

BENZ MINING CORP.

(Formerly Benz Capital Corp.)

Management's Discussion and Analysis
For the three months ended July 31, 2015 and 2014
(Expressed in Canadian dollars)

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Management Discussion and Analysis

Quarterly Report – July 31, 2015

The following management's discussion and analysis of financial conditions and results of operations (the "MD&A"), has been prepared by management and provides a review of the activities, results of operations, and financial condition of Benz Mining Corp. (the "Company" or "Benz Mining"), formerly Benz Capital Corp. This discussion dated September 29, 2015 complements and supplements the Company's audited annual financial statements and associated notes for the three months ended July 31, 2015 and 2014. Please also refer to the cautionary statement of forward-looking information at the end of this document.

All financial information in this MD&A is prepared in accordance with International Financial Reporting Standards ("IFRS") and reported in Canadian dollars unless otherwise noted. Additional information about the Company is available under the Company's profile on SEDAR at www.sedar.com.

1. COMPANY OVERVIEW

Benz Mining is an exploration and development stage company existing under the *Canada Business Corporations Act*. It was incorporated under the laws of the Province of British Columbia on November 9, 2011. The Company completed an initial public offering and commenced trading on the TSX Venture Exchange (the "TSX-V" or "Exchange") on September 18, 2012 and was originally classified as a Capital Pool Company ("CPC") as defined in the TSX-V Listings Policy 2.4. The activities of the company were initially limited to the efforts to identify and evaluate the acquisition of assets and businesses, which would represent a "Qualifying Transaction" for regulatory purpose. On April 10, 2013 the Company successfully completed a "Qualifying Transaction" by acquiring an option to acquire up to an undivided 100% interest in and to certain mineral mining leases in the Yukon Territory known collectively as the Eagle Property.

During the year ended April 30, 2015, the Company entered into a Definite Agreement with Tusk Exploration Ltd. ("Tusk"), a private British Columbia company, for the option to acquire up to a 100% interest in the San Javier Copper Project near the village of San Javier, which is 140km east-southeast of Hermosillo, Sonora, Mexico.

Under the terms of the Agreement, Benz Mining may acquire an initial 40% interest in the Property (the "First Option") through (i) the payment of \$200,000 upon receipt of the conditional acceptance of the Exchange and in any event on or before July 15, 2014 (paid \$148,000 in accordance with the June 17, 2014 Amending Agreement); (ii) the issuance, on or before the date that is five business days following October 31, 2014, of such number of common shares of Benz Mining (the "Consideration Shares") having a value of \$5,000,000 at a deemed price per Consideration Share equal to the lesser of \$0.50 and the price per common share of the Company to be issued pursuant to a private placement to be conducted by Benz Mining in connection with the Transaction; and (iii) the payment of \$2,000,000 on or before January 2, 2018. Upon exercise of the First Option, the Company may, through the payment of \$2,000,000 on or before January 2, 2019, acquire an additional 60% interest for a total 100% interest in the Property (the "Second Option") subject to a net smelter returns royalty ("Royalty Percentage") to be granted to Tusk on the earlier of (i) the date Benz Mining has exercised the Second Option and (ii) the date commercial production from the Property commences. The Royalty Percentage will be determined based on the realized price of copper and will have a range of 0.5% and 1.5%.

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The Consideration Shares to be issued to Tusk will be restricted and released in stages over a four year period. The terms of the Option Agreement also provide for the formation of a joint venture between the Company and Tusk in the event the Company determines not to, or fails to, exercise the Second Option.

On June 17, 2014, the Company entered into an amending agreement with Tusk. Subject to the amendment, should the Trinidad 1, Trinidad 2 and San Carlos concessions not be registered before the appropriate mining authorities in Mexico on the option payment dates referenced above, Benz Mining shall be entitled to withhold 26% of the option payments due under the First Option and Second Option until such time as the registration of the concessions has been completed.

