TINKA RESOURCES LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE SIX MONTHS ENDED MARCH 31, 2019

This discussion and analysis of financial position and results of operation is prepared as at May 28, 2019 and should be read in conjunction with the unaudited condensed consolidated interim financial statements and the accompanying notes for the six months ended March 31, 2019 of Tinka Resources Limited (the "Company" or "Tinka"). The following disclosure and associated financial statements are presented in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included therein and in the following management discussion and analysis ("MD&A") are quoted in Canadian dollars.

Forward-Looking Statements

Certain information in this MD&A may constitute forward-looking statements or forward-looking information within the meaning of applicable securities laws (collectively, "Forward-Looking Statements"). All statements, other than statements of historical fact that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future are Forward- Looking Statements. Forward-Looking Statements are often, but not always, identified by the use of words such as "seek," "anticipate," "believe," "plan," "estimate," "expect," and "intend" and statements that an event or result "may," "will," "can," "should," "could," or "might" occur or be achieved and other similar expressions. Forward-Looking Statements are based upon the opinions and expectations of the Company based on information currently available to the Company. Forward-Looking Statements are subject to a number of factors, risks and uncertainties that may cause the actual results of the Company to differ materially from those discussed in the Forward-Looking Statements including, among other things, the Company has yet to generate a profit from its activities; there can be no guarantee that the estimates of quantities or qualities of minerals disclosed in Tinka's public record will be economically recoverable; uncertainties relating to the availability and costs of financing needed in the future; successful completion of planned drill program; competition with other companies within the mining industry; the success of the Company is largely dependent upon the performance of its directors and officers and Tinka's ability to attract and train key personnel; changes in world metal markets and equity markets beyond Tinka's control; mineral reserves are, in the large part, estimates and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized; production rates and capital and other costs may vary significantly from estimates; unexpected geological conditions; delays in obtaining or failure to obtain necessary permits and approvals from government authorities; community relations; all phases of a mining business present environmental and safety risks and hazards and are subject to environmental and safety regulation, and rehabilitation and restitution costs; and management of Tinka have experience in mineral exploration but may lack all or some of the necessary technical training and experience to successfully develop and operate a mine. Although Tinka believes that the expectations reflected in the Forward-Looking Statements, and the assumptions on which such Forward-Looking Statements are made, are reasonable, there can be no assurance that such expectations will prove to be correct. Readers are cautioned not to place undue reliance on Forward-Looking Statements, as there can be no assurance that the plans, intentions or expectations upon which the Forward-Looking Statements are based will occur. Forward-Looking Statements herein are made as at the date hereof, and unless otherwise required by law, Tinka does not intend, or assume any obligation, to update these Forward-Looking Statements.

All of the Company's public disclosure filings, including its most recent annual information form, management information circular, material change reports, press releases and other information, may be accessed via www.sedar.com or the Company's website www.tinkaresources.com and readers are urged to review these materials, including the technical reports filed with respect to the Company's mineral properties.

Company Overview

The Company is a junior mineral exploration company currently engaged in the acquisition and exploration of base and precious metals mineral properties in Peru with the aim of developing them to a stage where they can be exploited at a profit or to arrange joint ventures whereby other companies provide funding for development and exploitation. The Company's activities have been focused on developing its 100% owned Ayawilca and Colquipucro Properties (collectively the "Ayawilca Project"), located 40 kilometres northwest of Cerro de Pasco, Central Peru. As of the date of this MD&A, the Company has not earned any production revenue, nor found any proven reserves on any of its properties. The Company is a reporting issuer in British Columbia and Alberta and trades on the TSX Venture Exchange ("TSXV") as a Tier 1 issuer, under the symbol "TK", on the Lima Stock Exchange under the symbol "TK", on the Frankfurt Exchange under the symbol "TLD".

During fiscal 2018 the Company conducted equity financings to raise gross proceeds totalling $16,239,496 and received an additional $5,203,154 on the exercises of share options and warrants. During the six months ended March 31, 2019 a further $393,567 was received on the exercise of warrants and share options. Proceeds from the equity financings and exercises are being used to fund ongoing exploration on the Ayawilca Project and for other corporate purposes and general working capital. See also "Results of Operations - Financings" and "Financial Condition/Capital Resources".

