



Management's Discussion and Analysis

Fidelity Minerals Corp.

Period ended January 31, 2020

(Expressed in Canadian dollars, unless otherwise noted)

March 30, 2020

For further information on the Company, reference should be made to its public filings on SEDAR at www.sedar.com. Information is also available on the Company's website at www.fidelityminerals.com. This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited consolidated financial statements for the year ended July 31, 2019, and the unaudited condensed consolidated interim financial statements for the six months ended January 31, 2020, and related notes thereto which have been prepared in accordance with International Financial Reporting Standards. This MD&A contains certain Forward Looking Statements which is described at the end of this MD&A.

OVERVIEW

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

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

On December 13, 2019, the Company completed a 5:1 consolidation of the common shares of the Company. Following the consolidation, the number of outstanding common shares of 132,294,222 was reduced to 26,458,844 post-consolidation common shares. There share data in the MD&A is presented on a post-consolidated basis.

OUTLOOK

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

The Company completed the acquisition of the core Las Huaquillas Project. Per the terms of the transaction, the Company has acquired 44.5% of the Core Las Huaquillas project by the 100% purchase of Lida Resources Inc.'s ("Lida", a British Columbia company) wholly-owned Peruvian subsidiary company, Minera LBJ SAC, for consideration of 5,000,000 Fidelity Minerals shares and 2,500,000 warrants (\$0.40, 5 year term) to the shareholders of Lida.

On May 22, 2019, the Company completed the acquisition of a 100% interest in the Porphyritic Copper project located in the district of La Libertad, Northern Peru, by issuing 800,000 in common shares, and by making a payment of US\$7,000 in cash. Further Milestone Payments of C\$500,000 and C\$250,000 are payable if, within 5 years, a NI 43-101 compliant resource of >500,000T of contained copper is published by Fidelity Minerals (Milestone 1), and/or a transaction exceeding C\$5,000,000 is consummated (Milestone 2), respectively.

On June 10, 2019, the Company acquired a 100% interest in the Las Brujas and Cerro El Bronce projects. These two highly prospective projects ("the Projects") are located in the provinces of Cajamarca and Ancash, Northern Peru, respectively. As partial consideration for the project acquisitions, the Company has agreed to assume responsibility

for maintenance and renewal of the Concessions, once transferred to the Company, and will be responsible for advancing the projects as deemed appropriate by the Company.

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

In the event the Company makes a decision to mine at the Las Brujas project, the Company will establish a 75:25 unincorporated JV with the vendors, where the majority interest in the JV is owned by the Company.

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

The binding agreement commits the Purchasers to perform certain capital improvements to the plant, including the purchase and installation of a weigh-scale, metallurgical and assay laboratory, tailings liner and other production related improvements, and to make quarterly payments to the Company over a twelve month period. The total Cerro Dorado cash consideration for the sale of Cerro Dorado SAC is US\$1,430,000. Certain adjustments, deductions and disbursements will be made from the consideration payments to clear local accounts payable and entitlements, prior to the assumption of operatorship by the Purchaser. As part of the acquisition the Company recorded a gain on sale of \$165,210. As at January 31, 2020, the Company received payments totaling USD \$500,000.

Going concern

As at January 31, 2020, the Company had net working capital of \$769,721 (July 31, 2019 – working capital deficit of \$992,261) and had not yet achieved profitable operations. In addition, the Company had accumulated losses of \$11,019,985 (July 31, 2019 – \$10,728,220) since its inception and expects to incur further losses in the development of its business, all of which casts significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to conduct its planned work program on its mineral properties, meet its on-going levels of corporate overhead and commitments, keep its properties in good standing and discharge its liabilities as they come due. These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge liabilities in the normal course of business. In the past, the Company has been successful in obtaining financing, although there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. Accordingly, it does not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts which may differ from those shown in these consolidated financial statements.

