

GITENNES EXPLORATION INC.
INTERIM MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2018

November 27, 2018

This Interim Management Discussion and Analysis (“MD&A”) provides information on the Company’s activities for the nine months ended September 30, 2018, and subsequent activity to the date of this report. This discussion supplements, but does not form part of, the Company’s September 30, 2018 interim financial statements. Consequently, the information set forth below should be read in conjunction with the Company’s unaudited condensed interim consolidated financial statements, and the notes thereto, for the nine months ended September 30, 2018, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”). Unless noted otherwise, all figures are in Canadian dollars.

Additional information about the Company, including the 2017 annual MD&A and audited consolidated financial statements, and the notes thereto, for the year ended December 31, 2017, prepared in accordance with IFRS, can be found on SEDAR at www.sedar.com.

Description of the Business

Gitennes Exploration Inc. (the “Company”) is in the business of exploring for and advancing mineral deposits. The Company acquires properties directly by staking, through option agreements with prospectors or other exploration companies, and through reconnaissance programmes. As at September 30, 2018, the Company’s mineral interests consisted of the Snowbird gold property, located near Fort St. James in northern British Columbia, the Maroon gold property, located near Terrace in northern British Columbia, and a royalty interest in the Urumulqui silver property in Peru, which is owned by AndeanGold Ltd. (“Andean”).

Overall Performance and Outlook

During the period under review, the Company:

- received a multi-year permit for diamond drilling at the Snowbird project;
- continued with planning and interpretive work on Snowbird in preparation for its 2018 drill programme;
- completed a phase-two diamond drill programme of 1,612 metres at Snowbird in July and August 2018;
- reviewed additional projects for acquisition;
- received cash proceeds of \$80,000 in March 2018 upon the exercise of 1,600,000 warrants and repaid the \$50,000 loan payable to the chief executive officer of the Company;
- signed an agreement to acquire the Maroon property; and
- completed a short reconnaissance field programme at Maroon including mapping and sampling of the historic workings.

The Company looks forward to completing additional drilling at its Snowbird property and commencing more in-depth work at Maroon. Provided the Company can secure additional financing, a phase-three drill programme at Snowbird would consist of a minimum of 1,600 metres and would target down dip mineralization. At Maroon, the Company’s next phase of work would include detailed mapping, sampling and a Magnetometer survey.

Results of Operations

The Company had a loss and comprehensive loss of \$537,269 for the nine-month period ended September 30, 2018, which compares with a loss of \$757,044 for the same period in 2017. Significant items included in the current and comparative results of operations are as follows:

	2018	2017
Accounting and audit	\$ 43,700	\$ 40,463
Exploration and evaluation	\$ 333,916	\$ 566,348
Legal fees	\$ 3,992	\$ 17,251
Management fees	\$ 45,000	\$ 45,000
Share-based compensation	\$ 61,181	\$ 89,135
Stock exchange and filing	\$ 10,690	\$ 12,774
Interest income	\$ -	\$ 20,000
Deferred income tax recovery	\$ -	\$ 28,846

The loss for the current period is lower than the comparative period primarily due to lower exploration and evaluation expenditures, which were \$333,916 in the current period compared to \$566,348 in the prior period. In the current period, the Company incurred \$19,419 in option payments and finder's fees, which were settled through the issuance of shares. This compares to \$344,438 in option payments and finder's fees, which were settled by the issuance of shares in the comparative period. In addition, legal and filing fees were higher in the comparative period due to the Company's continuation into British Columbia and its signing of the Snowbird agreement.

Cash flows used in operations, before changes in non-cash working capital items, totalled \$455,938 for the current period and compares to cash of \$345,576 used in the same period of 2017. While the Company incurred lower exploration costs in 2018 than in 2017, it incurred higher cash exploration costs in 2018 and higher non-cash exploration costs in 2017.

