosa. Gunpoint retains a 1% NSR in Talapoosa which is not subject to a buyback option.

During the first quarter of 2017, Gunpoint received \$1.34 million (US\$1.0 million) cash and one million common shares of Timberline. The market value of one million Timberline shares at the date of granting was \$620.0. As at September 30, 2017, American Gold owns 9% of the outstanding shares issued in Timberline.

OTHER EXPLORATION PROJECTS

Le Cecilia (Sonora State, Mexico)

In 2010, the Company acquired La Cecilia from Chesapeake Gold Corp. (TSX-V: CKG) together with three other properties for consideration that resulted in Chesapeake becoming a majority shareholder. Chesapeake currently owns 73% of the Company. Located in northeastern Sonora State, Mexico, La Cecilia comprises three mineral concessions totalling 794 hectares and hosts epithermal gold mineralization in a rhyolite dome setting.

The La Cecilia Property is a low-sulphidation, epithermal-type gold-silver system related to two well-developed northwest and northeast trending sets of faults centred on “Cerro Magallanes”, a rhyolite dome complex. The mineralization occurs as high grade in vein structures and as lower grade within broader zones of stockworks and breccias. Numerous other anomalous zones of silicification, brecciation and argillic alteration exist across the extent of the flow dome complex, an area of more than one kilometre by two kilometres.

On January 31, 2017, the Company entered into an agreement (“Option Agreement”) with Riverside Resources Inc. (TSX-V: RRI) whereby Riverside has been granted an option to acquire a 100% interest in Gunpoint’s La Cecilia-Margarita gold project (“La Cecilia”).

Pursuant to Option Agreement and subject to TSX Venture Exchange approval (Received), Riverside has the right to acquire a 100% interest in La Cecilia by making \$250,000 in cash payments and issuing 1.0 million Riverside common shares to the Company over three years per following schedule:

- A payment of \$10,000 upon execution of the Option Agreement; (Received);

- A \$15,000 cash payment and issuance of 100,000 common shares of Riverside concurrent with the execution of registerable agreement in Mexico (“the Effective Date”) (Received);
- A \$25,000 cash payment and issuance of 200,000 common shares of Riverside on or before the first anniversary of the Effective Date;
- A \$75,000 cash payment and issuance of 400,000 common shares of Riverside on or before the second anniversary of the Effective Date;
- A \$125,000 cash payment and issuance of 400,000 common shares of Riverside on or before the third anniversary of Effective Date.

Riverside will be responsible for the property taxes and holding costs to maintain La Cecilia in good standing during the term of the agreement.

La Gitana (Oaxaca State, Mexico)

The Gitana property is located in Oaxaca State, Mexico (“La Gitana”). La Gitana is a large low sulphidation epithermal system hosting precious metals mineralization that is both structurally and lithologically controlled. During 2005 and 2006, the Company completed 40 diamond drill holes comprising 8,462 meters on La Gitana. The drill program primarily tested Cerro di Oro, a 1.5 kilometer long, northwest trending, structurally-controlled, epithermal system where gold-silver mineralization is found as high-grade shoots in a set of northwest trending, sub-vertical structures, and as low grade disseminations within broad zones of quartz stockworks and breccias.

A NI 43-101 compliant technical report on La Gitana concluded that the exploration program undertaken by the Company on the Cerro di Oro zone of La Gitana (including detailed surface mapping and sampling, ground geophysics and diamond drilling) provided sufficient information to confirm the existence of well-defined gold-silver mineralization extending 500 meters in length, 50 to 150 meters wide and 50 to 300 meters deep. Step-out drilling also discovered additional gold-silver mineralization along strike for over 300 meters to the southeast.

El Escorpion (Guatemala)

Chesapeake has an option to purchase the El Escorpion (“El Escorpion”) property, a 900 hectare concession in eastern Guatemala. The El Escorpion Property is located 85 kilometers by paved road southeast of Guatemala City. The El Escorpion Property is situated seven kilometers southwest and along trend of Tahoe Resources Inc.’s Escobal deposit which has a NI 43-101 compliant indicated mineral resource of 367 million ounces of silver grading 422 g/t, plus 37 million ounces of silver grading 254 g/t in the inferred category. Mineralization at Escobal is associated with steeply dipping and northeast-southwest trending intermediate sulfidation epithermal silver rich quartz veins with significant values in gold, lead and zinc. The Escobal land package completely surrounds the Escorpion project.