CERRO DORADO, PERU

Overview

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

As consideration for the acquisition, the Company issued 666,667 common shares to Chazel on closing of the Transaction ("Closing"). The common shares were issued to Chazel at Closing pursuant to available exemptions from applicable prospectus requirements pursuant to National Instrument 45-106 or otherwise under the Securities Act (British Columbia) and any other applicable legislation, and will be subject to a four (4) month hold period in

Canada. Without limiting the foregoing, the common shares will be subject to escrow with 133,333 common shares released on every three (3) month anniversary of Closing. Subject to approval of the TSX Venture Exchange (“TSX-V”), following Closing the company will also issue up to 266,667 common shares to Chazel subject to and upon satisfaction of the following milestones:

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

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

The binding agreement commits the Purchasers to perform certain capital improvements to the plant, including the purchase and installation of a weigh-scale, metallurgical and assay laboratory, tailings liner and other production related improvements, and to make quarterly payments to the Company over a twelve month period. The total Cerro Dorado cash consideration for the sale of Cerro Dorado SAC is US\$1,430,000. Certain adjustments, deductions and disbursements will be made from the consideration payments to clear local accounts payable and entitlements, prior to the assumption of operatorship by the Purchaser. As part of the acquisition the Company recorded a gain on sale of \$165,210. As at January 31, 2020, the Company received payments totaling USD \$500,000.

GREATER LAS HUAQUILLAS, PERU

Overview

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

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

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

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

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

PORPHYRITIC COPPER PROJECT, PERU

Overview

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

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

CERRO EL BRONCE PROJECT, PERU

Overview

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

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

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

LAS BRUJAS PROJECT, PERU

Overview

The Las Brujas project consists of 4 concessions totalling 1,900Ha located in the Cajamarca province of Peru. The project is accessible by road and is located within 10km of the La Zanja high sulphidation gold mine, and 20km and 23km from the Tantauatay epithermal (Au/Ag) and Cerro Corona porphyry (Cu/Au) mines, respectively. The project features extensive argillic, advanced argillic, and quartz-sericite alteration over a 3 x 6 km area, where gold mineralization occurs in silicified volcanic rocks and hydrothermal breccias. Anomalous gold values have been reported from more than three extensive zones (including surface chip samples over 10 metres grading 1.5 g/t Au). Previous exploration at the project identified an apparent geochemical signature that appears typical of an epithermal precious metal system. The Project is hosted in the Calipuy Formation, which also hosts the world-class Yanacocha and Pierina gold deposits, and is situated within the "Yanacocha External Caldera", which hosts several economic deposits within 50 kilometres of Yanacocha, in the Western Andes of Peru. Yanacocha is one of the largest heap leachable gold mines in the world, mining an occurrence of over 50M Oz.

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

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

LIQUIDITY AND CAPITAL RESOURCES

	Three months ended January 31,		Six months ended January 31,	
	2020	2019	2020	2019
Cash outflows from operating activities	(337,287)	(91,658)	(499,860)	(364,966)
Cash inflows from financing activities	297,279	92,764	427,279	407,704
Cash outflows from investing activities	(13,036)	(42,801)	(19,694)	(42,801)
Effect of exchange rate changes on cash	(6,490)	(5,502)	14,020	(9,603)
Net cash inflows (outflow)	(59,534)	(47,197)	(78,255)	(9,666)
Cash balance	125,891	6,099	125,891	6,099

As at January 31, 2020, the Company had a net working capital of \$769,721 compared to net working capital deficit of \$992,261 as at July 31, 2019.

Cash outflow from operating activities was \$449,860 in the period ended January 31, 2020, which was higher than 2019. The increase was related to the change working capital items, net of corporate expenses

Cash inflow from financing activities was \$427,279 in the period ended January 31, 2020, which was higher than comparative period in 2019. During the current period the Company entered into the sale of Cerro Dorado and received sale proceeds and completed a private placement.

Cash outflow from investing activities was \$19,694 in the period ended January 31, 2020 compared to \$42,801 in 2019. The capitalized costs related to the mineral property acquisitions in the prior year.

The Company's ability to continue as a going concern is dependent on the Company's ability to raise funds.