Current Directors and Officers

As at the date of this MD&A, the Company's Directors and Officers were as follows:

Graham Carman	- President, Chief Executive Officer ("CEO") and director
Ben McKeown	- Non-executive Chairman, and director
Nick DeMare	- Chief Financial Officer ("CFO") and director
Alvaro Fernandez-Baca	- Vice President Exploration
Mary Little	- Director
Pieter Britz	- Director
Mariana Bermudez	- Corporate Secretary

Exploration Projects, Peru

Introduction

As at the date of this MD&A, Tinka holds 100% ownership of 59 granted mining concessions covering 16,917 hectares at the Company's flagship Ayawilca Property in the Pasco region of Central Peru. The Ayawilca Property is located 250 kilometres northeast of Lima in the central Peru Andes at between 3,800 and 4,300 metres elevation. The Ayawilca Property is 40 km northwest of the Cerro de Pasco zinc-lead-silver-copper mine, a world-class carbonate replacement deposit ("CRD") that has been mined at various scales for centuries. The Company believes there are strong similarities in the style of mineralization between the Ayawilca and Cerro de Pasco deposits.

The Company's flagship asset is the Ayawilca Zinc Zone discovered by Tinka in 2012. Tinka drilled 68,173 metres at Ayawilca (mostly in 2017 and 2018) since the discovery until the end of 2018, during which time the Company has identified a large high-grade zinc sulphide resource. Zinc ("Zn") is a globally traded commodity, and is used most widely in the galvanization of steel to prevent iron from rusting, and is the second most common base metal after copper. At Ayawilca, zinc is accompanied by indium ("In"), an unusual but high value specialty metal used in the hi-tech industry as a transparent conductor especially in screens of cellular phones.

Ayawilca also hosts significant tin ("Sn") mineralization within the Tin Zone resource, which underlies the zinc mineralization. Tin is a high value base metal used mostly in solders and alloys. A third resource on the Property, the Colquipucro silver deposit, is located 2 km north of the Zinc Zone.

The Ayawilca Zinc Zone is a "blind" sulphide deposit lying at depths of between 120 metres to 450 metres. Mineralization occurs in the form of flat-lying "mantos", typically 5 to 30 metres thick and up to 50 metres thick. Very high-grade zones grading >12% zinc can occur over vertical thicknesses of between 1 to 20 metres. At West and South Ayawilca, mantos are stacked on top of each other and can be mineralized almost continuously over vertical thicknesses of 100 to 150 metres. In these areas the mineralization is also at its shallowest. Mantos at Central and East Ayawilca are typically narrower and slightly lower grade, although individual mantos can be horizontally-continuous over hundreds of metres. At Ayawilca, the zinc occurs as iron-rich sphalerite ('marmatite') together with low iron sphalerite, accompanied by pyrite and/or magnetite with minor pyrrhotite, galena, arsenopyrite, and chalcopyrite. Zinc mineralization is hosted by the Pucara Group limestone, a Triassic-Jurassic limestone between 150 to 250 metres thick, which in the area of the zinc resource does not outcrop but is gently east dipping. The Pucara limestone is overlain by Goyllarisguizga ("Goyllar") Group sandstones, a Cretaceous quartz-rich sandstone-siltstone sequence, which outcrops as prominent shelves. The Goyllar sandstone can be mineralized at or near its basal contact with the limestone, and also hosts steep dipping zinc veins (the latter not included in the 2018 resource estimate). During formation of the zinc deposit, the Goyllar sandstone acted as an impermeable "seal" to the mineralization, the key reason as to why Ayawilca was not discovered until recent times. The mineralization is interpreted to be Miocene (10 to 15 million years ago) associated with (so far) unidentified intrusions at depth.

Tin mineralization pre-dates the zinc, and is hosted by flat-lying pyrrhotite-rich sulphide mantos typically 10-15 metres thick and up to 50 metres thick near the basal limestone contact with underlying phyllite of Paleozoic age (Excelsior Formation). The Tin Zone resource does not overlap with the Zinc Zone, and is generally offset and lies beneath the zinc mineralization. Tin is hosted principally by cassiterite (tin oxide) the principal ore mineral of tin, accompanied by pyrrhotite, pyrite and minor chalcopyrite, stannite and arsenopyrite.

The Colquipucro oxide silver deposit was worked at a small scale by early Spanish miners who targeted lead – silver mineralization. Several adits were constructed by a previous exploration company during the later 20th century. Silver mineralization at Colquipucro is hosted by several parallel east-west trending, steeply north-dipping, iron-manganese oxide fractures hosted by Goyllar sandstone. Lower grade silver mineralization occurs disseminated within the sandstone in-between fracture zones. Silver mineralization occurs from surface to a depth of about 80 metres, and stops at or near a shallow south-dipping limestone contact. Tinka drilled 9,003 metres in 50 holes at Colquipucro between 1996 and 2014. No drilling has been carried out at Colquipucro since 2014, although a few zinc exploration holes were drilled outside of the resource area during 2015-2018.