Financial Data for the Last Eight Quarters

Selected financial data for the eight most recent quarters are presented in accordance with IFRS:

Quarter Ended	Sep 30 2018	Jun 30 2018	Mar 31 2018	Dec 31 2017	Sep 30 2017	Jun 30 2017	Mar 31 2017	Dec 31 2016
Exploration and evaluation	\$ 263,488	\$ 55,995	\$ 14,433	\$ 213,436	\$ 176,114	\$ 381,872	\$ 8,362	\$ 66
Share-based compensation	\$ 61,181	\$ -	\$ -	\$ 42,036	\$ -	\$ 42,827	\$ 46,308	\$ 40,964
Interest received - due from AndeanGold Ltd.	\$ -	\$ -	\$ -	\$ -	\$ 20,000	\$ -	\$ -	\$ 10,000
Comprehensive loss for the quarter	\$ (369,640)	\$ (105,318)	\$ (62,311)	\$ (312,143)	\$ (177,437)	\$ (474,453)	\$ (105,154)	\$ (48,138)
Loss per share - basic and diluted	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.00)	\$ (0.00)

The Company has no ongoing source of operating revenue. In addition to the normal expenses associated with its exploration and administrative activities, the Company had certain infrequent or non-recurring transactions that produced significant variances in its operating results for the quarters presented as described below.

During the quarter ended December 31, 2016, the Company received an interest payment of \$10,000 from Andean and recorded share-based compensation of \$40,964 upon the granting and vesting of 2,450,000 stock options.

During the quarter ended March 31, 2017, the Company incurred staking costs at Snowbird and completed its continuance from Ontario into British Columbia resulting in higher than normal legal costs. The Company also granted and vested 1,500,000 stock options and recorded share-based compensation of \$46,308. During the quarter ended June 30, 2017, the Company incurred option payments and exploration costs on its Snowbird property of \$380,763 and recorded share-based compensation of \$42,827 upon the granting and vesting of

850,000 stock options. During the quarter ended September 30, 2017, the Company received an interest payment of \$20,000 from Andean and incurred \$176,114 in exploration costs at Snowbird in preparation for a drill programme that commenced in October 2017. During the quarter ended December 31, 2017, the Company completed its initial drill programme at Snowbird and recorded \$213,436 in exploration costs. In addition, the Company recorded share-based compensation of \$42,036 upon the granting and vesting of 400,000 stock options.

During the quarters ended March 31, 2018 and June 30, 2018, the Company incurred staking and geological costs at Snowbird as it prepared for its phase-two drill programme. In June 2018, the Company incurred option payments and finder's fees of \$34,419 upon finalizing its Maroon property agreement. During the quarter ended September 30, 2018, the Company completed its phase-two drill programme at Snowbird and recorded \$263,488 in exploration costs. The Company also granted and vested 1,500,000 stock options and recorded share-based compensation of \$61,181.

Discussion of Current Quarter

The Company reported a loss and comprehensive loss during the third quarter of 2018 in the amount of \$369,640, which compares to a loss of \$177,437 in the third quarter of 2017. The variance in these results is due primarily to the Company recording significantly higher exploration and evaluation costs, and share-based compensation in the current quarter as detailed above. In addition, during the 2017 quarter, the Company received a \$20,000 interest payment from Andean and recorded a deferred income tax recovery of \$25,647, neither of which items recurred in 2018.

Cash flows used in operations, before changes in non-cash working capital items, totalled \$308,215 for the current quarter and compare to cash flows used in the comparative quarter of \$200,686. The increase in cash used in the current quarter is due primarily to comparatively higher exploration costs incurred due to the Snowbird phase-two drill programme.

