



(the “Company”)

## **INTERIM MANAGEMENT’S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS**

**For the Nine Months Ended September 30, 2019**

### **General**

This interim Management’s Discussion and Analysis (“Interim MD&A”) supplements, but does not form part of, the unaudited condensed interim consolidated financial statements of the Company for the nine months ended September 30, 2019. The following information, prepared as of November 26, 2019, should be read in conjunction with the Company’s unaudited condensed interim consolidated financial statements for the nine months ended September 30, 2019 and the related notes contained therein. The Company reports its financial position, results of operations and cash flows in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). In addition, the following should be read in conjunction with the Consolidated Financial Statements of the Company for the year ended December 31, 2018 and the related MD&A. All amounts are expressed in Canadian dollars unless otherwise indicated. The September 30, 2019 financial statements have not been reviewed by the Company’s auditors.

The Company’s public filings, including its most recent unaudited and audited financial statements can be reviewed on the SEDAR website ([www.sedar.com](http://www.sedar.com)).

### **Forward Looking Information**

This Interim MD&A contains certain statements which constitute forward-looking information within the meaning of applicable Canadian securities legislation (“Forward-looking Statements”). All statements included herein, other than statements of historical fact, are Forward-looking Statements and are subject to a variety of known and unknown risks and uncertainties which could cause actual events or results to differ materially from those reflected in the Forward-looking Statements. The Forward-looking Statements in this Interim MD&A include, without limitation, statements relating to:

- the Company’s planned exploration activities for its mineral properties;
- The Company’s equity and derivative investments;
- the suspension of receiving royalty payments from the Tambor Project;
- the intended use of proceeds received from past and possible future financing activities;
- the sufficiency of the Company’s cash position and its ability to raise, if needed, equity capital or access debt facilities; and
- maturities of the Company’s financial liabilities or other contractual commitments.

Often, but not always, these Forward-looking Statements can be identified by the use of words such as “anticipates”, “believes”, “plans”, “estimates”, “expects”, “forecasts”, “scheduled”, “targets”, “possible”,

“strategy”, “potential”, “intends”, “advance”, “goal”, “objective”, “projects”, “budget”, “calculates” or statements that events, “will”, “may”, “could” or “should” occur or be achieved and similar expressions, including negative variations.

Forward-looking Statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any results, performance or achievements expressed or implied by the Forward-looking Statements. Such uncertainties and factors include, among others:

- risks associated with mineral exploration activities, and investing in companies which conduct mineral exploration and development activities;
- due diligence investigations on potential investments not identifying all relevant facts;
- inability to dispose of illiquid securities;
- receipt of royalty payments from the Tambor Project;
- fluctuations in commodity prices;
- fluctuations in foreign exchange rates and interest rates;
- credit and liquidity risks;
- changes in national and local government legislation, taxation, controls, regulations and political or economic developments in countries in which the Company does or may carry on business;
- reliance on key personnel;
- property title matters and local community relationships;
- risks associated with potential legal claims generally or with respect to environmental matters;
- adequacy of insurance coverage;
- dilution from further equity financing;
- competition; and
- uncertainties relating to general economic conditions.

as well as those factors referred to in the “Risks and Uncertainties” section in this Interim MD&A.

Forward-looking Statements contained in this Interim MD&A are based on the assumptions, beliefs, expectations and opinions of management, including but not limited to:

- all required third party contractual, regulatory and governmental approvals will be obtained for the exploration and development of the Company's properties;
- there being no significant disruptions affecting operations, whether relating to labor, supply, power, damage to equipment or other matter;
- permitting, exploration and/or development activities proceeding on a basis consistent with the Company's current expectations;
- ability to sell our equity and derivative investments as needed;
- royalty payments from the Tambor Project to begin being received again;
- due diligence investigations on potential investments will reveal all relevant facts;
- expected trends and specific assumptions regarding commodity prices and currency exchange rates; and
- prices for and availability of fuel, electricity, equipment and other key supplies remaining consistent with current levels.

These Forward-looking Statements are made as of the date hereof and the Company disclaims any obligation to update any Forward-looking Statements, whether as a result of new information, future events or results or otherwise, except as required by law. 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, investors should not place undue reliance on Forward-looking Statements.

**Business of the Company**

The Company has been exploring for gold in the Americas for over a decade which has resulted in the discovery of several gold deposits in Central America. Management has been conducting an ongoing review of exploration projects and/or distressed junior companies that may be available for acquisition or joint venture with the aim of expanding the geographic and commodity focus of the Company.

A summary of the Company's investments, royalties and properties is provided below:

**Investments**

For a description of the Company's equity investments activity during the period from January 1, 2018 to date, please see Note 6 of the Company's condensed interim consolidated financial statements for the nine months ended September 30, 2019.

The Company's current cash and cash equivalents on hand is approximately \$1.4 million and its current investments consist of:

<p><i>CROPS Inc. ("CROPS")</i> 6,764,027 shares Current market value: \$101,000  Plus: warrants to purchase an additional 4,885,675</p>	<p>CROPS is a Canadian-listed exploration company which has a 70% interest in the Bayovar 12 sedimentary phosphate resource in northern Peru.</p>
<p><i>Fortuna Silver Mines Inc. ("Fortuna")</i> 239,385 shares Current market value: \$1,003,000</p>	<p>Fortuna is a growth oriented, precious metal producer with its primary assets being the Caylloma silver mine in southern Peru, the San Jose silver-gold mine in Mexico and the Lindero gold project, currently under construction, in Argentina.</p>
<p><i>GrowMax Resources Corp ("GrowMax")</i> 1,150,000 shares Current market value: \$97,000</p>	<p>GrowMax is a TSXV listed company which owns phosphate and potassium-rich brine resources on its Bayovar concessions in northwestern Peru, and is focusing on leveraging its strong cash position to make new investments in other industries.</p>
<p><i>Medgold Resources Corp. ("Medgold")</i> 10,126,500 shares (10+% of issued) Current market value: \$708,000</p>	<p>Medgold is a TSX-V listed, project generator company targeting early-stage gold properties in southern Serbia.</p>
<p><i>Rackla Metals Inc. ("Rackla")</i> 3,973,275 shares (10+% of issued) Current market value: \$516,000</p>	<p>Rackla is a mineral exploration company actively looking for new projects in the Americas to add to its portfolio of mineral claims in the Yukon Territory.</p>