SUMMARY OF CONSOLIDATED PROFIT AND LOSS

	Three months ended January 31,		Six months ended January 31,	
	2020	2019	2020	2019
Revenue	\$ -	\$ -	\$ -	\$ -
Loss before other items	(224,714)	(435,892)	(292,475)	(674,806)
Net loss	(226,274)	(427,008)	(291,756)	(660,852)
Basic and diluted – loss per share	(0.00)	(0.01)	(0.01)	(0.01)
Total assets	5,075,855	1,777,270	5,075,855	1,777,270

Revenue was nil in all periods as the Company has not yet began operations.

Net loss for the three and six months ended January 31, 2020 was lower than the comparative period in 2019. The decrease from 2019 is related to cost cutting initiatives implemented by management and the \$165,210 gain on sale of Cerro Dorado recognized in the current period.

Total assets as at January 31, 2020 have increase relative to the comparative period of 2019 due to the Company closing mineral property acquisitions in the current period.

QUARTERLY RESULTS	Jan 31, 2020	October 31, 2019	July 31, 2019	April 30, 2019	Jan 31, 2019	October 31, 2018	July 31, 2018	April 30, 2018
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net loss	(226,274)	(65,491)	(505,851)	(823,945)	(427,008)	(233,844)	(1,251,324)	(185,603)
Basic & diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)
Total assets	5,075,855	5,673,024	5,522,839	5,301,078	1,777,270	1,848,923	1,811,817	1,814,294

Three months ended January 31, 2020 compared to historical quarters in 2020, 2019, & 2018

Net loss in the current quarter was lower than all comparative quarters except Q1 2019 as a result of cost cutting initiatives implemented by management. Net loss is higher than Q1 2019 because of a non-cash \$165,210 gain on sale of Cerro Dorado recognized in that period.

Change in total assets

Total assets as at January 31, 2020 have increase relative to the comparative period of 2019, 2018 due to the Company closing the mineral property acquisitions in the current period.

SHAREHOLDERS' EQUITY

The Company's authorized capital stock consists of an unlimited number of common shares without par value. As at January 31, 2020, the Company had 31,458,830 common shares, 1,743,986 stock options and 13,460,450 share purchase warrants outstanding.

On December 13, 2019, the Company completed a 5:1 consolidation of the common shares of the Company. Following the consolidation, the number of outstanding common shares of 132,294,222 was reduced to 26,458,844 post-consolidation common shares.

As at the date of this report, the Company had on a post consolidation basis 31,758,830 common shares, 1,743,986 stock options and 10,206,890 share purchase warrants outstanding.

On September 4, 2019, Company issued 213,600 units at \$0.25 per unit for a reduction of \$53,400 in accounts payable. Each unit consists of one common share and one half transferable share purchase warrant with each warrant exercisable into one additional share at \$0.30 per share for one (1) year following the closing date. The fair value of the warrants issued was calculated as \$0.03 per warrant and was determined using the relative fair value method on the date of the issuance using the Black-Scholes option pricing model with the following weighted average assumptions: 1.33% risk free interest rate, expected life of 1 year, 145% annualized volatility and 0% dividend rate. The value of the share was determined to be \$0.10. The share purchase warrant's relative fair value of \$8,808 was allocated to the warrant and recorded in reserves.

On December 20, 2019, the Company issued 5,000,000 units at \$0.05 per unit for gross proceeds of \$123,500 and \$126,500 in reduction of accounts payable. Each Unit consists of one common share and one transferable share purchase warrant with each Warrant exercisable into one additional Share at \$0.06 per Share for two (2) years following the closing date. The fair value of the warrants issued was calculated as \$0.04 per warrant and was determined using the relative fair value method on the date of the issuance using the Black-Scholes option pricing model with the following weighted average assumptions: 1.65% risk free interest rate, expected life of 2 year, 176% annualized volatility and 0% dividend rate. The value of the share was determined to be \$0.02. The share purchase warrant's relative fair value of \$108,898 was allocated to the warrant and recorded in reserves. The Company incurred share issuance costs of \$3,680 related to the financing.

On January 24, 2020, the Company granted an aggregate of 1,725,000 incentive stock options to certain directors, officers and consultants at an exercise price of \$0.075 per share for a period of 5 years.