Properties

Snowbird Project

In February 2017, the Company entered into an option agreement granting it the right to acquire a 100% interest in the Snowbird property located near Fort St. James, British Columbia. To earn its interest, the Company must, at its option, issue 12,000,000 shares and incur \$1,500,000 in exploration expenditures as follows:

Date for completion	Shares	Expenditures
Upon regulatory approval (<i>issued</i>)	6,000,000	\$ -
On or before September 30, 2018 (<i>issued, incurred</i>)	2,000,000	500,000
On or before September 30, 2019	2,000,000	500,000
On or before September 30, 2020	2,000,000	500,000
	<u>12,000,000</u>	<u>\$ 1,500,000</u>

In May 2017, the Company issued the initial tranche of 6,000,000 shares with a fair value of \$330,000. A finder's fee of \$52,500 is payable on the transaction, which requires the issuance of shares in stages as the Company issues shares to the optionor. The initial payment of the finder's fee was paid one-half in cash and one-half by issuing 262,500 shares with a fair value of \$14,438. The agreement provides for a 2% net smelter returns royalty ("NSR") that, upon payment of royalty payments totalling \$1,300,000, reverts to an uncapped 1% NSR.

During 2017, the Company completed its first phase of exploration and drilling at Snowbird, which was focussed on the Main and North zones where historically the majority of work was concentrated. A total of 50 line-kilometres of high resolution ground magnetometer data was collected and processed. The results from the survey clearly define the main structural corridor and the mariposite alteration zone ("MAZ") for over 2.5 kilometres as a prominent, northwest-southeast trending, generally linear, magnetic low feature with widths varying from 25 metres up to approximately 150 metres. In November 2017, the Company completed its phase-one drill programme consisting of 1,212 metres of NQ2 core in ten holes in the Main and North Zones.

The phase-one drilling produced multi-gram gold intervals in seven out of ten holes with the highest grade intersected at relatively shallow depth, approximately 50 metres below the surface, and it remains open. High-grade gold intercepts occur within and adjacent to the 25- to 150-metre wide MAZ in areas of high deformation (faulting/shearing) and are associated with key pathfinder elements arsenic and antimony. MAZ is the main target zone at Snowbird and is located within the 4.8-kilometre-long Sowchea Fault. Elevated gold, arsenic and antimony have historically been determined to occur at several locations over 2.3 kms of the Sowchea Fault. This

target remains to be thoroughly drill tested. In July 2018, the Company commenced a phase-two drill programme and completed 1,612 metres of diamond drilling in ten holes in August 2018.

The objective of the Company's phase-two drill programme was to extend the high-grade gold mineralization identified in the 1980's along strike. This was successful as the North and Main Zone were connected. The majority of drill holes were collared in the North Zone but from locations northwest of previous 1980's drill holes, thereby extending North Zone mineralization and high grade along strike and up dip. Snowbird remains open at depth and along strike. Phase-two drilling also confirmed that diamond drilling of the Snowbird Project consistently returns high grade gold intersections. Intense alteration including silicification, carbonatization and chloritization throughout the entire strings of drill core combined with intense shearing indicates a strong and robust system conducive to hosting lode gold-style mineralization.

Hole SB18-06 intersected 22.5 g/t gold over 0.82 metres within 1.32 metres grading 15.13 g/t gold. Nine of ten holes intersected anomalous gold over intervals up to 4.5 metres wide while six of 10 drill holes intersected gold grades greater than 1.0 g/t gold. Hole SB18-02 intersected 4.24 g/t gold over 0.7 metres from 114.8 to 115.5 metres and 4.53 g/t gold over 0.9 metres from 116 to 116.9 metres. Hole SB18-03 intersected 4.81 g/t gold over 0.5 metres from 30.4 to 30.9 metres.

Gitennes' work suggests that the down dip extension of the Main Zone mineralization may steepen at depth. When the Company conducts another phase of drilling it will test this as all historical drilling has been to a vertical depth of less than 150 metres. Gitennes' next phase of drilling will test the steepening of the Main Zone mineralization at depth by drilling up to 400-metre holes.

