



**SILVER X MINING CORP.  
(FORMERLY ORO X MINING CORP.)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the three months ended May 31, 2021**

This Interim Management's Discussion and Analysis ("Interim MD&A") supplements but does not form part of the unaudited condensed consolidated interim financial statements of Silver X Mining Corp. (the "Company" or "Silver X") (formerly Oro X Mining Corp.) for the three months ended May 31, 2021. The following information, prepared as of July 27, 2021, should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the three months ended May 31, 2021 and the related notes contained therein. The Company reports its financial position, results of operations and cash flows in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All amounts are expressed in Canadian dollars unless otherwise indicated.

Additional information relevant to the Company's activities can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

## **CORPORATE OVERVIEW**

The Company is a Vancouver-based resource company. The Company offers diverse commodity exposure, including silver, gold, lead and zinc opportunities for further growth through regional consolidation.

On June 18, 2021, the Company changed its name to "Silver X Mining Corp." and its trading symbol to "AGX".

The Company's shares trade on the TSX Venture Exchange (the "TSXV").

## **SILVER X AND LATITUDE SILVER TRANSACTION**

On June 23, 2021, the Company and Mines and Metals Trading (Peru) PLC ("MMTP", also commercially known as "Latitude Silver") announced they have closed their previously announced business combination agreement (the "Transaction").

Pursuant to the terms of the Business Combination Agreement, Oro X will acquire all of the MMTP common shares (the "MMTP Shares") as part of a merger of equals. Each MMTP Share was exchanged for 28.828 (the "Exchange Ratio") common shares of Silver X (a "Silver X Share"), resulting in an aggregate of approximately 42,969,000 Silver X Shares issued to the MMTP shareholders pursuant to the Transaction.

As part of the closing of the Transaction, the previously issued 23,649,286 subscription receipts of MMTP Finco Inc. ("Finco"), a wholly-owned subsidiary of Latitude Silver, which were issued pursuant to a private placement financing completed on April 16, 2021, each converted into one common share of Finco (the "Finco Shares"). In connection with closing the Transaction, the Company issued 23,649,286 Silver X Shares in exchange for the Finco Shares and the net proceeds of the financing of \$13,209,890 were released to Silver X.

## **NUEVA RECUPERADA, PERU**

### **Overview**

Silver X's Nueva Recuperada project lies in the heart of Peru's premier silver-lead-zinc belt. The 15,000-hectare district-sized project was assembled through acquisitions from major silver producers such as Compañía de Minas Buenaventura SAA (NYSE: BVN) and Pan American Silver (TSX: PASS). The Nueva Recuperada project includes: (i) the Tangana Mine, a 500 tpd precious and base-metal operation; (ii) Esperanza, a historic silver-polymetallic mine

with exploration upside; (iii) Maria Luz, a highly prospective silver vein system; and (iv) San Antonio vein, within the Tangana mining unit. The Nueva Recuperada project has a reported 7,324,000 tonnes inferred resource at grades of 130.32 g/t Ag, 3.17% Pb/T, 2.04% Zn/T and includes a 600 tpd fully permitted processing facility that has been operating since 2019.

### **Tangana Mine – Silver, Gold, Lead & Zinc**

The Tangana mine is currently producing an average of 500 tpd. The Tangana vein hosts 4,840,015 tonnes of inferred resource grading 116.33 g/t Ag, 3.35% Pb and 1.63% Zn. Production infrastructure development at Tangana is being optimized by the recently completed 4,000-meter infill drill programme.

Polymetallic resources at Tangana are hosted in both a carbonate zone that includes thick (4-meter average width) carbonate replacement-type veins and a large andesitic zone that hosts additional resources (1.4-meter average width veins). There is evidence of high and intermediate sulphidation mineralizing events throughout the Tangana Mine. Silver X plans to develop a number of portals and other supporting mine infrastructure to access the Cauca, Morlupo and Tangana 2 veins.

Silver X also recently completed a 21-hole 4,000-meter Phase 1 underground infill drilling programme in Tangana. The Phase 1 programme has focused on upgrading and expanding the Company's reported 7.3 Mt inferred resource. Assay results from the Phase 1 infill drilling program will be published as they become available.