<p><i>Southern Silver Exploration Corp. ("Southern Silver")</i> 767,000 shares Current market value: \$168,000</p>	<p>Southern Silver is engaged in the acquisition, exploration and development of high-grade precious / base metals properties within North America, and is continuing to advance its flagship Cerro Las Minitas silver-lead-zinc property in Mexico.</p>
<p><i>Volcanic Gold Mines Inc. ("Volcanic")</i> 460,412 shares Current market value: \$92,000</p> <p>Plus: warrants to purchase an additional 160,714 shares</p>	<p>Volcanic is a TSXV listed company focused on building multi-million ounce gold resources in underexplored countries.</p>
<p><i>Warrior Gold Inc. ("Warrior Gold")</i> 233,785 shares Current market value: \$16,000</p>	<p>Warrior Gold is a TSXV listed company engaged in the exploration of mineral resource properties in northern Ontario with a focus on gold deposits. It has a significant land position in the world class Kirkland Lake Gold Camp five kilometres from the Town of Kirkland Lake and adjacent to Kirkland Lake Gold Inc.'s high grade producing gold mine.</p>

### Property Interests

#### *Mexico – Amalia Project*

The Amalia Project comprises 9,461 hectares located in the Sierra Madre gold belt in the State of Chihuahua, Mexico. In June 2017, the Company signed a binding agreement with a private individual to option 380 hectares of the project area which is host to high grade epithermal silver-gold mineralization. Following the signing of the option agreement, the Company staked an additional 9,081 hectares surrounding the Amalia Project, covering three new regional target areas.

In July 2018, the Company entered into an agreement with Pan American Silver Corp. ("Pan American") to drill and explore the Amalia Project – see "Pan American Option Terms" below.

The Project is located approximately 25 kilometres SW of the historic Guadalupe y Calvo mining district in Chihuahua, Mexico. During due diligence evaluation the Company's geologists sampled bonanza grade outcrop containing 20.4 g/t Au and 5,360 g/t Ag from a 1.2 metre chip. The Company established a camp at Amalia and completed an initial exploration program comprising geological mapping, prospecting and channel sampling of the three main targets: San Pedro (San Pedro now combined with Campamento), Guadalupe and Dulces. Epithermal Au-Ag mineralization has been sampled by the Company in several veins, vein breccias and disseminated zones over 3.5 kilometres of strike length and a 600 metre vertical interval following the trace of a large regional fault zone. See Company news release of September 19, 2017 for details of previously announced sampling results.

### Initial Drill Program

In October and November 2018, the Company conducted an initial 9 hole - 1,909 metre diamond core drill program at Amalia to test the three target zones across a strike length of 1.8 kilometres following the trace of a large regional fault and associated surficial epithermal gold and silver mineralization.

Five drill holes (AMDD-001 / 003 / 007 / 008 / 009) were drilled within the San Pedro structural corridor, intercepting gold and silver mineralization in all holes and defining a 650 metre strike length of epithermal banded veining, stockworks and multiphase breccia with significant gold and silver mineralization. A table of results is listed below. This initial drill program was designed to test the targets between 50 and 150 metres below ground surface. Considering the topography, the drill holes cut mineralization in a range between 1,988 metres above sea level (asl) and 1,882 metres asl, effectively testing the mineralization over a 100 metre vertical interval. AMDD-001 cut the zone highest in the system at 1,988 metres asl and was still within the upper rhyolite host. AMDD-009 cut the system at the deepest level (1,908 metres als) and recorded the best widths (26 metres) and highest grades with bonanza intervals, including 5 metres at 14.71 g/t Au and 1,378 g/t Ag.

Maps and sections of the Amalia Stage 1 drilling are available on the Company's website at: <http://www.radiusgold.com/s/amalia.asp>

On strike from San Pedro, along the Amalia regional fault system, high grade gold and silver mineralization outcrops at intervals vertically at least 600 metres below San Pedro. Similar style major epithermal mines of the Sierra Madre (e.g. Palmerejo, Pinos Altos, La Cienega) located in the same regional volcanic belt as Amalia are known to have mineralization occurring over large vertical intervals between 600 and 750 metres, indicating the potential for a significant discovery with further drilling.

### Stage 2 Drill Program

During January and February 2019, the Company completed access agreements with the landowners at Amalia to allow for a second drill program. The Company submitted a new environmental permit with 52 proposed drill pad locations and has constructed a new and permanent camp. SEMARNAT, the permitting authority in Chihuahua, gave its approval in early April 2019, and Stage 2 drilling commenced at Amalia on April 11, 2019 which was designed to follow-up the high grade drill intercepts from Stage 1 drilling within the San Pedro zone.

The Company has now completed the Stage 2 drill program with six diamond holes, AMDD19-010 to AMDD19-015, drilled totalling 1,743 metres. Assay results are provided below.

**AMDD19-010** intersected 44 metres grading 12.38 g/t Au and 309 g/t Ag with estimated true width of 34 metres. Mineralization is hosted within the hanging wall of the San Pedro fault with disseminated fine black sulphides and sulphide veining commencing within rhyolitic ignimbrites, and transitioning to intense silicification, stockwork veining and brecciation.

**AMDD19-011** was drilled approximately 100 metres south of 010 and 50 metres below 003 (hole 003 returned 30 metres at 0.3g/t Au and 65 g/t Ag) targeting the San Pedro structure. Hole 011 intersected multiple zones of variable white chalcedonic stockworks, amythyst, silicification, hydrothermal breccias and diorite dykes and returned a broad zone of anomalous Au and Ag in the hanging wall of the fault; however no economic grade mineralization was encountered.