Mapping and sampling by Chesapeake has identified two prospective areas with intermediate sulfidation epithermal precious and base metal mineralization. The outcropping mineralization at El Escorpion appears to have many similarities to that at Escobal and occurs in a fault controlled, intermediate sulfidation epithermal system characterized by several multistage, subparallel silver-lead-zinc quartz-carbonate veins and stockworks. To date, the northeast-southwest trending system has been traced continuously for over 1500 meters along strike and remains open to the northeast and southwest. The system is characterized by carbonate-minor quartz vein swarms in the southwest (Mina Blanca zone) and quartz stockworks and quartz veins in the northeast part of the concession (Escorpion –Los Pozos zones). The epithermal system is hosted in volcanoclastic sediments, porphyritic andesites and rhyodacitic rocks, the same rock types which host mineralization at Escobal.

To earn a 100% interest in El Escorpion, Chesapeake agreed to pay US\$351,000 in option payments over 5 years per the schedule below. A 1% NSR can be purchased for US\$585,000.

Carrying amount (USD\$)	September 30, 2016
Upon signing the agreement (paid)	16.0
On January 28, 2012 (paid)	25.0
On January 28, 2013 (paid)	30.0
On January 28, 2014 (paid)	35.0
On March 23, 2015 (paid)	25.0
On July 28, 2015 (paid)	20.0
On January 28, 2016 (see schedule amended below)	200.0
	351.0

On May 20, 2016, the Company amended the final US \$200,000 payment schedule as per below:

Carrying amount ('000 USD\$)	September 30, 2017
On or before signing the amendment (paid)	60.0
On May 31, 2016 (paid)	70.0
On September 1, 2016 (paid)	35.0
On December 15, 2016 (paid)	15.0
On December 15, 2016 (payment outstanding)	20.0
	200.0

On June 14, 2013, the Company concluded an agreement in respect of El Escorpion with Chesapeake, whereby Gunpoint will acquire a 100% interest in El Escorpion. Gunpoint has agreed to acquire a 100% interest in El Escorpion by issuing and granting the following to Chesapeake.

- 500,000 common shares of Gunpoint
- 500,000 warrants exercisable at \$1.50 per share for a term of five years
- A 1.5% NSR royalty in the event Chesapeake purchases the existing 1.0% NSR
- 1.0 million common shares of Gunpoint in the event a NI 43-101 measured and indicated resource estimate of 1.0 million gold equivalent ounces is achieved on the Escorpion property.

On August 19, 2015, the Ministry of Energy and Mines granted title for the El Escorpion concessions. In late 2016, the Constitutional Court of Guatemala temporarily suspended permits for several mineral concessions in the country including El Escorpion. The Constitutional Court is seeking a review of the stakeholder engagement process. Gunpoint has initiated a follow up consultation with the local community to support the cancellation of the suspension. The property vendor has agreed to an extension of the final payment of \$20,000 to purchase El Escorpion until the exploration suspension is lifted.

SUMMARY OF INTERIM CONSOLIDATED LOSS

In \$000s	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
Depreciation	-	(0.5)
Exploration	(1.9)	(39.2)
General & administration ⁽¹⁾	(50.9)	(82.7)
Share based compensation	23.6	(36.5)
	(29.2)	(158.9)
Finance (cost) income, net	(27.0)	(27.5)
Foreign exchange gain (loss)	(100.3)	(20.9)
Impairment from disposal of PPE	-	(6.7)
Impairment of long-term investment	-	(100.6)
Other (expenses)	71.5	-
Gain on debt settlement	-	23.4
Net loss	(85.0)	(291.2)
Other comprehensive income	(214.8)	670.2
Net gain (loss) and comprehensive loss	(299.8)	379.0
Basic/Diluted loss per share	(0.00)	(0.01)

(1) General and administration (“G&A”) consists of general and administrative expenses and professional fees