The following is a summary of the pre-consolidation stock options outstanding as at January 31, 2020 and at:

Number of stock option outstanding and vested	Exercise price per stock option	Expiry date
15,000	\$1.50	March 7, 2020
99,999	\$1.50	August 2, 2021
10,000	\$1.05	January 17, 2022
6,987	\$0.40	July 9, 2023
12,000	\$0.30	April 17, 2020
1,725,000	\$0.075	January 24, 2025
1,868,986	\$0.17	

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

Number of warrants	Exercise price per warrant	Expiry date
544,666	\$1.50	October 27, 2021
622,757	\$1.50	December 15, 2021
206,667	\$1.50	January 13, 2022
1,360,000	\$0.30	February 4, 2020
2,625,000	\$0.40	February 8, 2024
1,893,560	\$0.30	February 22, 2020
1,101,000	\$0.30	July 11, 2020
106,800	\$0.30	September 4, 2020
5,000,000	\$0.06	December 19, 2021
13,460,450		

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

Number of warrants	Exercise price per warrant	Expiry date
544,666	\$1.50	October 27, 2021
622,757	\$1.50	December 15, 2021
206,667	\$1.50	January 13, 2022
2,625,000	\$0.40	February 8, 2024
1,101,000	\$0.30	July 11, 2020
106,800	\$0.30	September 4, 2020
5,000,000	\$0.06	December 19, 2021
10,206,890		

REGULATORY DISCLOSURES

Financial instruments

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

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

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

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and cash equivalents, and marketable securities. The Company's cash is held through large Canadian financial institutions.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure. The accounts payable and income taxes payable is due within the current operating period.

Market Risk

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

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate because of changes to market interest rates. The Company is exposed from time to time to interest rate risk as a result of holding fixed income cash equivalents and investments, of varying maturities. A 1% change in market interest rates would result in no significant change in value of cash and cash equivalents or fixed income securities. The risk that the Company will realize a loss as a result of a decline in the fair value of these assets is limited as they are generally held to maturity.

Foreign Exchange Risk

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

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

	Canadian Dollars	US Dollars	Peruvian Soles	Total
Financial assets				
Cash	\$ 97,111	\$ 28,780	\$ -	\$ 125,891
Other receivables	6,300	-	-	6,300
	103,411	28,780	-	132,191
Financial liabilities				
Accounts payables and accrued liabilities	(312,604)	(136,584)	-	(449,188)
Loan payable	-	(100,646)	-	(100,646)
Promissory notes and advances	(105,956)	-	-	(105,956)
Net financial (liabilities) assets	\$ (315,149)	\$ (208,450)	\$ -	\$ (523,599)

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

	Canadian Dollars	US Dollars	Peruvian Soles	Total
Financial assets				
Cash	\$ 203,591	\$ -	\$ 556	\$ 204,146
Other receivables	15,977	-	-	15,977
	219,567	-	556	220,123
Financial liabilities				
Accounts payables and accrued liabilities	(530,375)	(229,272)	(152,847)	(912,494)
Loan payable	-	(201,690)	-	(201,690)
Promissory notes and advances	(120,634)	-	-	(120,634)
Net financial (liabilities) assets	\$ (431,441)	\$ (430,962)	\$ (152,291)	\$ (1,014,694)

The Company's reported results will be affected by changes in the US dollar to Canadian dollar and US dollar to Peruvian Sol exchange rate. As of January 31, 2020, a 10% appreciation of the Canadian dollar relative to the US dollar would have decreased net financial liabilities by approximately \$20,845 (July 31, 2019 - \$43,096). A 10% appreciation of the US Dollar relative to the Canadian dollar would have had the equal but opposite effect. A 10% appreciation of the Peruvian Sol relative to the CAD dollar would have increased net financial liability by approximately \$nil (July 31, 2019 - \$15,229) and a 10% depreciation of the Peruvian Sol would have had an equal but opposite effect. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risk.

Related Party Transactions

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

The remuneration of the Company’s directors and other key management personnel during the period ended January 31, 2020 and 2019 are as follows:

	January 31, 2020	January 31, 2019
Consulting fees	\$ 128,994	\$ 171,667
Professional fees	15,000	11,055
Share-based payments	64,817	28,120

As at January 31, 2020 the Company had amounts payable of \$74,313 (July 31, 2019 - \$61,729) to these parties. These amounts are unsecured and non-interest bearing.