**AMDD19-012** was drilled 200 metres south of 010 targeting the San Pedro structure approximately 50 metres below 008 (hole 008 returned two intervals within a 33 metre wide mineralized zone (1 metre at 2.28 g/t Au and 521 g/t Ag and 5 metres at 0.59 g/t Au and 571 g/t Ag) ). Hole 012 intersected 5 metres at 647 g/t Ag and 1 metre at 0.35 g/t Au and 140 g/t Ag within a zone of variable white chalcedonic stockworks, silicification and hydrothermal breccias.

**AMDD19-013** was drilled 100 metres north of 010. The hole cut 17 metres of moderate to strong silica and adularia alteration, brecciation and traces of fine black sulphides; however, no potentially economic mineralization was encountered.

**AMDD19-014** was drilled 50 metres north of 010. Hole 014 intersected 28 metres at 2.3 g/t Au and 126 g/t Ag, including 3 metres at 9.85 g/t Au and 761 g/t Ag within a zone of strong silicification, brecciation, and stockwork veining with moderate fine disseminated black sulphides and quartz sulphide veinlets. Estimated true thickness is 24 metres.

**AMDD19-015** was drilled on section of 009 - 010 and 50 metres down dip from 010. Hole 015 intersected an interval of 81 metres (from 216.7 to 297.7 metres) at 3.75 g/t Au and 61 g/t Ag, including 21 metres at 7.91 g/t Au and 65 g/t Ag, within a zone of strong silica adularia alteration, brecciation and stockwork veining. Estimated true thickness is 65 metres, although the hole remains open to expansion. From 297.7 metres to the end of the hole at 322.5 metres (an interval of 24 metres) the hole transitions from vein breccia into the lower Tarahumara formation andesites which visually appeared to be un-mineralized, hence initially was not completely sampled. The final 24 metres of hole 015 (297.7 to 322.05 EOH) assayed 1.14 g/t Au and 16 g/t Ag. While this does not alter the main reported interval of 81 metres at 3.75 g/t Au and 61 g/t Ag and the hole remains in mineralization to the end, these additional results indicate that subsequent drilling should be deeper and account for potential "blind" mineralization.

**Table 1. Drill results for San Pedro Zone, Amalia Project**

Hole	Collar, WGS84		From (m)	To (m)	Interval (m)	Estimated	Au g/t	Ag g/t
	UTM E	UTM N				TRUE		
						width (m)		
AMDD18-001	295,998	2,863,234	44.4	56.4	12m	9.5m	0.1	44
AMDD18-003	296,025	2,863,269	107.4	137.4	30m	24m	0.3	65
AMDD18-007	296,234	2,862,867	129.1	133.1	4m	3m	0.29	229
AMDD18-008	296,077	2,863,172	98.7	99.7	1m	0.8m	2.28	521
and			126.7	131.7	5m	4m	0.59	571
AMDD18-009	295,988	2,863,347	144.4	170.4	26m	22m	7.08	517
including			165.4	170.4	5m	4m	14.71	1378
AMDD19-010	295,978	2,863,560	210.7	254.7	44m	34m	12.38	309
AMDD19-011	296,019	2,863,477	170.5	176.5	6m	4	1.05	24
AMDD19-012	296,090	2,863,401	176.9	181.9	5m	4	-	647
AMDD19-013	295,878	2,863,631	no significant result					
AMDD19-014	295,964	2,863,626	235.7	263.7	28	24	2.3	126
including			256.7	259.7	3	2.6	9.85	761
AMDD19-015	295,978	2,863,560	216.7	297.7	81	65	3.75	61
including			234.7	255.7	21	17	7.91	65

Drill holes AMD002 / 004 / 005 / 006 targeted mineralization at the Guadalupe and Dulces zones. These drill holes did not intercept significant gold/silver mineralization.

The Stage 2 drill program has expanded multiphase gold and silver mineralization with two high grade mineralized shoots identified to date along the San Pedro structure. Geological controls on the mineralization are complex with multiple events of gold and silver mineralization within veins, stockworks and hydrothermal breccias. The dominant San Pedro structure trends 320/60E and can be traced for several kilometers. The San Pedro is a large robust fault zone separating Tertiary rhyolitic ignimbrites from the Late Cretaceous Tarahumara formation with gold and silver mineralization typically occurring within the hanging wall. High grade shoot control is still uncertain but appears to be located by cross faults. Exploration drilling at this stage is wide spaced and large areas remain untested. With drilling on just five sections covering 850 metres strike and testing a vertical component limited to approximately 200 metres down dip, the Company believes the system is still wide open and shows potential for a significant discovery.

### Stage 3 Drill Program

With Pan American as operator, a Stage 3 drill program at Amalia commenced in October 2019. A minimum 2,500 m of diamond drilling is planned, and results will be reported as they become available to the Company.

Cross-sections, long-section, plan map and core photos are available on the Company's website (<http://www.radiusgold.com/s/amalia.asp>).

### Quality Assurance / Quality Control

Reported drilling was carried out using NQ and HQ size tooling. Drill core was cut in half using a rock saw with one half of the core then taken as a sample for analysis. Sample intervals are generally between 1 metre and 1.5 metres producing samples of between 2 to 9 kg. Half-core samples are delivered to the ALS Geochemistry laboratory facilities in Chihuahua, Mexico. The samples are fire assayed for Au and are analysed for Ag and multi-elements using method code ME-ICP61 following a four-acid digestion. Overlimits are analysed using an appropriate method. The Company inserted multi-element geochemical standards and blanks into the drill core sample stream to monitor laboratory performance. Quality control samples submitted to ALS were returned within acceptable limits.

### Company's Option Terms

The Company may earn a 100% interest in the Amalia Project by making cash payments to the property owner staged payments over a period of five years totaling US\$845,000 (US\$45,000 paid to date) and, subject to stock exchange approval, US\$15,000 in shares of the Company (US\$5,000 in shares issued to date).

### Pan American's Option Terms

In July 2018, the Company granted to Pan American the option to earn an initial 65% interest in the Amalia Project by making cash payments to the Company totaling US\$1.5 million (of which US\$250,000 has been received to date) and expending US\$2 million on exploration over four years. Pan American may earn an additional 10% by advancing the property to preliminary feasibility. Initially the Company is the project operator.