Preliminary analysis of the infill drilling results at Tangana indicate that potentially economic mineralization appears to extend by an additional 100 metres horizontally and 150 metres vertically deeper into what is interpreted as a previously unexplored, open-ended, resource extension.

In addition, the recently completed infill drill programme at Tangana is expected to:

- 1) Demonstrate the continuity of the mineralized structures
- 2) Improve the Company's geological understanding of mineralization potential
- 3) Outline new prospective horizons at depth and along strike within the Tangana deposit

To date, exploration activities at Tangana have included diamond drilling, geological mapping, historical data validation, and geochemical and spectral sampling. Recent exploration activities coupled with previously reported data suggest that Nueva Recuperada hosts multiple silver-polymetallic exploration targets, in addition to having near-term potential for resource upgrades at a district scale.

### **Esperanza – Silver, Lead & Zinc**

Hosts a reported 85,226 tonne inferred resource grading 256.60 g/t Ag, 2.94% Pb and 4.84% Zn. There is geological evidence at Esperanza of both high and intermediate sulphidation events. Historical drilling and recent surface mapping provide strong evidence for the presence of significant exploration upside.

### **Maria Luz – Silver**

Hosts a reported 195,159 tonne inferred resource grading 496.10 g/t Ag, 0.21% Pb and 0.34% Zn. The Company is conducting a bulk sampling programme and will also target this silver rich vein system with a drilling programme in the second half of 2021.

### **25,000 Metre Phase 2 Resource Expansion and Definition Drill Programme**

Based on the recent Phase 1 drill results and surface exploration at Nueva Recuperada, Silver X has commenced a Phase 2 drill programme comprised of a 9,000-metre underground drilling campaign with 2 underground rigs, whilst 2 surface diamond drill rigs will drill a further 6,000 metres across known silver-polymetallic and other newly identified geological greenfield targets.

An additional 10,000 metres of exploration drilling, both underground and at surface, is planned to build upon early Phase 2 results in H1 2022. In total, 25,000 metres of drilling is planned over the next 12 months and a budget in excess of USD \$5.0 million has been allocated for the Phase 2 drilling.

Recent exploration efforts have confirmed the presence of new polymetallic veins and have also identified carbonate replacement manto prospects and skarns on the concessions. Preliminary field data results support the highly prospective nature of these new target areas and will be reported on separately in the coming weeks.

The focus of the Phase 2 diamond drilling exploration program is the upgrading of existing resources as well as the identification of resource extensions on the three most advanced targets, Tangana, Esperanza and Maria Luz. All in all, the expanded Phase 2 diamond drill programme is targeting:

- **Tangana:** Resource upgrading and evaluation of the Tangana, Cauca, Las Animas, Estrella and Morlupito veins. Drilling is underway in this zone.
- **Esperanza:** Infill drilling and historical data validation, starting H1 2022.
- **Maria Luz:** Evaluation of Silver-polymetallic vein structures, starting H2 2021.
- **Mantos:** Starting Q4 2021, exploration surface drilling is planned to evaluate polymetallic skarn-replacement mineralizing potential on the Mantos Project, situated within limestones and located nearby and east of the Tangana Mine.

## CORIORCCO GOLD PROJECT, PERU

### Overview

On October 8, 2020, Oro X acquired the legal and beneficial right, title, and interest in the option to acquire 100% of the legal and beneficial interest in to a 2,000 hectare concession known as the Coriorcco Property.

The Coriorcco gold project located in Lucana Province, Ayacucho region of southern Peru, is accessible by paved road to within 5 km of the project area. Located 80 km east of Peru's prominent Pan American highway, the project has potential for stand alone project development.