Current Work Program

The Company commenced a drill program of up to 10,000 metres at the Ayawilca Zinc Zone in April 2019, following a detailed internal review of the geological controls of the deposit. The drill program has commenced with one drill rig operating 24/7. At the time of writing, one hole has been completed and the second hole is in progress. Drill holes results will be released in due course. The focus of the current drilling is to test for further extensions to the Zinc Zone mineralization both at depth and along strike of known mineralization. Several holes are planned to test for limestone-hosted zinc mineralization beneath the current resources at West and South Ayawilca. At least two of these holes will serve as dual purpose holes to infill the existing resource on their progress to depth.

A Preliminary Economic Assessment ("PEA") which commenced in November 2018 is progressing well. The results of the PEA are expected by the end of June 2019. The 2019 drill program is not expected to have any impact on the PEA, which is based on the mineral resources as at November 26, 2018.

Metallurgical test-work on the zinc sulphide mineralization is also advancing well. Several representative composite samples from South and West Ayawilca were selected for variability tests, and two composite samples were chosen for locked cycle tests. The Company expects to have a detailed metallurgical report available for the PEA.

The Company continues to work constructively with the local communities who live in the vicinity of the project and who own the surface rights. The Company employs a number of community workers during its drill programs, to assist in the construction of drill platforms and access tracks as well as rehabilitate drill platforms, under the supervision of Company personnel.

Mineral Resources at the Ayawilca Project

On November 26, 2018, the Company announced an updated Mineral Resources estimate for its Ayawilca zinc and tin deposits. Part of the Zinc Zone Mineral Resource is now classified as Indicated, incorporating a higher-grade portion of the deposit. In addition, the updated Inferred Mineral Resource is of a similar size and grade to the previous Zinc Zone resource reported in November 2017. The updated Tin Zone Inferred Mineral Resource is also substantially larger. The Tin Zone and Zinc Zone resources do not overlap. The Mineral Resources are reported above an NSR cut-off value of US $55/tonne, as estimated by Roscoe Postle Associates Inc. ("RPA") of Toronto, Canada.

Table 1 - Ayawilca Deposit Indicated Mineral Resource - Zinc Zone as of November 26, 2018
Sensitivities at various cut-off grades

NSR $/t Cut-off	Tonnage (Mt)	ZnEq (% grade)	Zinc (%)	Lead (%)	Indium (g/t)	Silver (g/t)
40	13.6	7.4	6.3	0.16	75	15
50	12.4	7.9	6.7	0.17	80	15
55	**11.7**	**8.1**	**6.9**	**0.16**	**84**	**15**

NSR $/t Cut-off	Tonnage (Mt)	ZnEq (% grade)	Zinc (%)	Lead (%)	Indium (g/t)	Silver (g/t)
60	10.8	8.5	7.2	0.16	89	16
70	9.4	9.2	7.7	0.15	99	16
80	7.9	10.0	8.4	0.15	111	17

Notes:

1. Base case highlighted with **bold** text.
2. See Table 4 for notes.

Table 2 - Ayawilca Deposit Inferred Mineral Resources - Zinc Zone as of November 26, 2018
Sensitivities at various cut-off grades

NSR $/t Cut-off	Tonnage (Mt)	ZnEq (% grade)	Zinc (%)	Lead (%)	Indium (g/t)	Silver (g/t)
40	52.7	6.2	5.2	0.24	60	17
50	48.1	6.5	5.4	0.24	64	17
55	**45.0**	**6.7**	**5.6**	**0.23**	**67**	**17**
60	41.5	7.0	5.8	0.23	70	18
70	33.9	7.6	6.4	0.22	78	18
80	26.9	8.3	6.9	0.22	86	20

Notes:

1. Base case highlighted with **bold** text.
2. See Table 4 for notes.

Table 3 - Ayawilca Deposit Inferred Mineral Resources - Tin Zone as of November 26, 2018
Sensitivities at various cut-off grades

NSR $/t Cut-off	Tonnage (Mt)	SnEq (% grade)	Tin (%)	Copper (%)	Silver (g/t)
40	17.1	0.65	0.57	0.20	18
50	15.9	0.67	0.60	0.20	18
55	**14.5**	**0.70**	**0.63**	**0.21**	**18**
60	12.5	0.76	0.68	0.22	17
70	10.1	0.84	0.76	0.23	18
80	8.3	0.92	0.84	0.25	18

Notes:

1. Base case highlighted with **bold** text.
2. See Table 5 for notes.

Detail of Mineral Resource Estimates

RPA updated the Ayawilca Mineral Resource estimate using the drill results available to October 9, 2018 (Tables 4 and 5). Two types of mineralization occur at Ayawilca, zinc-indium-silver-lead mineralization ("Zinc Zone") and tin-copper-silver mineralization ("Tin Zone").