Maroon Project

In May 2018, the Company entered into an option agreement to acquire a 100% interest in the Maroon gold property located 35 kilometres north of Terrace, British Columbia. Upon regulatory approval, the Company paid the optionor \$15,000 and issued 300,000 shares and can acquire its interest by issuing, at its option, an additional 600,000 shares and making exploration expenditures of \$400,000 as follows:

	Shares	Expenditures
Upon regulatory approval (<i>issued</i>)	300,000	\$ -
On or before September 30, 2019	300,000	150,000
On or before September 30, 2020	300,000	250,000
	<u>900,000</u>	<u>\$ 400,000</u>

In June 2018, the Company issued the initial tranche of 300,000 shares to the optionor, with a fair value of \$16,500. A finder's fee of \$7,350 is payable on the transaction, which requires the issuance of shares in stages as the Company issues shares to the optionor. The initial payment of the finder's fee was paid by issuing 53,077 shares with a fair value of \$2,919. The agreement provides for a 2% NSR, one-half of which may be purchased by the Company upon payment of \$500,000.

Gitennes commenced an initial work programme in August 2018 that consisted of reconnaissance mapping and sampling and surveying of historic trenches and adits. Historically, six adits were driven on veins on the property and from one vein, the Bear Vein, it was historically reported that 25 tons of material was shipped yielding 1.48 oz/t gold, 4.6 oz/t silver, 8.4% zinc and 4.9% lead. The following table presents the assay results from Gitennes' sampling:

Area	Gold (g/t)	Silver (g/t)	Copper (%)	Lead (%)	Zinc (%)
Lower Adit – Bear Vein ⁽¹⁾	50.4	183	0.42%	9.03%	2.01%
	25.4	105	0.18%	4.74%	1.48%
	17.15	120	0.55%	5.41%	4.31%
Upper Adit – Bear Vein ⁽¹⁾	35.3	245	0.66%	13.85%	3.90%
	2.75	64.5	0.01%	2.72%	0.10%
	1.23	4.7	0.05%	0.21%	0.08%
Subcrop above Bear Vein Adits ⁽¹⁾	6.67	38.9	0.11%	1.51%	11.45%
	7.78	70.1	0.05%	3.62%	10.00%
Bear Vein Dump Material ⁽²⁾	104.5	277	0.07%	14.55%	10.90%
	24.9	96	0.06%	3.90%	2.51%

Urumalqui Project

The Company owned a 100% interest in the Urumalqui project situated in north-central Peru. Between April 2010 and December 2014, the Company signed agreements with Andean granting it the right to earn an aggregate 100% interest in Urumalqui, which it earned on December 22, 2014. The Company retains an uncapped NSR of 1.5% on all metals produced at Urumalqui, with no buy-out or other provisions attached. In addition, the Company retained a convertible debenture receivable from Andean with a face value of \$475,000 and an annual interest rate of 6% with interest only due semi-annually. The debenture is convertible into shares of Andean, at the Company's option, at a conversion rate of \$0.06 per Andean share. During the period of the debenture, Andean is required to pay 12% of any funds raised by it and certain of its subsidiaries to pay down the debenture. The debenture matured on December 22, 2017.

Since October 1, 2015, the common shares of Andean have been subject to a Cease-Trade Order issued by the British Columbia Securities Commission due to a default in complying with its continuous disclosure filing requirements. In light of the financial condition of Andean as at December 31, 2015, the Company performed an impairment test on the convertible debenture receivable and recorded an impairment loss to write down the carrying value to a nominal balance. Given the continued halted status of Andean's shares, the Company continues to carry the convertible debenture at a nominal value of \$1,000; the conversion feature of the convertible debenture is considered to be of nominal value.

The Company received payments from Andean of \$10,000 in November 2016 and \$20,000 in August 2017 to be applied against outstanding interest. Accrued interest to date has not been recognized in the accounts and while the continued Cease-Trade Order on Andean supports the Company's nominal value assignment to the convertible debenture, management remains committed to collecting the \$475,000 face value of the debenture, plus accrued interest, as future circumstances permit.