The Coriorcco Project is one of several zones within the San Juan de Lucanas mining district with outcropping quartz vein-hosted gold and silver mineralisation. The strong silicified and argillized volcanic Coriorcco Dome Structure is exposed through quaternary cover. The Target dome measures approximately 700 x 800 m and hosts 17 epithermal quartz, quartz-carbonate, and quartz-carbonate-adularia veins plus smaller vein occurrences. The most common vein orientations are northwest and east-northeast, these orientations represent the Andean Trend and antithetic transform structures. Veins pinch and swell along-strike and with depth. Vein 3 and Vein 6 are the two most significant veins at the Property and have been mapped at surface striking approximately east-northeast for 280 m and 405 m respectively. They have been traced to depth in historical mine workings up to 60 m below surface.

- Coriorcco Gold Project hosts 17 mineralised veins at surface with widths up to 2.5m within a 1 km by 800m zone of intense epithermal related alteration.
- Limited surface rock sampling by the previous operators include:
  - 22.90 g/t Au; 19.25 g/t Au; 14.20 g/t Au; 13.05 g/t Au
  - Average grade from surface sampling 1.91 g/t Au over 181 samples
  - Further encouraging sampling for underground workings to be verified

### Coriorcco Option Agreement

Under the Coriorcco Option Agreement, the Company will have the right to acquire a 100% interest in the Coriorcco property by making a payment of USD \$3,000,000 plus general sales tax and granting a production royalty to the underlying concession holder (the "Coriorcco Royalty").

If the Company exercises the option to acquire the Coriorcco property, the royalty payments are calculated as

follows:

	Price per dry metric tonne of gold bearing ore	
	Before 4 years	After 4 years
Vein Ore	\$3.50	\$7.00
Disseminated Ore	\$0.50	\$1.00

The Coriorcco Royalty can be repurchased for USD \$1,000,000 (the “Buy-Back Right”) prior to the fifth anniversary of the Coriorcco Option Agreement. Every year following the fifth anniversary of the Coriorcco Option Agreement, the cost of the Buy-Back Right increases by 10%.

If the Company exercises its option to acquire the Coriorcco property, Oro X will grant to Titan Minerals a 1% net smelter royalty (the “NSR”) over the Coriorcco property.

## **LAS ANTAS GOLD PROJECT, PERU**

### **Overview**

On October 8, 2020, Oro X acquired the legal and beneficial right, title, and interest in the option to acquire up to 85% of the legal and beneficial interest in to a 1,400 hectare concession known as the Las Antas Property.

The Las Antas Gold Project, which hosts significant exploration potential for stand alone, bulk tonnage, disseminated style gold mineralization, provides Oro X with a key foothold into a broader district that contains multiple high-grade gold-silver veins. Located within the prolific epithermal gold belt of Southern Peru, Las Antas is an important step towards development of a substantial land position in the region, generating multiple options.

Las Antas is hosted by the Calipuy volcanic layered stratigraphy in Southern Peru with andesitic flows, ignimbrites, tuffs, volcanic breccias and agglomerate units. The volcanic stratigraphy has been intruded by several andesitic to dacitic stocks, which comprise favourable units for mineralization and at surface are associated with a pervasive hydrothermal alteration system in halos of intense silicification, showing vuggy silica, alunite and illite.

The project is located within the Oligocene-Pliocene gold-silver Belt of Southern Peru, which contains various precious metal deposits including the Ares Mine (1.2Moz Au & 15Moz Ag) and the Antapite Mine (600koz Au).

Specific to the Las Antas Project area is two prioritized targets areas:

- Yuracmarca Target, 1.5×2.2 km of area with propylitization, argilization and silicification alterations.
- Cerro Amarillo Target, 3.5×2.3 km of area with intense silicification, in parts vuggy silica, altered breccias, alunite and Illite, argilitization and propylitization.

### **Las Antas Earn-in Agreement**

Pursuant to the Las Antas Earn-in Agreement, the Company will have the right to acquire up to an 85% interest in the Las Antas property.

The Company can earn-in a 60% interest by:

- Spending USD \$2,000,000 within the earn-in period (which runs for two years from the date on which all applicable permits have been obtained).
- Making a payment to the underlying concession holder of USD \$450,000.

Once the Company has obtained a 60% interest in the Las Antas property it will form a joint venture with the underlying concession holder (the “Las Antas Joint Venture”).