On December 5, 2017, the Company entered into an unsecured promissory note with Lions Bay. The loan accrues interest at a rate of 8% per annum. The principal and interest were due on December 5, 2018 and are now payable on demand. During the six months ended January 31, 2020 the advances per the promissory note totaled \$nil (July 31, 2019 - \$256,579). During the six months ended January 31, 2020, \$nil was repaid (July 31, 2019 - \$359,800 made up of \$12,900 in a warrant exercise and \$346,900 in private placements). During the six months ended January 31, 2020 \$1,560 (July 31, 2019 - \$17,841) was recorded as interest expense

Capital Risk Management

The Company’s objective of capital management is to ensure that it will be able to continue as a going concern, continue the exploration of mineral properties, and identify, evaluate, and acquire additional resource properties. The capital of the Company consists of shareholders’ equity. The Company is meeting its capital risk objectives by successfully raising, from time to time, the required funds through debt and equity.

Internal controls and procedures

During the period ended January 31, 2020, there has been no significant change in the Company’s internal control over financial reporting since last year.

The Chief Executive Officer and Chief Financial Officer of the Company are responsible for establishing and maintaining appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete, reliable and timely. They are also responsible for establishing adequate internal controls over financial reporting to provide sufficient knowledge to support the representations made in this MD&A and the Company’s annual financial statements for the year ended July 31, 2019 (together the “Annual Filings”). The Chief Executive Officer and Chief Financial Officer of the Company have filed the Venture Issuer Basic Certificate with the Annual Filings on SEDAR at <http://www.sedar.com>.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers’ Annual and Interim Filings (“NI 52-109”), the venture issuer basic certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (“DC&P”) and internal control over financial reporting (“ICFR”), as defined in NI 52-109. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency, and timeliness of interim and annual filings and other reports provided under securities legislation.

Future Accounting Changes

There are no future accounting pronouncements that will impact the Company’s financial statements.

Accounting estimates

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could materially differ from these estimates.

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

(i) Depreciation and depletion

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

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

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

(ii) Share-based payments

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

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

(iii) Deferred taxes

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

(iv) Decommissioning and restoration provision

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

(v) Contingent consideration

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

Significant judgments in applying accounting policies

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

(i) Impairment of property, plant and equipment

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

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

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

(iii) Functional currency

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

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

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

(v) **Stage of development**

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

Accounting policies

Please refer to the audited annual financial statements for the year ended July 31, 2019 for the Company's significant accounting policies, which was filed on SEDAR

New Accounting Standards Adopted during the year

IFRS 16 – Leases

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee. The IASB issued IFRS 16, Leases, in January 2016, which replaces the current guidance in IAS 17. Under IAS 17, lessees were required to make a distinction between a finance lease and an operating lease. IFRS 16 requires lessees to recognize a lease liability reflecting future lease payments and a "right-of-use asset" for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets. IFRS 16 was adopted August 1, 2019 and did not have an impact on the financial statements.

Risk and uncertainties

The operations of the Company are speculative due to the nature of its business which is the investment in the exploration and development of mining properties. These risk factors could materially affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.

Operating Hazards and Risks

Exploration and development of natural resources involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of resources, any of which could result in work stoppages, damage to persons or property and possible environmental damage. Although the Company has or will obtain liability insurance in an amount which it considers adequate, the nature of these risks is such that liabilities might exceed policy limits, the liabilities and hazards might not be insurable against, or the Company might not elect to insure itself against such liabilities due to high premium costs or other reasons, in which event the Company could incur significant costs that could have a material adverse effect upon its financial condition.

Title to Assets

Although the Company has or will receive title options for any concessions in which it has or will acquire a material interest, there is no guarantee that title to such concessions will be not challenged or impugned. In some countries, the system for recording title to the rights to explore, develop and mine natural resources is such that a title opinion provides only minimal comfort that the holder has title. Also, in many countries, claims have been made and new claims are being made by aboriginal peoples that call into question the rights granted by the governments of those countries.