The Company incurred a net loss of \$85,000 for the nine months period ended September 30, 2017, compared to \$291,200 in 2016. The lower loss is attributable to a reduction in general corporate activities and overhead. For the nine months period ended September 30 2017, the Company did not recognize an impairment on long-term investments, compared to \$100,600 of impairment in 2016. The administrative expenses of \$50,900 during the nine months period comprise mostly legal and accounting fees, compared to \$82,700 in 2016. The Company recognized a \$23,600 gain on share based compensation in the current period due to the cancellation of unvested stock options, compared to an expense of \$36,500 in 2016. Other income of \$71,500 was related to the cash payment and common shares received from the La Cecilia transaction with Riverside.

Other comprehensive loss of \$214,800 resulted from the unrealized loss (due to market conditions) in the Company’s holdings in Timberline, Jiulian and Riverside for the third quarter ended September 30, 2017, compared to an unrealized gain of \$569,600 on both investments in 2016.

Consolidated quarterly loss – 8 quarters historic trend

In \$000s	3mths 30-Sep-17	3mths 30-Jun-17	3mths 31-Mar-17	3mths 31-Dec-16	3mths 30-Sep-16	3mths 30-Jun-16	3mths 31-Mar-16	3mths 31-Dec-15
Exploration	(0.2)	(0.3)	(1.4)	-	(16.5)	(6.4)	(16.3)	(6.8)
Net gain (loss) before taxes	(71.5)	1.6	(15.1)	(38.0)	(19.2)	(72.9)	(199.1)	(1,257.3)
Deferred income tax recovery	-	-	-	(27.2)	-	-	-	132.7
Net (loss) income after taxes	(71.5)	1.6	(15.1)	(65.2)	(19.2)	(72.9)	(199.1)	(1,124.6)
Total comprehensive (loss) income	(352.0)	(435.3)	487.5	(315.1)	(174.2)	824.3	(198.2)	(836.7)
Basic/Diluted (loss) income per share	(0.00)	0.00	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.03)
Total assets	8,063.2	8,418.6	8,851.8	8,380.5	8,660.8	8,797.7	7,931.3	8,004.9

Three months ended September 30, 2017 vs. all prior quarters historically.

The Company incurred a net loss before tax of \$71,500 for the three months ended September 30, 2017. During the quarter, \$54,500 of unrealized foreign exchange losses were recorded and \$9,300 interest was accrued for the convertible debenture. The Company's corporate overhead and general expenditure have been reduced compared to the previous quarters in 2015 and 2016. The Company's focus remained on maintaining its mineral properties in good standing and coordinating due diligence activities for potential joint venture.

Total assets decreased over the two fiscal years due to the fluctuation of the fair value of its long-term investments and mineral properties.

LIQUIDITY AND CAPITAL RESOURCES

In \$000s, nine months ended	September 30, 2017	September 30, 2016
Cash outflows from operating activities	(37.5)	(155.3)
Cash inflows from financing activities	-	280.2
Cash flow (outflow) from investing activities	1,343.0	(227.6)
Net cash flows	1,305.5	(102.7)
Cash balance	1,357.7	240.5

As at September 30, 2017, the Company's net working capital was \$418,100 compared to a net working capital deficiency of \$764,400 at December 31, 2016. The increase in working capital is attributable to the increase in cash payments received from the Timberline and Riverside option agreements.

Cash outflow from operating activities in the period ended September 30, 2017 was primarily administrative support for maintaining the Company's properties in good standing.

There were no financing activities in the third quarter. For the comparative quarter in 2016, \$280,200 was advanced by the parent company, Chesapeake (owns 74 % of the outstanding common shares of the Company).

Cash inflow from investing activities for the nine months ended September 30, 2017 was due to the Talapoosa option payment of US\$1 million received from Timberline and \$25,000 La Cecilia payment from Riverside.

The Company's ability to continue as a going concern is dependent on the Company's ability to raise funds. The Company has placed its mineral properties on care and maintenance until the Company can obtain additional financing.

SHAREHOLDERS' EQUITY

As at the September 30, 2017 and the date of this report the Company had 43,501,600 shares, 500,000 share purchase warrants and 905,000 stock options outstanding.