### *Mexico – Tinamaxte Project*

In October 2019, the Company signed a binding agreement whereby it may earn a 100% interest in the Tinamaxte Project by making cash payments to the property owner over a period of five years totaling US\$925,000 (US\$15,000 paid to date).

The Tinamaxte Project comprises 576 hectares located in the State of Sonora, Mexico. Access to the property is dependent on reaching an acceptable agreement with the local community. The Company is currently negotiating with the community to develop an exploration and access agreement, but a positive outcome is not assured.

*Mexico – Rambler Project*

In January 2019, the Company staked the 10,379 hectare Rambler Project located in the Sierra Madre Mountains of the State of Chihuahua, Mexico, approximately 20 kilometres northwest of the Company's Amalia Project. The Project area is previously unexplored with only minor historic artisanal-scale pitting of surface outcrops known. The Company's geologists discovered the Project during regional prospecting surveys. Epithermal silver/gold (plus significant copper, zinc and lead) mineralization has been sampled by the Company in several veins, vein breccias and disseminated zones over a 9 kilometre north-west trend. Additional field campaigns of mapping and sampling defined several mineralized zones, but the identified mineralization appears to be discontinuous and the Company has not been able to define compelling drill targets. The property has additional targets that have not yet been explored, and the Company will evaluate these before a final decision is made on the merits of the property.

*USA – Nevada – Bald Peak Property*

In March 2017, the Company added to the Company's property portfolio an epithermal gold prospect located in the Aurora gold camp, Nevada with the acquisition of the Bald Peak gold property from Ely Gold & Minerals Inc. ("Ely Gold") (TSX-V: ELY) and its wholly owned subsidiary, Nevada Select Royalty Inc. Subsequently, the Company increased its land position by staking an additional 113 unpatented mining claims which are contiguous to the claims acquired from Ely Gold.

The Bald Peak Property currently consists of 151 unpatented mining claims in Mineral County, Nevada, and one mineral prospecting licence in Mono County, California. The Property covers an 8 kilometre by 2 kilometre area which trends northeast from inside the California border into Nevada, parallel to the trend of the neighboring Bodie, Aurora, and Borealis mining camps.

Bald Peak is an un-eroded epithermal gold prospect in the Aurora-Bodie mining district. Sinter terraces outcrop along the length of the Property, evidence that the epithermal system has not been eroded beyond its paleo-surface elevation, and is thus likely fully preserved. Despite the Property's proximity to several Au-rich mining districts, the area has seen limited exploration activity. Several operators have acquired the Property over the last 30 years and mapped alteration zones and various other criteria pertinent to epithermal gold discoveries. The area has seen very limited drilling however, and its potential remains untested.

Sinters are formed at the surface by deposition of amorphous silica from a hot spring vent in active geothermal areas. They represent the paleo-surfaces of epithermal systems and are normally barren of gold and silver. Gold grades above 0.05 g/t Au within sinters are highly anomalous and gold grades above 1 g/t Au are extremely rare. The Company's management discovered the San Martin gold deposit in Honduras, and the Cerro Blanco gold deposit in Guatemala, both of which are significant gold deposits that occur beneath sinters anomalous in gold. The Company's team has been specifically searching for these unique systems since those early discoveries. The Bald Peak property covers a 6 kilometre strike length of multiple sinter and epithermal vein targets and is one of the few hot spring sinter epithermal targets where the sinter carries relatively high-grade gold along with cross cutting veins and breccias. Combined with a large and deeply penetrating resistive root zone, the Bald Peak project is a uniquely attractive target.

Work by the Company at Bald Peak in 2017 consisted of geological mapping and prospecting, rock and soil geochemistry, and compilation work of historical exploration and academic and government datasets. The work has demonstrated the presence of a strong gold-bearing epithermal alteration system that can be traced along strike for over six kilometres in a northeast trend, with an anomalous zone of up to several hundred metres in width on surface.

In 2018 the Company conducted a 128 station CSAMT survey, more rock and soil sampling, and planned for drill holes.

In July 2019, the Company announced it had sampled a 21 metre wide vein stockwork and hydrothermal breccia zone grading 1.32 g/t Au at Bald Peak. Significantly, the vein zone outcrops ~40 metre uphill of the Beauty Peak sinter. Combined with the recently completed CSAMT survey, the sampling shows the vein zone and sinter occur above a large and robust ~450 metre long resistive body that extends to at least an ~1,225 metre depth (the maximum depth of the survey). The vein and hot spring sinter outcrops, combined with the robust and deeply penetrating resistive zone, define compelling drill and exploration targets described below. Maps showing the property and the targets have been placed on the Company's website.

#### Beauty Peak Sinter

The vein and sinter outcrops at the Beauty Peak sinter target cover an area of roughly 300 x 200 metres before going under cover. The extensive sinter outcrops are frequently brecciated and cut by stockwork veins. Grades within the sinter have returned a maximum of 1.91 g/t Au and the banded vein float around the sinter runs up to 8.12 g/t Au.

#### Great Wall Vein

The Great Wall is a zone of robust outcropping stockwork of parallel quartz vein and vein breccias hosted in trachyandesite. Samples from this vein returned up to 5.36 g/t Au with a 2 metre chip-channel sample at 3.19g/t Au. This vein is surrounded by multiple veins and anomalous soil and rock geochemical anomalies. The target is associated with a 2 kilometre NE trending gold in soil anomaly.

#### Central Gold Soil Anomaly

An approximately 2 kilometre by 150 metre wide well-defined gold in soil anomaly with values up to 1.24 g/t Au.

#### Northern Sinters

A 0.5 square kilometre area of sinter outcrops and float with clay alteration and soil anomalies in mercury, arsenic, and antimony.

#### Bald Peak Drill Permits

The Company is currently permitting a plan of operations with the United States Forest Service ("USFS") and the California State Lands Commission. Archeological, cultural, biological and botany surveys have been completed by the USFS, and the process is advancing well. It is expected that the permitting process will run through 2019 before drilling is authorized.