The Company also continues to hold 663,000 common shares of Andean, which were acquired under the option agreements relating to the Urumalqui project. The acquisition of these shares represented an investment in the Urumalqui project and not an acquisition of held-for-trading assets. Accordingly, upon adoption of IFRS 9 on January 1, 2018, the Company classified these shares as financial assets at fair value through other comprehensive income. The shares are being carried at a nominal value.

Hixon Project

In June 2016, the Company acquired, through staking, mining claims in the northern part of the Barkerville Gold Belt. The property is in an area with a history of placer mining and is the site of an active placer mine. The local placer miner who identified the opportunity for Gitennes was granted a 2% net smelter returns royalty ("NSR") on all hard-rock mineral products. The property is in the Cariboo Gold District and lies approximately 40 kilometres northwest of Barkerville Gold Mine's Cariboo Gold Project. In August 2016, the Company completed a first-phase exploration programme on these claims that included geophysics, mapping, and soil sampling. Ground geophysical surveys consisted of magnetics and electromagnetics. Due to disappointing results, the Company abandoned the project in June 2018.

Liquidity

The Company's cash position decreased during the period by \$239,320, being the cash received from financing activities of \$30,000 less the cash required for its current operating activities of \$243,820 and investing activities of \$25,500 as detailed below.

As at September 30, 2018, cash totalled \$164,358, which compares to \$403,678 as at December 31, 2017. The Company had a working capital deficiency of \$143,698 as at September 30, 2018, which compares to working capital of \$307,740 as at December 31, 2017.

During the nine-month period, the Company experienced cash administrative expenses of approximately \$141,000 and cash exploration expenditures of approximately \$315,000. The Company also raised \$80,000 in equity financing upon the exercise of warrants, repaid the \$50,000 loan payable to the chief executive officer of the Company, and posted a reclamation bond on the Snowbird property for \$25,500. Management does not consider the Company's current working capital to be sufficient to meet its planned exploration expenditures as well as its minimum overhead and property maintenance requirements for the next twelve months.

The Company establishes its administrative and exploration budgets based on expected cash resources and such budgets are regularly adjusted according to actual cash resources. Given the current uncertainty in the capital markets for junior exploration companies, the extent of such budgets and programs will be tailored to available cash resources.

Capital Resources

Without operating revenues and recurring income from the sale or option of properties, the Company is dependent upon meeting its future capital requirements through the issuance of capital stock. Accordingly, as discussed in Note 1 to the September 30, 2018 condensed interim consolidated financial statements, management has identified certain conditions that cast significant doubt upon the Company's ability to continue as a going concern.

To earn its interest in the Snowbird project, the Company must issue a further 4,000,000 shares and incur exploration expenditures of \$500,000 per year for a total of \$1,500,000 by September 30, 2020. To earn its interest in the Maroon property, additional share issuances of 600,000 shares and \$400,000 in exploration expenditures are also required by September 30, 2020. All of these expenditures and share issuances are optional and at the discretion of the Company.

The Company's current capital resources are insufficient to meet its minimum operating overhead for the ensuing twelve months and in order to maintain ongoing operations, advance its mineral projects, and settle amounts due to related parties, the Company will have to raise equity capital through the issuance of shares.

Management believes that it will be able to raise equity capital as required in the long term, but recognizes the risks attached thereto. Although the Company has been successful in the past in obtaining financing, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favourable.

Off-Balance Sheet Arrangements

The Company had no off-balance sheet arrangements as at September 30, 2018 or the date hereof.

Proposed Transactions

The Company had no proposed transactions as at September 30, 2018 or the date hereof.