The Zinc Zone Mineral Resources are hosted by the 200 metre thick Triassic-Jurassic Pucará Group limestone and located beneath the Goyllarisguizga Group sandstone unit which outcrops, and hosts the Colquipucro silver oxide deposit located 1.5 km to the north. The Zinc Zone deposit is made up of multiple, gently dipping lenses or 'mantos' in the Central and East Ayawilca zones and as massive replacement bodies within structural zones in the West and South Ayawilca zones, all located above Paleozoic basement rocks. Most of the known polymetallic mineralization occurrences in central Peru are located in a similar geological environment. The Mineral Resources within the Zinc Zone are reported at a US$55/t Net Smelter Return (NSR) cut-off value. Indicated Mineral Resources are estimated to total 11.7 million tonnes at average grades of 6.9% Zn, 84 g/t In, 15 g/t Ag, and 0.16% Pb. Inferred Mineral Resources are reported at 45.0 million tonnes at average grades of 5.6% Zn, 67 g/t In, 17 g/t Ag, and 0.23% Pb.

The increase in tonnage as compared to the previous resource estimate, dated October 10, 2017, is due to an increase in volume of the interpreted mineralized zones defined by the additional drilling during the 2018 campaign.

Table 4 - Zinc Zone Mineral Resources at Ayawilca Deposit
As of November 26, 2018

Area	Tonnage (Mt)	ZnEq (%)	Zn (%)	Pb (%)	In (g/t)	Ag (g/t)	Zn (Mlb)	Pb (Mlb)	In (kg)	Ag (Moz)
Indicated										
West	7.8	7.7	6.5	0.20	72	15	1,126	35	561	3.9
South	3.9	9.1	7.6	0.09	108	16	652	8	422	2.0
Total Indicated	**11.7**	**8.1**	**6.9**	**0.16**	**84**	**15**	**1,778**	**42**	**983**	**5.8**
Inferred										
West	5.0	7.1	6.4	0.27	34	17	699	30	170	2.8
Central	18.6	5.6	4.6	0.23	62	12	1,884	95	1,153	7.5
East	11.3	5.9	5.0	0.18	56	14	1,238	44	633	5.0
South	10.2	9.6	7.9	0.27	103	30	1,764	61	1,047	9.9
Total Inferred	**45.0**	**6.7**	**5.6**	**0.23**	**67**	**17**	**5,585**	**230**	**3,003**	**25.2**

Notes:
1. CIM definitions were followed for Mineral Resources.
2. Mineral Resources are reported above a cut-off NSR value of US $55 per tonne.
3. The NSR value was based on estimated metallurgical recoveries, assumed metal prices and smelter terms, which include payable factors, treatment charges, penalties, and refining charges. Metal price assumptions were: US $1.15/lb Zn, US $300/kg In, US $15/oz Ag, and US$1.00/lb Pb. Metal recovery assumptions were: 90% Zn, 75% In, 60% Ag, and 75% Pb. The NSR value for each block was calculated using the following NSR factors: US $15.34 per % Zn, US$ 4.70 per % Pb, US $0.18 per gram In, and US $0.22 per gram Ag.
4. The NSR value was calculated using the following formula:
   NSR = Zn(%)*US $15.34+Pb(%)*US $4.70+In(g/t)*US $0.18+Ag(g/t)*US $0.22
5. The ZnEq value was calculated using the following formula:
   ZnEq = NSR/US $15.34
6. Numbers may not add due to rounding.

The Tin Zone Mineral Resources are hosted as disseminated cassiterite and chalcopyrite in massive to semi-massive pyrrhotite lenses at the contact between the Pucará Group and underlying phyllite of the Devonian Excelsior Group. Parts of the Tin Zone mineralization can occur as quartz sulphide stockwork veinlets hosted by the phyllite. Inferred Mineral Resources within the Tin Zone, also reported at an NSR cut-off value of US $55/t, are estimated to total 14.5 million tonnes at average grades of 0.63% Sn, 0.21% Cu and 18 g/t Ag. Similar to the Zinc Zone, the increase in tonnage is due to an increased volume of the interpreted zones due to additional drilling in 2018.