#### Quality Assurance / Quality Control

The work program at the Bald Peak Property was planned by Company personnel and implemented by Company personnel, consultants and contractors. The Company utilizes industry-standard QA/QC program. Samples were prepared and analyzed at ALS laboratories in Nevada and Canada. Blanks and certified reference standards are inserted into the sample stream to monitor laboratory performance and the results have been within acceptable limits.

#### *Guatemala - Southeast Guatemala Ag-Au Epithermal Fields*

As a result of continued uncertainty surrounding the granting of both exploration and exploitation concessions in Guatemala, and a general increase in the level of anti-mining activism in many parts of the country, the Company ceased its ongoing exploration activities in the country in the third quarter of 2013 though care and maintenance

of the properties continue. Recent changes in the political landscape, however, give management optimism that the government will welcome the employment opportunities created by foreign investment in the resource sector. Management will reassess the Company's plans for this country early in the New Year when the government changes, with a view to ramping up exploration activities if the mining investment climate improves.

### Royalty Interests

#### *Guatemala – Tambor Project Royalty*

In 2012, the Company sold its interest in its subsidiary, Exploraciones Mineras de Guatemala S.A., which holds the Tambor gold project in Guatemala, to Kappes, Cassiday & Associates ("KCA"), giving KCA a 100% interest in the project. In part consideration therefor, KCA agreed that upon commercial production at Tambor, KCA would commence making royalty payments to the Company.

Commercial production commenced in December 2014 and royalty payments are now due to the Company based on the price of gold at the time and the number of ounces of gold produced as follows:

<u>Gold Price (US\$)</u>	<u>Per Ounce of Gold</u>
Below \$1,200	\$100
\$1,201 - \$1,300	\$125
\$1,301 - \$1,400	\$150
\$1,401 - \$1,500	\$200
\$1,501 and greater	\$250

up to a maximum of US\$10.0 million. After the US\$10.0 million has been paid and cumulative gold production from the Tambor Project has exceeded 100,000 ounces, the cash payments will be based on the then price of gold and the number of ounces of gold produced as follows:

<u>Gold Price (US\$)</u>	<u>Per Ounce of Gold</u>
Below \$1,500	\$25
\$1,501 - \$1,750	\$35
\$1,751 - \$2,000	\$40
\$2,001 and greater	\$50

Receipt of royalty payments by the Company commenced during the third quarter of 2015. To date, the Company has recognized net royalty income of \$1,530,555 of which \$746,375 has been received to date.

On May 11, 2016, KCA informed the Company that mining operations were suspended by the Supreme Court of Guatemala due to a lack of consultation by the Guatemalan Ministry of Mines with local indigenous people when the mine was permitted in 2011. To date, the Supreme Court has not made a decision on when the mine may re-open, and as a result, KCA has commenced legal proceedings against the Guatemalan government to overturn the suspension of operations and seek compensation from the Guatemalan authorities, from which the Company would benefit as well. Until these proceedings are concluded, the Company is allowing KCA to defer payment of the remaining balance owing to the Company. Due to these circumstances, for accounting purposes, a provision was recorded against the KCA receivable in the 2016 fiscal year.

#### *Mexico - Tlacolula Property Royalty*

In 2017, the Company completed the sale of its Tlacolula silver property, Mexico to Fortuna in consideration for 239,385 common shares of Fortuna, a cash payment of US\$150,000, and a 2% NSR royalty on the property. Fortuna retains the right to purchase one-half of the royalty by paying the Company US\$1.5 million. The Company and Fortuna are related parties.

*Peru – Bayovar 12 Project Royalty*

The Company owns a production royalty, equivalent to a 2% net smelter return, on CROPS' 70% interest in future phosphate production from the Bayovar 12 project located in the Sechura district of northern Peru. Should the Company decide at any time in the future to sell the royalty, CROPS will retain a first right of refusal. In May 2016, CROPS published a pre-feasibility study for production of phosphate rock concentrate from the Bayovar 12 project. The Company and CROPS are related parties.

Outlook

The Company completed a second phase of drill-testing at its Amalia Project, and its joint venture partner, Pan American, is currently conducting a Stage 3 drilling program. Teams are also active in the field on property evaluations and grassroots prospecting on properties in various jurisdictions and with various commodities but with a focus on gold and silver in the United States and Mexico. The Company's geologists are using a low cost and effective method of field testing targets that are generated through desktop research and through submittals.

*Qualified Person: Bruce A Smith, M.Sc., MAIG., a member of the Australian Institute of Geoscientists, is the Company's Qualified Person as defined by National Instrument 43-101, and has approved the disclosure of the technical information in this Interim MD&A.*

Quarterly Information

The following table provides information for the eight fiscal quarters ended September 30, 2019:

Quarter ended	Sep. 30, 2019 (\$)	June 30, 2019 (\$)	Mar. 31, 2019 (\$)	Dec. 31, 2018 (\$)	Sep. 30, 2018 (\$)	June 30, 2018 (\$)	Mar. 31, 2018 (\$)	Dec. 31, 2017 (\$)
Investment and other income	36,351	2,146	2,805	3,754	3,822	3,999	3,797	2,213
Exploration expenditures	255,088	76,954	116,305	289,095	131,754	359,379	154,206	373,698
Net loss	(470,509)	(73,651)	(149,222)	(538,965)	(167,774)	(587,123)	(271,832)	(620,477)
Basic and diluted loss per share	(0.01)	(0.00)	(0.00)	(0.01)	(0.00)	(0.01)	(0.00)	(0.01)

The net loss for the quarter ended June 30, 2019 is less than all other quarters presented due to a gain of \$199,170 from a property option agreement. The results for the quarter ended September 30, 2018 included a gain of \$103,518 from a mineral property agreement.

Results of Operations*Quarter ended September 30, 2019*

The quarter ended September 30, 2019 had a net loss of \$470,509 compared to \$167,774 for the quarter ended September 30, 2018, an increase of \$302,735. The current quarter's loss was higher primarily due to net exploration expenditures of \$255,088 compared to \$131,754 for the comparative quarter and the comparative quarter recording a gain of \$103,518 from a mineral property option agreement. Both the current and comparative quarters recorded a loss on derivative investments, with those losses being \$93,514 and \$67,156, respectively. Derivative investments consist of share purchase warrants that were acquired along with common shares in private placement investments and the fair value gains and losses on such are charged to profit or loss.