Transactions with Related Parties and Key Management Compensation

The Company had related party transactions with associated persons or corporations, which were undertaken in the normal course of operations and were measured at the amounts agreed to by the parties. Key management personnel include executive and non-executive directors and executive officers. The compensation paid or payable to key management is as follows:

		2018		2017
Administrative consulting fees (i)	\$	45,000	\$	45,000
Accounting fees (ii)		31,500		31,500
	\$	76,500	\$	76,500

- (i) Paid/accrued to a company controlled by the chief executive officer;
- (ii) Paid/accrued to the chief financial officer;

In addition, the Company recorded share-based compensation of \$59,142 (2017 - \$46,308), which relates to incentive stock options granted to directors and officers. Share-based compensation is a non-cash item calculated using the Black-Scholes Option-Pricing Model with the assumptions detailed in Note 3c to the Company's September 30, 2018 condensed interim consolidated financial statements.

Accounts payable includes \$107,000 (December 31, 2017 - \$51,000) in accrued administrative and geological consulting and accounting fees due to the chief executive officer and the chief financial officer.

The chief executive officer and the chief financial officer have agreed to waive payment of accrued administrative consulting and accounting fees totalling \$42,500 such that payment will not be required within twelve months. Accordingly, this balance has been classified as long-term debt in the Company's financial statements. These amounts bear interest at 8% per annum; during the period, interest totalling \$2,543 was paid on these amounts.

In July 2016, the Company received a loan of \$50,000 from the chief executive officer of the Company. The loan was unsecured, bearing interest at 10% per annum, and matured on July 1, 2019 with the option of prepayment without penalty. The loan was repaid in March 2018, along with accrued interest of \$1,110.

Outstanding Share Data

The authorized capital of the Company consists of an unlimited number of common shares without par value. As at September 30, 2018, the number of issued and outstanding common shares was 84,854,759 (103,280,058 on a diluted basis), which compares to issued and outstanding shares of 82,901,682 (103,576,981 on a diluted basis) as at December 31, 2017.

The increase in the number of shares outstanding since December 31, 2017 reflects the issuance of 1,600,000 shares upon the exercise of warrants and 353,077 shares under the Maroon property agreement. During the period, the Company granted 1,500,000 incentive stock options; 2,150,000 stock options expired unexercised. Note 3 to the Company's September 30, 2018 condensed interim consolidated financial statements contains additional details of the Company's share transactions for the period.

As at September 30, 2018 and the date hereof, the Company had stock options outstanding and fully vested entitling the holders to purchase common shares of the Company as follows:

Number	Exercise Price	Expiry Date
2,450,000	\$ 0.05	October 28, 2021
1,500,000	\$ 0.05	February 15, 2022
600,000	\$ 0.05	June 22, 2022
400,000	\$ 0.12	October 25, 2022
1,500,000	\$ 0.05	August 21, 2023
<u>6,450,000</u>		

As at September 30, 2018 and the date hereof, the Company had share purchase warrants outstanding entitling the holders to purchase common shares of the Company as follows:

Number	Exercise Price	Expiry Date
3,886,666	\$ 0.250	November 10, 2019
3,996,640	\$ 0.085	June 22, 2020
3,746,693	\$ 0.100	June 22, 2020
90,900	\$ 0.085	July 12, 2020
240,000	\$ 0.100	July 12, 2020
14,400	\$ 0.085	July 14, 2020
<u>11,975,299</u>		

As at the date hereof, the number of issued and outstanding common shares was 87,029,759 (105,455,058 on a diluted basis). In October 2018, the Company issued 2,175,000 shares from treasury under the Snowbird option agreement.

Significant Accounting Estimates and Judgments

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of expenses during the year. Actual amounts could differ from these estimates.

The Company's most significant accounting estimates relate to the determination of assumptions used to estimate the fair value of its convertible debenture receivable. Judgments are involved in assessing the probability of recognition of the benefit of deferred tax assets and the determination of functional currency.

The Company considers all current available information to estimate the timing and amounts of future cash payments to be received on its convertible debenture receivable and applies a discount rate to estimate its fair value. Actual payment dates and amounts may vary from these estimates and any resulting differences will be recorded as future information becomes available.

The Company has not recognized its deferred tax assets as management does not currently consider it probable that these assets will be recovered.