Following the creation of the Las Antas Joint Venture, the Company can obtain a further 25% interest in the Las Antas property, as follows:

- 5% interest from the underlying concession holder prior to the completion of a pre-feasibility study for USD \$500,000
- 10% interest from the underlying concession holder by completing a pre-feasibility study
- 5% interest from the underlying concession holder following the completion of a pre-feasibility study for USD \$1,000,000
- 5% at any time within 60 days following the commencement of commercial production from the Las Antas property for USD \$1,000,000

## **JULIAN PROPERTY, ECUADOR**

The Julian Property is located in the Province of Azuay in the canton of Oña, overlapping the Parishes Oña Yacuambi and Nabón, approximately 64km southwest of the city of Cuenca and 100km southeast of Machala in the Cordillera Real de los Andes Ecuador.

The Julian concession covers 2,312 Ha and surrounds the El Mozo high sulphidation epithermal gold project.

### ***Project Overview:***

- The known El Mozo mineralized trend runs directly from El Mozo South-West onto Julian but it has not been drill tested.
- Julian is located on the same Miocene-Pliocene volcanic host rocks Piyasambo Formation as the “El Mozo” project and it also is located to the south-west projection of the “Collay-Shincata” mineralized belt (epithermal mineral occurrences).
- Ease of access with paved highway to within 30 mins of Julian

## SELECTED QUARTERLY INFORMATION

The following table provides information for the three months ended May 31, 2021 and 2020:

	<b>Three months ended May 31</b>	
	<b>2021</b>	<b>2020</b>
<b>EXPLORATION EXPENDITURES</b>		
Exploration expenses	\$ (126,172)	\$ (59,403)
	(126,172)	(59,403)
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>		
Amortization	-	(2,354)
Consulting fees	(211,192)	(46,650)
Directors fees	(12,724)	(6,000)
Investor Relations	(163,021)	(580)
Office and administration	(3,264)	(1,222)
Professional fees	(129,016)	(6,000)
Salaries and benefits	(63,751)	-
Share-based payments	(359,959)	-
Transfer agent and regulatory fees	(1,581)	(5,932)
	(944,508)	(68,738)
	<b>(1,070,680)</b>	<b>(128,141)</b>
Finance (expense) income	(1,202)	22
Foreign exchange loss	(681)	(63)
	(1,883)	(41)
<b>Loss and comprehensive loss for the period</b>	<b>\$ (1,072,563)</b>	<b>\$ (128,182)</b>
<b>Loss per share, basic and diluted</b>	<b>\$ (0.02)</b>	<b>\$ (0.03)</b>
<b>Weighted average number of common shares outstanding</b>	<b>43,086,420</b>	<b>4,567,372</b>

### Three months ended May 31, 2021 vs. May 31, 2020

For the three months ended May 31, 2021, the Company recorded a net loss of \$1.1M, compared to a net loss of \$128k in the comparative period. The significantly higher net loss was the result of higher exploration expenses (\$126k in the current period vs. \$59k in prior comparative period), and general and administrative expenses (\$945k in the current period vs. \$69k in prior comparative period).

The increase in general and administrative expense was mainly driven by \$360k in non-cash share-based payments, and increases of \$165k in consulting fees, \$162k in investor relations expense, \$123k in professional fees and \$64k in salaries and benefits.

The higher exploration expense was related to the concession fees and the work performed on both the Coriorcco Property and the Julian Property, which were acquired in June and October 2020, respectively.

In general, corporate activities have significantly increased compared to the prior period with the completed acquisition of two properties and the business combination between Silver X and Mines and Metals Trading (Peru) PLC ("MMTP", also commercially known as "Latitude Silver"). In addition, the Company granted 2,575,000 stock options and 1,750,000 restricted share units ("RSU's") in June and November 2020 which resulted in a large stock-

based compensation expense in the current quarter. There were no comparable transactions in the comparative period.