General and administrative expenses for the quarter ended September 30, 2019 were \$135,297, compared to \$73,243 for the comparative quarter, an increase of \$62,054. This increase was partially due to an increase of \$29,206 in shareholder communication costs which relate to tradeshow and promotional activities. The current quarter results also include new expense items consisting of \$15,241 for depreciation of a right-of-use asset and

\$8,229 for interest expense on a lease liability. These two expense items are related to the adoption of a new accounting standard regarding leases (see *Changes in Accounting Policies* section below) that was effective January 1, 2019. A notable cost increase in the current quarter was in legal fees relating to the preparation of a definitive property option agreement. A notable cost decrease in the current quarter was in office and miscellaneous which was due to the Company's office lease costs being partially offset by reimbursements from other companies that share the office space.

#### *Nine month period ended September 30, 2019*

The nine month period ended September 30, 2019 had a net loss of \$693,382 compared to \$1,026,729 for the nine month period ended September 30, 2018, a decrease of \$333,347. This decrease is due in part to the current period recording a gain of \$199,170 from a mineral property option agreement compared to a gain of \$103,518 for the comparative period. The current period also recorded lower net exploration expenditures of \$448,347 compared to \$645,339 for the comparative period. Both the current and comparative periods recorded a loss on derivative investments, with those losses being \$129,181 and \$123,517, respectively.

General and administrative expenses for the nine month period ended September 30, 2019 were \$325,963, compared to \$367,386 for the comparative period, a decrease of \$41,423. This decrease is due to the comparative period recording a share-based compensation expense of \$112,933 compared to \$3,103 for the current period. The share-based compensation expense relates to the fair value of granted stock options. The current period also recorded significantly less office and miscellaneous costs for the same reason provided in the quarterly comparison. These differences were partially offset by the current period recording the new depreciation of a right-to-use asset expense and interest expense on a lease liability of \$45,061 and \$24,986, respectively.

### **Mineral Properties Expenditures**

A summary of the Company's expenditures on its mineral properties during the nine months ended September 30, 2019 is as follows:

United States – A total of \$107,848 was incurred on exploration, property investigation, and miscellaneous administrative costs, of which \$93,863 was on the Bald Peak property and \$13,985 on general exploration.

Mexico – A total of \$580,877, excluding cost recoveries, was incurred on exploration, property investigation, and miscellaneous administrative costs, of which \$348,140 was incurred on the Amalia property, \$31,960 on the Rambler property, and \$200,777 on general exploration. A cost recovery of \$437,583 relating to funding from the optionee on the Amalia property resulted in a net recovery of \$101,637 for that property.

Guatemala – A total of \$119,719 was incurred on property investigation and care and maintenance related costs.

Other – A total of \$77,486 was incurred on property investigation costs in regions other than USA, Mexico and Guatemala.

Further details regarding exploration expenditures for the periods ended September 30, 2019 and 2018 are provided in the schedules at the end of this Interim MD&A.

### **Liquidity and Capital Resources**

The Company's cash and cash equivalents were \$1.26 million at September 30, 2019 compared to \$1.61 million at December 31, 2018. As at September 30, 2019, working capital was \$4.35 million compared to \$5.21 million at December 31, 2018. Included in working capital is the fair value of the Company's equity investments which as at September 30, 2019 was \$3.04 million compared to \$3.11 million as at December 31, 2018.

In addition to its working capital assets, the Company held 3,973,275 common shares in Rackla with a fair value of \$516,526 as at September 30, 2019; however, the investment is being accounted for as an investment in associate, using the equity method, since the Company may be able to exercise significant influence on Rackla.

The Company did not earn any royalty revenue from the Tambor Project during the current period as the operations at Tambor continue to be suspended.

The Company intends to use the proceeds from any sales of its equity and derivative investments, option payments received and royalty income payments received to fund its exploration programs, investment opportunities, and general working capital requirements. The Company expects its current capital resources to be sufficient to carry out its exploration and investment plans and operating costs for the next twelve months.

### **Related Party Transactions**

See Note 15 of the condensed interim consolidated financial statements for the nine months ended September 30, 2019 for details of related party transactions which occurred in the normal course of business.

### **Other Data**

Additional information related to the Company is available for viewing at [www.sedar.com](http://www.sedar.com).

### **Share Position and Outstanding Options**

As at the date of this Interim MD&A, the Company's outstanding share position is 86,804,800 common shares and the following incentive stock options are outstanding:

<b><u>STOCK OPTIONS</u></b>		
<b><u>Number of options</u></b>	<b><u>Exercise price</u></b>	<b><u>Expiry date</u></b>
10,000	\$0.29	January 7, 2020
150,000	\$0.24	December 1, 2022
1,585,000	\$0.20	December 12, 2022
1,510,000	\$0.15	October 18, 2026
1,490,000	\$0.15	May 21, 2028
200,000	\$0.15	November 4, 2028
850,000	\$0.25	October 7, 2029
<b>5,795,000</b>		

### **Investments in Associate**

The Company currently has an investment in one associated company, Rackla, which is equity accounted for in the condensed interim consolidated financial statements.

See Note 11 of the condensed interim consolidated financial statements for the nine months ended September 30, 2019 for details regarding the Company's investment in associate.

### **Changes in Accounting Policies**

The Company's significant accounting policies and future changes in accounting policies are presented in the audited consolidated financial statements for the year ended December 31, 2018. The following outlines the new accounting standards and amendments adopted by the Company during the current period:

#### ***IFRS 16 Leases***

The Company adopted IFRS 16 *Leases* ("IFRS 16") effective January 1, 2019. The following is the new accounting policy for leases under IFRS 16.