The Company has considered all primary and secondary indicators under IFRS and determined that the functional currency of its subsidiary is the Canadian dollar. While transactions conducted outside of Canada are typically denominated in the U.S. dollar, the subsidiary has no revenues from operations, very limited transactional activity, and is entirely dependent upon the Company for financing of its operations, which are largely determined in Canada.

Changes in Accounting Policies

On January 1, 2018, the Company adopted IFRS 9 – *Financial Instruments*, which replaces IAS 39 *Financial Instruments – Recognition and Measurement*. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income (“FVTOCI”) and fair value through profit or loss (“FVTPL”).

Upon adoption of IFRS9 on a retrospective basis, the Company made an irrevocable election to measure its marketable securities at FVTOCI, therefore, there was no impact on the carrying values or equity as at January 1, 2018 and no measurement differences due to adopting the new standard. Accordingly, the Company was not required to retroactively restate the comparative periods or to make an adjustment to deficit or accumulated other comprehensive income at January 1, 2018.

A detailed listing of the Company’s significant accounting policies and recent pronouncements is provided in Note 2 to the Company’s audited annual consolidated financial statements for the year ended December 31, 2017. Note 2 to the Company’s September 30, 2018 condensed interim consolidated financial statements contains a detailed description of the new financial instruments policy resulting from the adoption of this new standard.

Financial Instruments

The Company completed an assessment of its financial instruments as at January 1, 2018. The following table summarizes the original classification under IAS 39 and the new classification under IFRS 9:

	IAS 39	IFRS 9
Cash and reclamation bonds	Amortized cost	Amortized cost
Marketable securities (nominal value)	Available-for-sale	FVTOCI
Accounts receivable	Amortized cost	Amortized cost
Due from AndeanGold Ltd. (nominal value)	Amortized cost	Amortized cost
Trade payables	Amortized cost	Amortized cost
Long-term debt – related parties	Amortized cost	Amortized cost
Loan payable – related party	Amortized cost	Amortized cost

The carrying value of both the due from AndeanGold Ltd. in the form of a convertible debenture receivable and the marketable securities in the form of the Andean shares have been written down to nominal balances.

Long-term debt – related parties consists of administrative and accounting fees due to officers of the Company. The amounts bear interest at 8% and repayment of these amounts has been waived for the ensuing twelve months. Loan payable – related party was unsecured, bearing interest at 10% per annum, and matured on July 1, 2019 with the option of prepayment without penalty; the loan was repaid in March 2018.

All of the Company’s cash and reclamation bonds are held in accounts at major Canadian financial institutions with investment grade ratings – management considers the credit risk associated with its cash balances to be low.

Due to the carrying value and nature of the Company’s financial instruments, it is management’s opinion that the Company is not exposed to significant credit, interest rate, or market risks in respect of these financial instruments. The carrying value (totalling \$206,796) of the Company’s financial assets represents the maximum exposure to credit and market risk as at September 30, 2018. The Company is exposed to liquidity risk due to its limited cash resources.

Disclosure for Venture Issuers without Significant Revenue

Consistent with many companies in the mineral exploration industry, the Company has no source of operating revenue. The Company’s September 30, 2018 condensed interim consolidated statement of comprehensive loss provides a breakdown of the expenses for the period and Note 4 to these financial statements provides an analysis of the Company’s mineral interests.

Risk and Uncertainties

The business of exploration and mining is risky and there is no assurance that exploration programmes will eventually result in profitable mining operations. The recoverability of money spent on mineral properties is dependent upon various factors. These include discovering a potentially economic mineral deposit and then transforming the deposit into ore reserves through a series of stringent technical programmes. Following upon this is the ability of the Company to obtain all necessary financings to complete the development of a property and place it into commercial production. The Company must also raise funds for corporate and administrative expenses. While the Company has been successful in the past at raising funds, there can be no assurance that it will continue to do so.