Table 5 - Tin Zone Inferred Mineral Resources at Ayawilca Deposit
As of November 26, 2018

	Tonnage (Mt)	SnEq (%f)	Sn (%)	Cu (%)	Ag (g/t)	Sn (Mlb)	Cu (Mlb)	Ag (Moz)
Tin Zones	14.5	0.70	0.63	0.21	18	201	67	8

Notes:
1. CIM definitions were followed for Mineral Resources.
2. Mineral Resources are reported above a cut-off grade of US $55 per tonne NSR value.
3. The NSR grade was based on estimated metallurgical recoveries, assumed metal prices and smelter terms, which include payable factors, treatment charges, penalties, and refining charges. Metal price assumptions were: US $9.00/lb Sn, US $2.85/lb Cu, and US $15/oz Ag. Metal recovery assumptions were: 86% Sn, 75% Cu, and 60% Ag. The NSR value for each block was calculated using the following NSR factors: US $155.21 per % Sn, US $37.59 per % Cu, and US $0.22 per gram Ag.
4. The NSR value was calculated using the following formula: US$NSR = Sn(%)*US $155.21+Cu(%)*US $37.59+Ag(g/t)*US $0.22
5. The SnEq value was calculated using the following formula: SnEq = NSR/US $155.21
6. Numbers may not add due to rounding.

The Ayawilca - Colquipucro drill database includes approximately 71,200 m in 185 drill holes. The three-dimensional wireframe models were generated using an approximate NSR cut-off value of $50/t for both Zinc and Tin Zones. Prior to compositing to two metre lengths, high Sn, In, and Ag values were cut to 4%, 350 g/t to 550 g/t, and 100 g/t to 170 g/t depending on area, respectively. Block model grades within the wireframe models were interpolated by inverse distance cubed.

Despite lead grades being low it is assumed that lead and silver will be recovered in a lead concentrate. Density was estimated to be between 3.5 t/m^3 and 3.7 t/m^3 for the Zinc Zones and 3.9 t/m^3 for the Tin Zone based on density measurements from core samples. The Mineral Resources were assigned Indicated or Inferred category in the Zinc Zones and Inferred only in the Tin Zone due to the widely spaced drilling. The classification criteria used to define the

Indicated Mineral Resources included spatial analysis, drill hole spacing, and the apparent continuity of the mineralization. The drill hole spacing within the area assigned as Indicated category commonly ranges from 40 m to 70 m. No Mineral Reserves have yet been estimated at Ayawilca.

The Mineral Resource estimate for the Colquipucro silver oxide deposit (Indicated Mineral Resource of 7.4 Mt at a grade of 60 g/t Ag for 14.3 Moz Ag and Inferred Mineral Resource of 8.5 Mt at a grade of 48 g/t Ag for 13.2 Moz Ag, using US $15/t cut-off and a metal price of $24/oz Ag) remains unchanged from the February 26, 2015 news release.

A NI 43-101 technical report on the Mineral Resource Estimate for the Ayawilca Property was filed on SEDAR on January 9, 2019.

Mineral Resources

The Mineral Resources disclosed in this MD&A have been estimated by Ms. Dorota El Rassi, P.Eng., and Mr. David Ross, P.Geo., both employees of RPA and independent of Tinka. By virtue of their education and relevant experience, Ms. El Rassi and Mr. David Ross are "Qualified Persons" for the purpose of National Instrument 43-101. The Mineral Resources have been classified in accordance with CIM Definition Standards for Mineral Resources and Mineral Reserves (May, 2014).

Qualified Person

The qualified person for the Company's projects, Dr. Graham Carman, President and CEO of the Company and a Fellow of the Australasian Institute of Mining and Metallurgy ("FAUSIMM"), has reviewed and verified the technical information in this MD&A.

Selected Financial Data

The following selected financial information is derived from the unaudited condensed consolidated interim financial statements of the Company.

	Fiscal 2019		Fiscal 2018				Fiscal 2017	
	Mar. 31 2019 $	Dec. 31 2018 $	Sept. 30 2018 $	Jun. 30 2018 $	Mar. 31 2018 $	Dec. 31 2017 $	Sept. 30 2017 $	Jun. 30 2017 $
Operations:								
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Expenses	(764,907)	(941,612)	(880,642)	(975,038)	(612,508)	(624,063)	(747,935)	(701,393)
Other items	(76,182)	316,742	(4,758)	129,343	48,553	102,748	(71,246)	(129,336)
Net loss and comprehensive loss	(841,089)	(624,870)	(885,400)	(845,695)	(563,955)	(521,315)	(819,181)	(830,729)
Loss per share -basic and diluted	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)
Dividends per share	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Balance Sheet:								
Working capital	10,581,942	12,361,332	13,758,538	17,210,606	4,426,093	6,529,914	5,649,150	8,460,307
Total assets	53,132,829	53,709,448	53,647,845	53,562,408	37,909,918	38,192,196	35,055,174	34,618,538
Total long-term liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Results of Operations

Three Months Ended March 31, 2019 Compared to Three Months Ended December 31, 2018

During the three months ended March 31, 2019 (the "Q2") the Company reported a net loss of $841,089 compared to a net loss of $624,870 for the three months ended December 31, 2018 (the "Q1"), an increase in loss of $216,219. The increase in loss is mainly attributed to:

(i) during Q2 the Company recorded a foreign exchange loss of $141,797 compared to a foreign exchange gain of $243,200 recorded in Q1;

(ii) a $96,460 decrease in share-based compensation expense during Q2. During Q2 the Company granted share options to purchase 345,000 common shares and recorded compensation expense of $2,846. The Company also recorded additional compensation expense of $314,891 on the vesting of share options previously granted and a recovery of $70,893 for expired and forfeited share options. During Q1 the Company recognized $350,068 on the vesting of share options previously granted and a recovery of $6,763 on expired and forfeited share options;

(iii) during Q1 the Company accrued audit fees of $42,000 for the audit of the Company's annual financial statements. During Q2 the audit bill was finalized and the Company recorded an additional $512;

(iv) a $32,392 increase in regulatory fees, from $5,877 in Q1 to $38,269 in Q2. The increase was primarily attributable to SEDAR filing fees of the Company's annual financial statements;

(v) professional fees decreased by $27,875 during Q2. The decrease was mainly attributed to paying $20,000 in recruitment fees to identify a mining consultant in Q1; and

(vi) a $15,245 decrease in general exploration, from $46,828 during Q1 to $31,583 during Q2.

Six Months Ended March 31, 2019 Compared to Six Months Ended March 31, 2018

During the six months ended March 31, 2019 (the "2019 period"), the Company reported a net loss of $1,465,959 compared to a net loss of $1,085,270 for the six months ended March 31, 2018 (the "2018 period"), an increase in loss of $380,689. The increase in loss during the 2019 period is mainly attributed to the fluctuation in the following expenses:

(i) a $502,620 increase in share-based compensation expense during the 2019 period. During 2019 the Company granted share options to purchase 345,000 common shares and recorded compensation expense of $2,846. The Company also recorded additional compensation expense of $664,959 on the vesting of share options previously granted and a recovery of $77,656 for expired and forfeited share options. During the 2018 period the Company recognized $87,529 on the vesting of share options previously granted;

(ii) a $28,099 increase in salaries, wages and benefits, from $169,509 during the 2018 period to $197,608 during the 2019 period. The increase was attributable to increases in salaries and severance payments made;

(iii) travel expenses of $46,707 (2018 - $145,091) were incurred by management to review exploration activities in Peru and in the 2018 period to meet with investors to raise capital and attend investment conferences to raise awareness of the Company's Peruvian exploration plans;

(iv) professional fees increased by $42,936 during the 2019 period to $149,000 from $106,064 during the 2018 period. The increase was primarily attributable to recruitment fees paid to identify a mining consultant and amounts charged by the consultant;

(v) legal fees decreased by $36,055 in the 2019 period to $47,710 (2018 - $83,765). During the 2018 period fees were mainly related to the listing of the Company's common shares on the Lima Stock Exchange, whereas legal services provided in the 2019 period were primarily attributed to corporate general matters;

(vi) a $20,849 decrease in investment conferences, from $80,011 during the 2018 period to $59,162 during the 2019 period. The decrease is primarily attributed to the Company participating in more investment conferences in Europe and North America during the 2018 period;

(vii) a $17,910 decrease in corporate development, from $26,922 in the 2018 period to $9,013 in the 2019 period. The decrease is attributed to the Company conducting more activities in the 2018 period;

(viii) during the 2019 period the Company incurred a total of $63,560 (2018 - $51,294) for accounting and administration. The Company incurred a total of $46,500 (2018 - $33,800) with Chase Management Ltd. ("Chase"), a private corporation owned by Mr. DeMare, the Company's CFO, for accounting and administrative services provided by Chase personnel, excluding Mr. DeMare. In addition, during the 2019 period the Company was also billed $17,060 (2018 - $17,494) for accounting services provided by a third party accounting firm in Peru;

(ix) incurred regulatory fees of $44,146 (2018 - $54,089) representing a $9,943 decrease compared to the 2018 period. During the 2018 period the Company paid $31,008 in filing fees associated with the Company's prospectus;

(x) a $9,294 increase in general exploration, from $69,117 during the 2018 period to $78,411 during the 2019 period; and

(xi) during the 2019 period the Company recorded a foreign exchange gain of $101,403, a decrease of $5,341, compared to a foreign exchange gain of $106,744 during the 2018 period.

The Company holds its cash in interest bearing accounts in major financial institutions. Interest income is generated from the deposits and fluctuates primarily with the levels of cash on deposit. During the 2019 period the Company recorded interest income of $139,157 compared to $44,557 during the 2018 period, an increase of $94,600. The increase is due to the recent equity financings conducted and share options and warrants exercised. As a result, the Company held significantly higher levels of cash throughout the 2019 period compared to the 2018 period.