## QUARTERLY RESULTS

	May 31, 2021 (\$)	Feb 28, 2021 (\$)	Nov 30, 2020 (\$)	Aug 31, 2020 (\$)	May 31, 2020 (\$)	Feb 29, 2020 (\$)	Nov 30, 2019 (\$)	Aug 31, 2019 (\$)
Exploration (expense) recovery	(126,172)	(532,872)	(181,970)	(51,329)	(59,403)	2,469 <sup>2</sup>	-	(2,469) <sup>1</sup>
General and administrative expenses <sup>3</sup>	(584,549)	(1,255,469)	(952,463)	(628,906)	(68,738)	(47,864)	(51,083)	(111,421)
Share-based payments	(359,959)	(400,646)	(473,657)	(390,515)	-	-	-	-
Other income (expenses)	(1,883)	(9,458)	(3,871)	3,984	(41)	(102,919)	146	30,953
Net loss	(1,070,680)	(2,171,997)	(1,611,961)	(1,066,766)	(128,182)	(148,314)	(50,937)	(82,937)
Basic and diluted income (loss) per share	(0.02)	(0.05)	(0.05)	(0.10)	(0.03)	(0.01)	(0.02)	(0.05)
Total assets	22,403,724	9,202,705	10,925,231	2,212,064	140,640	64,654	134,373	149,551
Total liabilities	875,152	333,384	324,246	473,972	711,794	658,306	663,711	968,772
Shareholders' equity	21,528,572	8,966,821	10,600,985	1,738,092	(571,154)	(593,652)	(529,338)	(819,221)

<sup>1</sup> The Exploration costs for the quarter ended August 31, 2019 relate to care and maintenance activities on properties currently and previously held.

<sup>2</sup> The Exploration costs for the quarters ended February 29, 2020, relate to care and maintenance fees paid that were refunded.

<sup>3</sup> The General and administrative expenses include amortization, consulting fees, directors fees, investor relations, office and administration, professional fees, salary and benefits, and transfer agent and regulatory fees.

### **Three months ended May 31, 2021 vs. February 28, 2021 and November 30, 2020**

For the three months ended May 31, 2021, the Company recorded a net loss of \$1.1M compared to a net loss of \$2.2M in Q4 (Feb 28, 2021) and loss of \$1.6M in Q3 (Nov 30, 2020). The loss from the current quarter is lower than previous quarters largely due to lower exploration and general and administrative expenses, especially consulting fees and investor relations. Exploration expenses were lower as the Company was conserving its capital before completion of the merger of MMTP.

### **Three months ended May 31, 2021 vs. August 31, 2020 and all prior historic quarters**

The Company recorded a net loss of \$1.1M for the three months ended May 31, 2021, a higher loss than the three months ended August 31, 2020 and all previous quarters. This is due to higher exploration and general and administrative expenses and share-based payments as a result of the increased corporate activity as part of the acquisition of both the Peru and Ecuador properties and multiple private placements. The increased exploration expense was due to exploration activities incurred at the Coriorcco Property and the Julian Property after acquisition.

### **Change in total assets**

At May 31, 2021, the Company's total assets were \$22.4M which was higher than all historic quarters. This was mainly driven by the \$14.2M subscription receipt financing completed during the period. The Company also completed a series of mineral property acquisitions and equity financings during the year ended February 28, 2021.

## LIQUIDITY AND CAPITAL RESOURCES

	Three months ended May 31, 2021	Three months ended May 31, 2020
<b>Net cash used in operating activities</b>	<b>(689,975)</b>	<b>(70,576)</b>
<b>Net cash provided by financing activities</b>	<b>13,911,575</b>	<b>150,680</b>
<b>Net cash used in investing activities</b>	<b>(145,885)</b>	<b>-</b>
<b>Net change</b>	<b>13,075,715</b>	<b>80,104</b>
<b>Cash and restricted cash, end of period</b>	<b>\$ 14,592,850</b>	<b>\$ 126,953</b>

Cash used in operating activities for the current three months ended May 31, 2021 was \$690k, compared to \$71k for the three months ended May 31, 2020. The significantly higher outflow in the current year was due to increased business activity as the company cemented its presence in both Ecuador and Peru with the acquisition of mineral properties.

Cash provided by financing activities during the three months ended May 31, 2021 was the result of net proceeds held in escrow from the subscription receipt financing (\$13.6M) and exercise of warrants (\$0.3M).