At inception, the Company assesses whether a contract contains an embedded lease. A contract contains a lease when the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Company, as lessee, is required to recognize a right-of-use asset ("ROU asset"), representing its right to use the underlying asset, and a lease liability, representing its obligation to make lease payments. The Company may elect to not apply IFRS 16 to leases with a term of less than 12 months or to low value assets, which is made on an asset by asset basis.

The Company recognizes a ROU asset and a lease liability at the commencement of the lease. The ROU asset is initially measured based on the present value of lease payments, plus initial direct cost, less any incentives received. It is subsequently measured at cost less accumulated depreciation, impairment losses and adjusted for certain remeasurements of the lease liability. The ROU asset is depreciated from the commencement date over the shorter of the lease term or the useful life of the underlying asset. The ROU asset is subject to testing for impairment if there is an indicator of impairment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. The incremental borrowing rate is the rate which the operation would have to pay to borrow over a similar term and with similar security, the funds necessary to obtain an asset of similar value to the ROU asset in a similar economic environment.

Lease payments included in the measurement of the lease liability are comprised of:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Company is reasonably certain to exercise;
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or a rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Variable lease payments that do not depend on an index or a rate not included in the initial measurement of the ROU asset and lease liability are recognized as an expense in the consolidated statement of income in the period in which they are incurred.

The ROU assets are presented within "Right-of-use assets" and the lease liabilities are presented in "Lease liability" on the consolidated statement of financial position.

### ***Adoption of IFRS 16 Leases***

Effective January 1, 2019, the Company adopted IFRS 16 using the modified retrospective approach. The comparative figures for the 2018 reporting period have not been restated and are accounted for under IAS 17, Leases, and IFRIC 4, *Determining Whether an Arrangement Contains a Lease*, as permitted under the specific transitional provisions in the standard.

The Company applied the exemption not to recognize right of use asset and liabilities for leases with less than 12 months of lease term and leases for low-value assets when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

The Company has an office lease for its headquarters in Vancouver, British Columbia that was classified as an operating lease under IAS 17. At transition to IFRS 16, this lease liability was measured at the present value of the remaining lease payments and discounted using an incremental borrowing rate of 10% as of January 1, 2019. As a result, the Company, as a lessee, has recognized \$362,969 as a Lease Liability, representing its obligation to make lease payments. An ROU asset of the same amount was recognized as a Right-of-use Asset, representing its right to use the underlying asset.

The following table summarizes the difference between the operating lease commitment disclosed immediately preceding the date of initial application and lease liability recognized on the consolidated statement of financial position at the date of initial application:

Operating lease obligation as at December 31, 2018	\$	1,281,188
Variable lease payments		(476,172)
Change in estimate in lease component		(322,008)
Effect of discounting at incremental borrowing rate		(120,039)
<b>Lease liability recognized as of January 1, 2019</b>	<b>\$</b>	<b>362,969</b>

### ***Adoption of IFRIC 23 Uncertainty Over Income Tax Treatments***

This interpretation sets out how to determine the accounting for a tax position when there is uncertainty over income tax treatments. At January 1, 2019, the Company adopted this standard and there was no impact on its interim consolidated financial statements.

### **Risks and Uncertainties**

#### *Royalty revenue*

The Company cannot predict future revenues from or operating results of mining activity. Management expects future royalty revenues from the Tambor Project to fluctuate depending on the level of future production and the price of gold. The owner of the Tambor Project is not obligated to continue production from the Tambor Project and the Company will not be entitled to any compensation if this mining operation does not meet its forecasted gold production targets or if the mine operations are discontinued on a temporary or permanent basis. Risks that could negatively affect a mine's operations include, but are not limited to economics, lack of financial capital, floods, fire, mechanical malfunctions, social unrest, expropriation, environmental regulations, and legal and/or political changes. The Tambor Project is currently subject to a suspension of operations imposed by the Supreme Court of Guatemala.

#### *Competition*

The Company faces competition from other capital providers, all of which compete with it for investment opportunities. These competitors may limit the Company's opportunities to acquire interests in investments that are attractive to the Company. The Company may be required to invest otherwise than in accordance with its Investment Policy and strategy in order to meet its investment objectives. If the Company is required to invest other than in accordance with its Investment Policy and strategy, its ability to achieve its desired rates of return on its investments may be adversely affected.

#### *Inability to dispose of illiquid securities*

There is a possibility that the Company will be unable to dispose of illiquid securities held in its portfolio and if the Company is unable to dispose of some or all of its investments at the appropriate time, a return on such investment may not be realized.

*Due diligence*

The due diligence process undertaken by the Company in connection with investments that it makes or wishes to make may not reveal all relevant facts in connection with an investment. Before making investments, the Company will conduct due diligence investigations that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. The due diligence investigations that are carried out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in the investment being successful.

*Mineral property exploration and mining*

The business of mineral deposit exploration and extraction involves a high degree of risk. Few properties that are explored ultimately become producing mines. At present, none of the Company's properties has a known commercial ore deposit. The main operating risks include: securing adequate funding to maintain and advance exploration properties; ensuring ownership of and access to mineral properties by confirmation that option agreements, claims and leases are in good standing; and obtaining permits for drilling and other exploration activities.

If the Company does not satisfactorily complete its contribution requirements to any joint ventures it may be a party to, the Company's interest in a joint venture can be diluted to a point where all interest in the joint venture is forfeited.

*Joint venture funding*

The Company's strategy includes seeking partners through joint ventures to fund exploration and project development. The main risk of this strategy is that funding partners may not be able to raise sufficient capital in order to satisfy exploration and other expenditure terms in a particular joint venture agreement. As a result, exploration and development of one or more of the Company's property interests may be delayed depending on whether the Company can find another partner or has enough capital resources to fund the exploration and development on its own.

*Commodity price*

The Company is exposed to commodity price risk. Declines in the market price of gold, silver, base metals and other minerals may adversely affect the Company's ability to raise capital or attract joint venture partners in order to fund its ongoing operations. Commodity price declines could also reduce the amount the Company would receive on the disposition of one of its mineral properties to a third party. The Company's royalty revenue has been derived from a royalty interest that is based on the extraction and sale of gold. Factors beyond the control of the Company may affect the marketability of precious and base metals discovered. Metal prices have historically fluctuated widely. Consequently, the economic viability of the Company's property and royalty interests cannot be accurately predicted and may be adversely affected by fluctuations in metal prices.