The successful exploration and development of the Company's properties is dependent on support from local communities. A community agreement may be required to permit the Company to conduct exploration activities on its projects. There is no assurance that such an agreement can be reached or, if reached, subsequently renewed or extended. The Company is committed to working in partnership with its local communities in a manner which fosters active participation and mutual respect. The Company works towards minimizing negative project impacts,

encouraging certain joint consultation processes, addressing certain decision making processes and towards maintaining meaningful ongoing dialogue. The Company regularly consults with the communities close to its exploration and development activities.

Management

The Company is dependent on a relatively small number of key employees, the loss of any of whom could have an adverse effect on the Company.

Requirement of New Capital

As an early exploration/development company, the Company typically needs more capital than it has available to it or can expect to generate through the sale of its products. In the past, the Company has had to raise, by way of debt and equity financing, considerable funds to meet its capital needs. There is no guarantee that the Company will be able to continue to raise funds needed for its business. Failure to raise the necessary funds in a timely fashion will limit the Company's growth. It is the intention of the company to invest in cash-flowing assets, to migrate the business into a situation where the need to raise capital on the markets for continued operation is reduced over time.

Metals Pricing Risk

The feasibility of the Company's mineral exploration and development is significantly affected by changes in the market price of gold, copper and silver. Gold prices fluctuate widely and are affected by numerous factors beyond the Company's control. The level of interest rates, the rate of inflation, world supply of gold and stability of exchange rates can all cause significant fluctuations in gold prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments.

Risk of Foreign Operations

In Peru, the jurisdiction in which the Company has its operations and mineral properties, the Company is subject to various political, economic and other uncertainties, including the risks of civil unrest, expropriation, nationalization, renegotiation or nullification of existing concessions, licenses, permits, approvals and contracts, and changing political conditions. In addition, in the event of a dispute arising from foreign operations, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of courts in Canada. It is not possible for the Corporation to accurately predict such developments or changes in laws or policy or to what extent any such changes may have a material adverse effect on the Company's operations.

Other Significant Risks

In addition to the foregoing, the Company's business risks include operating hazards, environmental and other government regulations, competition in the marketplace, and the market for our securities. Its properties are located in Peru and are subject to the laws and regulations of that country. The Company carries on its exploration activity outside of Canada. Accordingly, it is subject to the risks associated with the fluctuation of the rate of exchange of the Canadian dollar and foreign currencies, in particular the US dollar and the Peruvian soles. Such fluctuations may materially affect the Company's financial position and results.

Forward-Looking Statements

This MD&A contains forward-looking statements that involve risks and uncertainties, which may cause actual results to differ materially from the statements made. When used in this document, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect" and similar expressions are intended to identify forward-looking statements. Such statements reflect our current views with respect to future events and are subject to such risks and uncertainties. Many factors could cause our actual results to differ materially from the statements made, including those factors discussed in filings made by us with the Canadian securities regulatory authorities. Should one or more of these risks and uncertainties, such as the actual results of current exploration and development programs, the general risks associated with the mining industry, the price of gold and other metals, reduced funding, currency and interest rate fluctuations, increased competition and general economic and market factors, occur or should assumptions underlying the forward-looking financial statements prove incorrect, actual results may vary

materially from those described herein as intended, planned, anticipated or expected. We do not intend and do not assume any obligation to update these forward-looking statements, except as required by law. Shareholders are cautioned not to put undue reliance on such forward-looking statements.

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

This MD&A has been approved by the Board of Directors of the Company, and contains certain information that is current to the date of this report. Events occurring after that date could render the information contained herein inaccurate or misleading in a material respect. The Company may, but is not obligated to, provide updates to forward-looking statements, including in subsequent news releases and its interim MD&A as filed with regulatory authorities. Additional information relating to the Company is available on the System for Electronic Document Analysis and Retrieval (“SEDAR”) at <http://www.sedar.com>.

Qualified person

The technical information in this Management Discussion and Analysis has been prepared in accordance with the Canadian regulatory requirements set out in National Instrument 43-101 and reviewed on behalf of the Company by Mr. Dean Pekeski, P. Geo., of Kraven Geological Inc., a Qualified Person.

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SSE: MNYCL