Cash used in investing activities during the three months ended May 31, 2021 relate to the bridge loan to MMTP in connection with the Transaction.

## RELATED PARTY TRANSACTIONS

The Company's related parties with transactions during the period ended May 31, 2021 and 2020 consist of directors, officers and the following companies with common directors:

Related party	Nature of transactions
Sundar Consulting (Director)	Director fees
Oscrow Capital PTY Ltd.	Director fees
Roma Capital Corp. (Director, Officer)	Consulting fees
JR Management Corp. (Director)	Consulting fees
CDM Capital Partners Inc. (Director)	Consulting fees
A15 Capital Corp. (Director, Officer)	Consulting fees
Green Oil S.A. (Director)	Consulting fees

As at May 31, 2021, the Company had \$nil outstanding in accounts payables (February 28, 2021 - \$2,500) associated with related parties.

Key management personnel are persons responsible for planning, directing, and controlling the activities of the Company, and include certain directors and officers. Key management compensation, including amounts discussed above, is comprised of:

	Three months ended May 31,	
	2021	2020
Professional fees	\$ -	\$ -
Salaries and benefits	62,500	-
Consulting fees	64,583	7,000
Directors' fees	12,724	6,000
Share based payment	148,105	-
	<b>\$ 288,105</b>	<b>\$ 13,000</b>

As at May 31, 2021, the Company also had \$97,333 (February 28, 2021 - \$29,167) of prepaid advances to companies controlled by directors and officers of the Company.



## SHAREHOLDER'S EQUITY

The authorized capital stock consists of an unlimited number of common shares without par value. As at May 31, 2021 and the date of this report, the company had the following:

	Stock options	Share purchase warrants	RSUs	Common shares
<b>As at May 31, 2021</b>	<b>2,525,000</b>	<b>3,454,600</b>	<b>1,750,000</b>	<b>43,631,529</b>
Acquisition of MMTP	-	-	-	42,969,046
Finder's fee shares	-	-	-	1,250,000
Subscription receipt conversion to shares	-	-	-	23,649,286
Options granted	4,500,000	-	-	-
Warrants exercised	-	(3,454,600)	-	3,454,600
<b>As at date of report</b>	<b>7,025,000</b>	<b>-</b>	<b>1,750,000</b>	<b>114,954,461</b>

- i. On June 23, 2021, the Company completed the acquisition of all the issued ordinary shares of MMTP in exchange for common shares of Silver X at an exchange ratio of 28.828 Silver X shares for each MMTP Share, resulting in an aggregate of 42,969,046 Silver X shares being issued to MMTP shareholders (the "Transaction"). The Company also issued a finder's fee of 1,250,000 Silver X shares to an arm's-length third party. As part of the closing of the Transaction, pursuant to a private placement financing completed on April 16, 2021, 23,649,286 Subscription Receipts were converted into 23,649,286 Silver X shares and the related Escrowed Proceeds were released to Silver X.

On June 21, 2021, in connection with the completion of the Transaction, the Company issued to directors, officers, employees and consultants an aggregate of 4,500,000 stock options with an exercise price of \$0.60 (expire June 21, 2026).

- ii. During the month of June 2021, 3,454,600 common shares were issued in relation to the exercise of warrants with an exercise price of \$0.35 for total proceeds of \$1,209,110.

## RISKS AND UNCERTAINTIES

### COVID 19

The recent outbreak of the novel coronavirus COVID-19, which was declared a pandemic by the World Health Organization on March 11, 2020, has led to adverse impacts on the Canadian and global economies, disruptions of financial markets, and created uncertainty regarding potential impacts to the Corporation. The extent to which the COVID-19 pandemic impacts the Corporation's business, results of operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to the duration, spread, severity, and impact of the COVID-19 pandemic, the effects of the COVID-19 pandemic on the Corporation's suppliers and vendors and the remedial actions and stimulus measures adopted by local and federal governments, and to what extent normal economic and operating conditions can resume. The management team is closely following the progression of COVID-19 and its potential impact on the Corporation. Even after the COVID-19 pandemic has subsided, the Corporation may experience adverse impacts to its business as a result of any economic recession or depression that has occurred or may occur in the future. Therefore, the Corporation cannot reasonably estimate the impact at this time our business, liquidity, capital resources and financial results.