*Financing and share price fluctuation*

The Company had a limited source of operating cash flow in the form of royalty revenue from the Tambor property; however, that property is currently subject to suspension of operations. There is no assurance that additional funding from this or other sources will be available to the Company when needed for further exploration and development of its projects. Further exploration and development of one or more of the Company's projects may be dependent upon the Company's ability to obtain financing through equity or debt financing or other means. Failure to obtain this financing could result in delay or indefinite postponement of further exploration and development of its projects which could result in the loss of one or more of its properties.

Securities markets have at times in the past experienced a high degree of price and volume volatility, and the market price of securities of many companies, particularly those considered to be exploration stage companies such as the Company, have experienced wide fluctuations in share prices which have not necessarily been related

to their operating performance, underlying asset values or prospects. There can be no assurance that these kinds of share price fluctuations will not occur in the future, and if they do occur, how severe the impact may be on the Company's ability to raise additional funds through equity issues or the value of the Company's equity and derivative investments and corresponding effect on the Company's financial position.

#### *Political, regulatory and currency*

Some of the Company's mineral property interests are located in emerging nations. Properties in emerging nations may be subject to a higher level of risk compared to developed countries. Operations, the status of mineral property rights, title to the properties and the recoverability of amounts shown for mineral properties in emerging nations can be affected by changing economic, regulatory and political situations. The Company's equity financings are sourced in Canadian dollars but for the most part it incurs its exploration and property maintenance expenditures in US dollars, Guatemalan quetzals, and Mexican pesos. At this time there are no currency hedges in place. Therefore a weakening of the Canadian dollar against the US dollar, Guatemalan quetzal, or Mexican peso could have an adverse impact on the amount of exploration conducted.

#### *Insurance*

In the course of exploration, development and production of mineral properties, the Company is subject to a number of hazards and risks in general, including adverse environmental conditions, operational accidents, labor disputes, unusual or unexpected geological conditions, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods, and earthquakes. Such occurrences could result in damage to the Company's properties or facilities and equipment, personal injury or death, environmental damage to properties of the Company or others, delays, monetary losses and possible legal liability.

Although the Company may maintain insurance to protect against certain risks in such amounts as it considers reasonable, its insurance may not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums or for other reasons. Should such liabilities arise, they could reduce or eliminate future profitability and result in increased costs, have a material adverse effect on the Company's results and a decline in the value of the securities of the Company.

#### *Environmental and social*

The activities of the Company are subject to environmental regulations issued and enforced by government agencies. Environmental legislation is evolving in a manner that will require stricter standards and enforcement and involve increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. There can be no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on properties in which the Company holds interests which are unknown to the Company at present. Social risks are fairly significant in some of the Company's areas of operations. Violence, kidnapping, theft and other criminal activities could disrupt supply chains and discourage qualified individuals from being involved with the Company's operations.

**Mineral Properties Expenditure Detail****INTERIM CONSOLIDATED SCHEDULE OF EXPLORATION EXPENDITURES**

For the nine months ended September 30, 2019

	USA		Guatemala		Mexico		Other	Total
	General	Mineral	General	Mineral	General	Mineral	General	
	Exploration	Properties	Exploration	Properties	Exploration	Properties	Exploration	
Exploration administration	\$ 1,615	\$ 573	\$ 16,473	\$ 837	\$ 16,452	\$ 15,012	\$ 9,741	\$ 60,703
Field and camp	-	-	-	-	-	14,208	-	14,208
Geochemistry	371	599	-	-	15,861	9,880	-	26,711
Geological services	11,999	41,417	55,181	26,053	111,101	235,699	67,745	549,195
Legal and accounting	-	-	3,884	-	2,274	6,009	-	12,167
Licenses, rights and taxes	-	43,189	-	-	9,129	14,063	-	66,381
Travel and accommodation	-	8,085	8,692	8,599	45,960	85,229	-	156,565
	13,985	93,863	84,230	35,489	200,777	380,100	77,486	885,930
Expenditures recovered	-	-	-	-	-	(437,583)	-	(437,583)
	<b>\$ 13,985</b>	<b>\$ 93,863</b>	<b>\$ 84,230</b>	<b>\$ 35,489</b>	<b>\$ 200,777</b>	<b>\$ (57,483)</b>	<b>\$ 77,486</b>	<b>\$ 448,347</b>

**INTERIM CONSOLIDATED SCHEDULE OF EXPLORATION EXPENDITURES**

For the nine months ended September 30, 2018

	USA		Guatemala		Mexico		Other	Total
	General	Mineral	General	Mineral	General	Mineral	General	
	Exploration	Properties	Exploration	Properties	Exploration	Properties	Exploration	
Exploration administration	\$ 3,617	\$ 1,237	\$ 6,519	\$ 6,362	\$ 1,895	\$ 5,118	\$ 949	\$ 25,697
Field and camp	-	-	-	-	-	10,298	-	10,298
Geochemistry	-	30,332	-	-	1,623	2,518	-	34,473
Geological services	13,282	339,856	4,220	-	16,839	69,589	48,765	492,551
Legal and accounting	-	-	3,911	-	10,254	9,856	-	24,021
Licenses, rights and taxes	-	62,952	-	-	4,784	20,419	-	88,155
Salaries and wages	-	-	13,630	-	406	18,963	1,948	34,947
Travel and accommodation	6,032	44,908	-	-	4,788	35,486	5,438	96,652
	22,931	479,285	28,280	6,362	40,589	172,247	57,100	806,794
Expenditures recovered	-	-	-	-	-	(158,755)	(2,700)	(161,455)
	<b>\$ 22,931</b>	<b>\$ 479,285</b>	<b>\$ 28,280</b>	<b>\$ 6,362</b>	<b>\$ 40,589</b>	<b>\$ 13,492</b>	<b>\$ 54,400</b>	<b>\$ 645,339</b>