The following is a summary of share purchase warrants as at September 30, 2017 and the date of this report:

Number of warrants	Exercise price per share	Expiry Date
500,000	\$1.50	14-Jun-18

The following is a summary of stock option outstanding as at September 30, 2017 and as at the date of the report:

Number of options	Vested	Exercise price per share	Expiry Date
905,000	905,000	\$0.25	23-Apr-19

REGULATORY DISCLOSURES

Off-Balance Sheet Arrangements

As at the date of this report, the Company had no off-balance sheet arrangements as of the date of this report.

Related Party Transactions

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

For the nine months ended September 30, 2017, there were no management fees paid. The total accrued as at December 31, 2016 was \$nil.

As at September 30, 2017, the Company has a convertible debenture in the principal amount of \$700,000 (plus related accrued interest) outstanding indebted to the President of the Company.

As of September 30, 2017, an amount of \$1,041,600 was due to Chesapeake, the parent of the Company (December 31, 2016 - \$1,042,200). These amounts are unsecured and non-interest bearing.

Financial Instruments

The following provides a comparison of carrying and fair values of each classification of financial instrument:

In \$000s	September 30, 2017		December 31, 2016	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
<i>Fair value to profit and loss ("FVTPL")</i>				
Cash and cash equivalents	1,357.7	1,357.7	158.3	158.3
<i>Available-for-sale</i>				
Long-term investment	1,261.2	1,261.2	810.0	810.0
Financial liabilities				
<i>Other financial liabilities</i>				
Accounts payable & accrued liabilities	269.3	269.3	248.9	248.9
Due to related party	1,041.6	1,041.6	1,042.2	1,042.2

The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices).

The following table sets forth the Company's assets and liabilities measured at fair value on a recurring basis by level within the fair value hierarchy. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The following table sets forth the Company's assets and liabilities measured at fair value on a recurring basis by level within the fair value hierarchy. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

In '000				
	Level 1	Level 2	Level 3	Total September 30, 2017
Cash	\$ 1,357.7	\$ -	\$ -	\$ 1,357.7
Long-term investment	1,261.2	-	-	1,261.2

In '000				
	Level 1	Level 2	Level 3	Total December 31, 2016
Cash	\$ 158.3	\$ -	\$ -	\$ 158.3
Long-term investment	810.0	-	-	810.0

Capital Management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue the development of its resource properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

In the management of capital, the Company includes the components of shareholders' equity as well as cash and investments.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue new shares, issue new debts, acquire or dispose of assets or adjust the amount of cash and cash equivalents, and investments.

In order to maximize ongoing development efforts, the Company does not pay out dividends.

The Company's investment policy is to invest its cash in highly liquid short-term interest-bearing investments, such as Canadian Government treasury bills, banker's acceptances or Guaranteed Investments Certificates, with initial maturity terms less than one year from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

Significant Accounting Policies

Critical accounting estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the consolidated financial statements and the reported expenditures during the periods presented. Note 3 of the Company's 2016 year ended consolidated financial statements describes all the significant accounting policies as well as the significant judgements and estimates.

Future changes in accounting policies not yet adopted

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

This standard was issued on May 28, 2014 and will replace IAS 11 Construction Contracts (“IAS 11”), IAS 18 Revenue (“IAS 18”), and related interpretations. This new standard outlines a single comprehensive model to be used in recognizing revenue arising from contracts with customers, and contains more prescriptive guidance than in IAS 11, IAS 18 and related interpretations. The core principle in IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration the entity expects to be entitled to in exchange. The standard is effective for reporting periods beginning on or after January 1, 2018, with early adoption permitted. The Company will adopt IFRS 15 at the effective date and does not expect this pronouncement to have a significant impact on its consolidated financial statements at the Company does not generate significant revenue given the current stage of its mineral exploration projects. The Company will reassess the impact once significant revenue is generated.