The mineral industry is intensely competitive and there are inherent risks in all its phases. The Company competes with other companies, many of which have greater financial resources and experience. Metal prices are volatile and cannot be controlled or predicted.

The Company has no mining operations and its current exploration properties are at an early stage. In addition, its royalty interest is on a mineral project that is at an early stage. It is therefore exposed to many risks common to comparable companies, including under-capitalization, lack of revenue, cash shortages, and limitations with respect to personnel, financial and other resources.

The Company is dependent upon the personal efforts and commitments of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to operations could result, and other persons would be required to manage and operate the Company. Certain of the Company's directors and officers serve as directors or officers of other public and private resource companies, and to the extent that such other companies may participate in ventures in which the Company may participate, such directors and officers of the Company may have a conflict of interest.

The Company's interest in and rights to mineral properties are subject to various risks. There can be no assurance that there are not title defects affecting the Snowbird and Maroon properties, the interest of Andean in the Urumalqui property, or the NSR on the Urumalqui property in favour of the Company. The Company may become subject to liability for hazards against which it is not insured. The Urumalqui property has been previously mined and it is possible that previous operations have resulted in pollution or other environmental hazards that the Company could become responsible for. The validity of the NSR on Urumalqui is subject to AndeanGold being able to continue to retain ownership of the mineral concessions and successfully registering the NSR on behalf of Gitenes against the concession title.

The condensed interim consolidated financial statements for the period ended September 30, 2018 have been prepared on the basis of accounting principles applicable to a going concern. The assumption is that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Excepting those periods in which the Company has realized revenues from royalties or the sale or option of assets, the Company has consistently reported operating losses. The Company has limited financial resources, no source of operating cash flow, and no assurances that sufficient funding will be available to explore and develop mineral projects, or to cover the overhead costs necessary to maintain a publicly reporting company.

The securities of the Company are highly speculative due to the nature of the Company's business and the present stage of its development. Additional equity financing may result in substantial dilution thereby reducing the marketability of the Company's common shares.

Controls and procedures

The chief executive officer and chief financial officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited condensed interim consolidated financial statements and the audited annual consolidated financial statements and respective accompanying Management's Discussion and Analysis. In contrast to the certificate for non-venture issuers under National Instrument ("NI") 52-109 (Certification of disclosure in an Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

Disclosure controls and procedures

Disclosure controls and procedures (“DC&P”) are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting (“ICFR”) are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purpose in accordance with IFRS.

TSX Venture (“TSX-V”) listed companies are not required to provide representations in the interim and annual filings relating to the establishment and maintenance of DC&P and ICFR, as defined in NI 52-109. In particular, the certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The issuer’s certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding the absence of misrepresentations and fair disclosure of financial information. Investors should be aware that inherent limitations on the ability of certifying officers of a TSX-V 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.

Approval

The Board of Directors of the Company has approved the disclosure contained in this Interim MD&A, a copy of which will be provided to any interested parties upon request.

Additional Information

The Company’s publicly filed documents are available on the Company’s website or on SEDAR at ww.sedar.com.

Cautionary Note

This document contains “forward-looking information” which may include, but is not limited to, statements with respect to the future financial or operating performance of the Corporation, its subsidiaries and its projects, the future supply, demand, inventory, production and price of minerals, the estimation of mineral reserves and resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital, operating and exploration expenditures, costs and timing of the development of new deposits, costs and timing of future exploration, requirements for additional capital, government regulation of mining operations, environmental risks, reclamation expenses, title disputes or claims, limitations of insurance coverage and the timing and possible outcome of pending litigation and regulatory matters. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes” or variations (including negative variations) of such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, general business, economic, competitive, political and social uncertainties; the actual results of current exploration activities; actual results of reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of minerals; possible variations of ore grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; political instability, insurrection or war; delays in obtaining governmental approvals or financing or in the completion of development or construction activities. Although the Corporation has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this document and the Corporation disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.