The carrying costs of the Company's exploration and evaluation assets are as follows:

	As at March 31, 2019			As at September 30, 2018		
	Acquisition Costs $	Deferred Exploration Costs $	Total $	Acquisition Costs $	Deferred Exploration Costs $	Total $
Colquipucro	381,318	8,575,803	8,957,121	381,318	8,333,515	8,714,833
Ayawilca	638,893	29,269,051	29,907,944	636,708	27,001,832	27,638,540
Other	-	3,106,578	3,106,578	-	2,919,465	2,919,465
	1,020,211	40,951,432	41,971,643	1,018,026	38,254,812	39,272,838

Exploration and evaluation activities incurred during the six months ended March 31, 2019 period and fiscal 2018 are as follows:

	Colquipucro $	Ayawilca $	Other $	Total $
Balance at September 30, 2017	8,096,360	18,212,263	2,554,100	28,862,723
Exploration costs				
Assays	-	10,717		10,717
Camp costs	-	1,109,691	-	1,109,691
Community relations	463,188	1,900,991	-	2,364,179
Consulting	70,217	100,340	-	170,557
Depreciation	-	5,323	-	5,323
Drilling	-	5,216,500	-	5,216,500
Environmental	33,891	292,498	-	326,389
Geological	-	445,818	-	445,818
Metallurgical	-	149,795		149,795
Software and database management	8,189	8,356		16,545
Topography	-	3,945	-	3,945
Travel		3,380		3,380
VAT incurred		-	1,252,605	1,252,605
VAT recovered	-	-	(887,240)	(887,240)
	575,485	9,247,354	365,365	10,188,204
Acquisition costs				
Concession payments	42,988	178,923	-	221,911
Balance at September 30, 2018	8,714,833	27,638,540	2,919,465	39,272,838
Exploration costs				
Camp costs	-	426,205	-	426,205
Community relations	207,032	970,705	-	1,177,737
Consulting	-	172,503	-	172,503
Depreciation	-	2,946	-	2,946
Drilling	-	87,471	-	87,471
Environmental	35,256	179,742	-	214,998
Geological	-	247,823	-	247,823
Metallurgical	-	147,435	-	147,435
Software and database management		17,245		17,245
Topography	-	1,586	-	1,586
Travel	-	13,558	-	13,558
VAT incurred	-	-	187,113	187,113
	242,288	2,267,219	187,113	2,696,620
Acquisition costs				
Concession payments	-	2,185	-	2,185
Balance at March 31, 2019	8,957,121	29,907,944	3,106,578	41,971,643

During the 2019 period the Company focused on continuing metallurgical test work, construction of access roads and platforms, rehabilitation of drill sites and access tracks with local communities and commencement of the PEA. The Company incurred a total of $2,698,805 (2018 - $3,922,758) for exploration expenditures and acquisition costs, comprising $2,269,404 (2018 - $3,255,760) on the Ayawilca Project, $242,288 (2018 - $260,946) on the Colquipucro Project, and $187,113 (2018 - $406,052) for IVA tax in Peru. See also "Exploration Projects, Peru - Recent Exploration Results and Planned Work Program".

Financings

During the 2019 period the Company issued 1,942,829 common shares for gross proceeds of $393,567 on the exercise of share options and warrants. The proceeds are being used to help fund the current drill program at the Ayawilca Project, preparation of the PEA, as well as general working capital. The Company did not complete any equity financings during the 2019 period.

During the 2018 period the Company issued 12,797,347 common shares for gross proceeds of $3,833,329 on the exercise of share options and warrants. The proceeds were used to help fund the 2018 drilling program at the Ayawilca Project, as well as for other exploration expenditures and general working capital. The Company did not complete any equity financings during the 2018 period.

Financial Condition / Capital Resources

The Company's ability to continue as a going concern is dependent upon the ability of the Company to obtain the necessary financing to develop properties and to establish future profitable production. To date the Company has not earned significant revenues and is considered to be in the exploration stage. The Company's operations are funded from equity financings which are dependent upon many external factors and may be difficult to impossible to secure or raise when required. As at March 31, 2019 the Company had working capital in the amount of $10,581,942. Management considers that the Company has sufficient funds to maintain ongoing corporate overhead, field expenses, complete its current drill program and metallurgical tests on Ayawilca, complete the PEA and continue ongoing exploration activities on its existing mineral projects. Exploration activities may change as a result of ongoing results and recommendations or the Company may acquire additional properties which may entail significant exploration commitments. While the Company has been successful in securing financings in the past, there is material uncertainty it will be able to do so in the future.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Proposed Transactions

The Company has no proposed transactions.