IFRS 9 Financial instruments (“IFRS 9”)

On July 25, 2014, the final publication of this standard was issued, and will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 provides guidance for the classification of financial assets based on the contractual cash flow characteristics of the financial assets and the Company’s business model for managing financial assets. Changes in the fair value of an entity’s own debt when it is classified as fair value through profit or loss (“FVTPL”), to the extent that they relate to changes in the entity’s own credit risk, are recognized in other comprehensive income. The new standard also requires a single impairment model to be used, replacing the multiple impairment models in IAS 39. The standard is effective for reporting periods beginning on or after January 1, 2018, with early adoption permitted. The Company will adopt IFRS 9 at the effective date and does not expect this pronouncement to have a significant impact on the consolidated financial statements given the extent of its current use of financial instruments.

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

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

The Company will adopt IFRS 16 at the effective date and does not expect this pronouncement to have a significant impact on the consolidated financial statements given the extent of its current use of leases.

RISKS AND UNCERTAINTIES

The Company is in the business of acquiring, exploring and developing gold and silver properties. The Company is exposed to a number of risks and uncertainties that are common to other resource exploration companies in the same business.

The risks and uncertainties described in this section are considered by management to be the most important in the context of the Company’s business. The risks and uncertainties below are not inclusive of all the risks and uncertainties the Company may be subject to and other risks may apply.

Early Stage – Need for Additional Funds

Gunpoint has no history of profitable operations and its present business is at an early stage. The Company anticipates that it may make substantial capital expenditures for the acquisition, exploration, development and production of its mineral properties in the future. The Company currently has no revenue and may have limited ability to expend the capital necessary to undertake or complete future exploration or development programs. As such, the Company is subject to many risks common to other companies in the same business, including under-capitalization, cash shortages, and limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance

that Gunpoint will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations.

The Company expects to obtain financing in the future primarily through further equity and/or debt financing, as well as through joint venturing and/or optioning out the Company's properties to qualified mineral exploration companies. There can be no assurance that the Company will succeed in obtaining additional financing, now or in the future. Failure to raise additional financing on a timely basis could cause the Company to suspend its operation and eventually to forfeit or sell its interest in its properties.

Exploration and Development

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits, but also from finding mineral deposits that, though present, are of insufficient size and/or grade to return a profit from production.

The Company does not have any operating mines at present. All the Company's properties are in the exploration stage. There is no assurance that a commercially viable mineral deposit exists on any of the Company's properties and substantial additional work will be required in order to determine the presence of any such deposit.

All of the mineral claims to which Gunpoint has a right to acquire an interest are in the exploration stages only, and are without a known body of commercial ore. Upon discovery of a mineralized occurrence, several stages of exploration and assessment are required before its economic viability can be determined. Development of the subject mineral properties would follow only if favorable results are determined at each stage of assessment. Few precious and base metal deposits are ultimately developed into producing mines.

There is no assurance that Gunpoint's mineral exploration activities will result in any discoveries of commercial bodies of ore. The long-term profitability of Gunpoint's operations will in part be directly related to the costs and success of its exploration programs, which may be affected by a number of factors.

Operating Hazards and Risks

Mining operations involve many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome.

In the course of exploration, development and production of mineral properties, certain risks, and in particular unexpected or unusual geological operating conditions, including rock bursts, cave-ins, fires, flooding and earthquakes, may occur. Operations in which Gunpoint has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of mineral deposits, any of which could result in damage to or destruction of mines and other producing facilities, damage to life and property, environmental damage and possible legal liability for any or all damages.

Although Gunpoint maintains liability insurance in an amount which it considers adequate, the nature of these risks is such that liabilities could exceed policy limits, in which event Gunpoint could incur significant costs that could have a materially adverse effect upon its financial conditions.

Supplies, Infrastructure, Weather and Inflation

Gunpoint's property interests are often located in remote, undeveloped areas and the availability of infrastructure such as surface access, skilled labour, fuel and power at an economic cost cannot be assured. These are integral requirements for exploration, production and development facilities on mineral properties. Power may need to be generated on site.

Due to the partial remoteness of its exploration projects, Gunpoint may be forced to rely on the accessibility of secondary roads and air transport for the supply of goods and services.