### Mineral Property Exploration and Mining Risks

The business of mineral deposit exploration and extraction involves a high degree of risk. Few properties that are explored ultimately become producing mines. At present, the Company's property does not have a known commercial ore deposit. The main operating risks include: securing adequate funding to maintain and advance exploration properties; ensuring ownership of and access to mineral properties by confirmation that option agreements, claims and leases are in good standing; and obtaining permits for drilling and other exploration activities.

### *Title to Mineral Property Risks*

The Company does not maintain insurance against title. Title on mineral properties and mining rights involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history of many mining properties. The Company has diligently investigated and continues to diligently investigate and validate title to its mineral claims; however, this should not be construed as a guarantee of title. The Company cannot give any assurance that title to properties it acquired will not be challenged or impugned and cannot guarantee that the Company will have or acquire valid title to these mineral properties.

### *Commodity Price Risk*

The Company is exposed to commodity price risk. Declines in the market price of gold, base metals and other minerals may adversely affect the Company's ability to raise capital in order to fund its ongoing operations or value it may obtain on disposition of an asset. Commodity price declines could also reduce the amount the Company would receive on the disposition of its mineral property to a third party.

### *Financing and Share Price Fluctuation Risks*

The Company has limited financial resources, has no source of operating cash flow and has no assurance that additional funding will be available to it for further exploration and development of its projects. Further exploration and development of the Company's project may be dependent upon the Company's ability to obtain financing through equity or debt financing or other means. Failure to obtain this financing could result in delay or indefinite postponement of further exploration and development of its project which could result in the loss of its property.

Securities markets have at times in the past experienced a high degree of price and volume volatility, and the market price of securities of many companies, particularly those considered to be exploration stage companies such as the Company, have experienced wide fluctuations in share prices which have not necessarily been related to their operating performance, underlying asset values or prospects. There can be no assurance that these kinds of share price fluctuations will not occur in the future, and if they do occur, how severe the impact may be on the Company's ability to raise additional funds through equity issues or the value of the Company's investments and corresponding effect on the Company's financial position.

### *Political, Regulatory and Currency Risks*

The Company operates in North America and Ecuador. North America has stable political and regulatory environment. However, changing political aspects may affect the regulatory environment in which the Company operates. A significant portion of the Company's expenditures are incurred in US dollars. At this time there are no currency hedges in place. Therefore, a weakening of the Canadian dollar against the US dollar could have an adverse impact on the amount of exploration conducted.

South America which has specific risks that may adversely affect the Company's business and results of operations, and which are different from, and in many cases, greater than, comparable risks associated with similar operations within North America. The political and economic environment in Ecuador has been unstable in the past, and the country has been subject to strikes and general civil unrest. There can be no assurance that the political or economic environment in Ecuador will be stable in the future. Risks associated with political or economic instability include, but are not limited to, terrorism, hostage taking, military repression, high rates of inflation, currency fluctuations and controls, crime, corruption uncertainty of the rule of law and legal systems, misuse of legal systems, labour unrest, risks of war or civil unrest, illegal mining and possible political or economic instability which may result in the impairment or loss of mineral concessions or other mineral rights. Mineral exploration and mining activities may be affected in varying degrees by political instability and government regulations relating to the mining industry.

### *Insured and Uninsured Risks*

In the course of exploration, development and production of mineral properties, the Company is subject to a number of hazards and risks in general, including adverse environmental conditions, operational accidents, labor disputes, unusual or unexpected geological conditions, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods, and earthquakes. Such occurrences could result in damage to the

Company's properties or facilities and equipment, personal injury or death, environmental damage to properties of the Company or others, delays, monetary losses and possible legal liability.