Critical Accounting Estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Examples of significant estimates made by management include estimating the fair values of financial instruments, valuation allowances for deferred income tax assets and assumptions used for share-based compensation. Actual results may differ from those estimates.

A detailed summary of all the Company's significant critical accounting estimates is included in Note 3 to the September 30, 2018 annual consolidated financial statements.

Changes in Accounting Policies

There are no changes in accounting policies other than the adoption of IFRS 9 - *Financial Instruments* ("IFRS 9").

IFRS 9

Effective October 1, 2018, the Company adopted IFRS 9 using the modified retrospective approach. IFRS 9 did not impact the Company's classification and measurement of financial assets and liabilities. The standard did not have an impact on the carrying amounts of the Company's financial instruments at the transition date. IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value. The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments for principal and interest.

Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9.

A detailed summary of all the Company's other significant accounting policies is included in Note 3 to the September 30, 2018 annual consolidated financial statements.

Transactions with Related Parties

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Certain of these entities transacted with the Company during the reporting period.

(a) *Transactions with Key Management Personnel*

During the 2019 and 2018 periods the following amounts were incurred with respect to the Company's CEO (Dr. Carman), the Company's CFO (Mr. Nick DeMare) and the Company's VP of Exploration (Mr. Alvaro Fernandez-Baca) as follows:

	2019 $	**2018 $**
Management fees - Dr. Carman	140,004	140,004
Professional fees - Mr. DeMare	15,000	15,000
Professional fees - Mr. Fernandez-Baca	123,370	92,486
Share-based compensation - Dr. Carman	137,731	46,548
Share-based compensation - Mr. DeMare	41,319	-
Share-based compensation - Mr. Fernandez-Baca	68,866	18,619
	526,290	312,657

During the 2019 period the Company expensed $140,004 (2018 - $140,004) to management fees, $64,348 (2018 - $63,765) to professional fees and $247,916 (2018 - $65,167) for share-based compensation. In addition, the Company capitalized $74,022 (2018 - $43,721) of Mr. Fernandez-Baca's compensation to exploration and evaluation assets.

As at March 31, 2019, $nil (September 30, 2018 - $27,743) remained unpaid.

(b) *Transactions with Other Related Parties*

(i) During the 2019 and 2018 periods the following amounts were incurred for professional services provided by non-management current and former directors of the Company (Mary Little, Ben McKeown, and David Henstridge) and the Corporate Secretary (Mariana Bermudez):

	2019 $	**2018 $**
Professional fees - Ms. Little (director)	12,000	12,000
Professional fees - Mr. McKeown (director) (1)	12,000	12,000

	2019 $	2018 $
Professional fees - Mr. Henstridge (former director)(2)	-	3,000
Professional fees - Ms. Bermudez (3)	24,360	16,800
Share-based compensation - Ms. Little	44,498	-
Share-based compensation - Mr.McKeown	105,947	-
Share-based compensation - Ms. Bermudez	34,433	-
	233,238	43,800

(1) Appointed director on August 17, 2017 and appointed non-executive Chairman on February 14, 2018.
(2) Resigned on November 15, 2017.
(3) Ms. Bermudez compensation is billed by a private corporation owned by Ms. Bermudez.

As at March 31, 2019, $8,000 (September 30, 2018 - $10,000) remained unpaid.

(ii) During the 2019 period the Company incurred a total of $46,500 (2018 - $33,800) with Chase, a private corporation owned by Mr. DeMare, for accounting and administrative services provided by Chase personnel, excluding Mr. DeMare, and $2,010 (2018 - $2,010) for rent. As at March 31, 2019, $19,670 (September 30, 2018 - $7,000) remained unpaid.

Risks and Uncertainties

The Company competes with other mining companies, some of which have greater financial resources and technical facilities, for the acquisition of mineral concessions, claims and other interests, as well as for the recruitment and retention of qualified employees.

The Company is in compliance with all material regulations applicable to its exploration activities. Existing and possible future environmental legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted. Before production can commence on any properties, the Company must obtain regulatory and environmental approvals. There is no assurance that such approvals can be obtained on a timely basis or at all. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations.

The Company's mineral properties are located in Peru and consequently the Company is subject to certain risks, including currency fluctuations and possible political or economic instability which may result in the impairment or loss of mining title or other mineral rights, and mineral exploration and mining activities may be affected in varying degrees by political stability and governmental regulations relating to the mining industry.

Outstanding Share Data

The Company's authorized share capital is unlimited common shares with no par value. As at May 28, 2019, there were 264,609,029 issued common shares, 12,382,347 warrants outstanding exercisable at $0.45 per share and 11,645,500 share options outstanding, at exercise prices ranging from $0.25 to $0.50 per share.