Metal Prices

The mining industry, in general, is intensely competitive and there is no assurance that a profitable market will exist for the sale of metals produced even if commercial quantities of precious and/or base metals are discovered. Factors beyond the control of Gunpoint may affect the marketability of metals discovered. Pricing is affected by numerous factors beyond Gunpoint's control, such as international economic and political trends, global or regional consumption and demand patterns, increased production and smelter availability. There is no assurance that the price of metals recovered from any mineral deposit will be such that they can be mined at a profit.

Title Risks

Although Gunpoint has exercised the usual due diligence with respect to determining title to properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned. Gunpoint's mineral property interests may be subject to prior unregistered agreements, or transfers, or indigenous claims, and title may be affected by undetected defects.

Environmental Regulations, Permits and Licenses

Gunpoint's operations are subject to various laws and regulations in the various jurisdictions in which the Company operates that govern the protection of the environment, exploration, development, production, taxes, labour standards, occupational health, waste disposal, safety and other matters.

Environmental legislation provides restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact statements. Environmental legislation is evolving in a direction of stricter standards and enforcement, and higher fines and penalties for non-compliance. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations. Gunpoint intends to fully comply with all environmental regulations.

The current operations of Gunpoint require permits from various United States, Mexican, and Guatemalan domestic authorities and such operations are governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental, mine safety and other matters.

Gunpoint believes that it is in substantial compliance with all material laws and regulations which currently apply to its activities. There can be no assurance, however, that all permits which Gunpoint may require for its operations and exploration activities will be obtainable on reasonable terms or on a timely basis or that such laws and regulations would not have an adverse effect on any mining project which the Company might undertake.

Competition and Agreements with Other Parties

The mining industry is intensely competitive in all its phases, and Gunpoint competes with other companies that have greater financial resources and technical capacity. Competition could adversely affect Gunpoint's ability to acquire suitable properties or prospects in the future.

Gunpoint may, in the future, be unable to meet its share of costs incurred under such agreements to which it is a party and it may have its interest in the properties subject to such agreements reduced as a result. Also, if other parties to such agreements do not meet their share of such costs, Gunpoint may not be able to finance the expenditures required to complete recommended programs.

Economic Conditions

Unfavourable economic conditions may negatively impact Gunpoint's financial viability. Unfavourable economic conditions could also increase Gunpoint's financing costs, decrease net income or increase net loss, limit access to capital markets and negatively impact any of the availability of credit facilities to the Company.

Dependence on Management

The Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of Gunpoint could result and other persons would be required to manage and operate Gunpoint.

FORWARD LOOKING STATEMENTS

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Such forward-looking statements and information herein include, but are not limited to, statements regarding prospective metal production, timing and expenditures to develop the properties, mineral resources, grades and recoveries, cash costs per ounce, capital and operating expenditures and sustaining capital and the ability to fund mine

development. The Company does not intend to, and does not assume any obligation to update such forward-looking statements or information, other than as required by applicable law.

Forward-looking statements or information involve known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company and its operations to be materially different from those expressed or implied by such statements. Such factors include, among others: ability to finance mine development, fluctuations in the prices of metals, fluctuations in the currency markets (particularly the Mexican peso, Canadian dollar and U.S. dollar); changes in national and local governments, legislation, taxation, controls, regulations and political or economic developments in Canada, the United States and Mexico; operating or technical difficulties in mineral exploration, development and mining activities; risks and hazards of mineral exploration, development and mining (including environmental hazards, industrial accidents, unusual or unexpected geological conditions, pressures, cave-ins and flooding); inadequate insurance, or inability to obtain insurance; availability of and costs associated with mining inputs and labour; the speculative nature of mineral exploration and development, diminishing quantities or grades of mineral reserves as properties are mined; risks in obtaining necessary licenses and permits, and challenges to the Company's title to properties.

Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements or information, there may be other factors that cause results to be materially different from those anticipated, described, estimated, assessed or intended. There can be no assurance that any forward-looking statements or information will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements or information. Accordingly, readers should not place undue reliance on forward-looking statements or information.

Other technical information

Mr. Todd McCracken (P. Geo) of Tetra Tech is the Qualified Person as defined by NI 43-101 and is responsible for technical information in the updated Resource Estimate for Talapoosa.