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

### *Environmental and Social Risks*

The activities of the Company are subject to environmental regulations issued and enforced by government agencies. Environmental legislation is evolving in a manner that will require stricter standards and enforcement and involve increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. There can be no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on properties in which the Company holds interests which are unknown to the Company at present. Social risks are generally low in the principal country of operation of the Company but changing social expectations could add new layers of risk to the viability of exploration and development properties.

### *Competition*

The Company competes with many companies and individuals that have substantially greater financial and technical resources than the Company for the acquisition and development of its projects as well as for the recruitment and retention of qualified employees.

## **FORWARD LOOKING STATEMENTS**

This MD&A may contain "forward-looking statements" that reflect the Company's current expectations and projections about its future results. When used in this MD&A, words such as "will", "may", "should", "estimate", "intend", "expect", "anticipate" and similar expressions are intended to identify forward-looking statements, which, by their very nature, are not guarantees of the Company's future operational or financial performance.

Forward-looking statements are not historical facts, and include but are not limited to:

- a) Estimates and their underlying assumptions;
- b) Statements regarding plans, objectives and expectations with respect to the effectiveness of the Company's business model, future operations, the impact of regulatory initiatives on the Company's operations, and market opportunities;
- c) General industry and macroeconomic growth rates;
- d) Uncertainty on success of corporate development initiatives (e.g. spin out of Ecuador assets)
- e) Expectations related to possible joint or strategic ventures; and
- f) Statements regarding future performance.

Although forward-looking statements and information contained in this MD&A are based on the beliefs of management, which we consider to be reasonable, as well as assumptions made by information currently available by management, there is no assurance that the forward-looking statements or information will prove to be accurate.

Forward-looking statements used in this MD&A are subject to various known and unknown risks, uncertainties and other factors, most of which are difficult to predict and generally beyond the control of the Company. These risks, uncertainties and other factors may include, but are not limited to unavailability of financing, failure to identify commercially viable mineral reserves, fluctuations in the market valuation for commodities, difficulties in obtaining required approvals for the development of a mineral project, failure to obtain licenses that are expected to be issued (or issued in a timely manner), impact resulting from lack of community support, impact resulted from lack of governmental and regulatory support, and other factors. This list is not exhaustive and these and other factors should be considered carefully.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this MD&A or as of the date otherwise specifically indicated herein. Due to risks, uncertainties and other factors, including the risks, uncertainties and other factors identified above and elsewhere in this MD&A, actual events may differ materially from current expectations. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise except as required by securities law.

## **QUALIFIED PERSON**

Geological and mining technical information presented in this MD&A above has been approved by Mr. John Bolaños or Mr. A. David Heyl, both who are deemed a qualified person who by reason of education, affiliation with a professional association (as defined in NI 43-101) and past relevant work experience, fulfills the requirements of a Qualified Person as defined in NI 43-101, and he is Independent of the issuer applying all of the tests in Section 1.5 of NI 43-101CP.

Mr. Heyl, B.Sc., C.P.G., QP is a Certified Professional Geologist and Qualified Person under NI 43-101. With over 25 years of field and upper management experience, Mr. Heyl has a solid geological background in generating and conducting exploration and mining programs for gold, rare earth metals, and base metals, resulting in several discoveries. Mr. Heyl has 20 years of experience in Peru. He worked for Barrick Gold, was the exploration manager for Southern Peru Copper, and spent over twelve years working in and supervising underground and open pit mining operations in the Americas. Mr. A. David Heyl is a consultant for Silver X Mining Corp.

Mr. John E. Bolaños is a M.Sc. Mining Geologist from Camborne School of Mines (U.K.) and a Professional Geologist Eng. from The Central University of Ecuador (honours degree). He is a registered member of the Society for Mining, Metallurgy & Exploration (SME) of the United States; Director of the Ecuadorian College of Engineers in Geology, Mines, Oil and Environment; and a member of the Mining Chamber of Ecuador. He has 28 years of experience in the exploration and mining industry throughout the Americas.

Information on data verification performed on the mineral properties mentioned in this MD&A that are considered to be material mineral properties to the Company are contained in the current technical reports for those properties, all available under the Company's profile at [www.sedar.com](http://www.sedar.com).