On October 27, 2014, the Company entered into further amending agreements with Tusk, whereby the Company is granted an additional 30 day period (by November 30, 2014) to obtain all necessary approvals and close the Transaction. If the approvals are not obtained by (1) November 30, 2014, Benz Mining shall pay Tusk \$50,000 and issue to Tusk 200,000 common shares, or (2) January 31, 2015, the Company shall pay Tusk \$75,000 and issue to Tusk 300,000 common shares, in which case the Definitive Agreement shall remain in full force and effect until July 31, 2015, following which either Party may terminate it.

On December 1, 2014, the Company entered into an amending agreement with Tusk for the option to acquire a 100% interest in the San Javier. The amending agreement gives Benz Mining an additional 30 day period (by Dec. 31, 2014) to obtain all necessary approvals and close the Transaction and provides for an additional stage on the option earn-in in regards to the Property.

On December 5, 2014, the Company signed an additional amending agreement with Tusk for the option to acquire a 100% interest in the San Javier. The terms of the amending agreement are as follows:

First Option: The payment of \$200,000 2014 (paid \$148,000 in accordance with the June 17, 2014 Amending Agreement) on or before July 15, 2014, that has been paid, and the issuance of 8,571,428 Consideration Shares, with a deemed issuance price of \$0.35 per share for a deemed value of \$3 million, on or before the date that is five business days following December 31, 2014 will grant Benz a 30% interest in the Property.

Second Option: The issuance of 4,285,714 of Consideration Shares, with a deemed issuance price of \$0.35 per share for a deemed value of \$1.5 million, on or before the date that is five business days following June 30, 2016, will grant Benz Mining an additional 15% interest in the Property. In order to exercise the second option the Company must complete arms-length equity (or convertible debt) financings for a minimum of \$2 million during the same period.

Third Option: The cash payment of \$2.225 million on or before January 2, 2018 will grant the Company an additional 30% interest in the Property.

Fourth Option: The final payment of \$2.25 million on or before January 2, 2019 granting the Company the remaining 25% interest, for a 100% interest in the Property.

2. QUALIFYING TRANSACTION

On April 10, 2013, the Company closed its purchase of an option to acquire up to an undivided 100% interest in and to certain mineral leases in the Yukon Territory known collectively as the Eagle Property (the “Option Purchase”). The Option Purchase constitutes the Company’s “Qualifying Transaction” under the policies of the TSX-V.

As consideration for the Option Purchase, Benz Mining paid to Avaron Mining Corp. (“Avaron”) a cash payment of \$25,000 and issued 400,000 of its common shares. Additionally, the Company issued 50,000 common shares to Avino Silver & Gold Mines Ltd. (“Avino”) as consideration for Avino's consent to the Option Purchase, as required under the terms of the Option Agreement.

The terms of the Option Agreement allow the Company to exercise the Option to acquire a 75% interest in the Eagle Property by making cash payments to Avino in an aggregate amount of \$350,000, issuing a total of 500,000 common shares and either completing drilling on a total of 35,000 metres in depth or incurring cumulative exploration expenditures of \$7,100,000 on the Eagle Property all over a five year period. Upon acquisition of a 75% interest, the Company will have the option to acquire an additional 25% interest in the Eagle Property or form a joint venture with Avino for the further exploration and development of the Eagle Property.

On January 31, 2015, the Company relinquished its rights to the Option Purchase and recognized a write-down of the mineral property by its full carrying value (\$155,000).

Avaron is a private junior mining company incorporated under the laws of British Columbia. The Company and Avaron share common directors that collectively control more than 50% of Avaron's issued and outstanding shares. As a result, the Option Purchase constitutes a related party transaction.

3. MINERAL PROPERTIES

San Javier Project Preliminary Economic Assessment

During the year ended April 30, 2015, the Company completed an independent Preliminary Economic Assessment (“PEA”) for the San Javier project (the “Project”) located near the village of San Javier, Sonora, Mexico.

The PEA, prepared by JDS Energy and Mining Inc. (“JDS”), was initiated to apply economic considerations to the Project’s mineral resource in order to convert it to a National Instrument 43-101 compliant (“NI 43-101”) PEA that estimates the Project’s technical and economic potential.

Highlights

- Mine life of eight and a quarter years with an average of 20 million pounds of payable copper production per year;
- Net present value (“NPV”), at a constant US\$3.05/pound copper price and a 7.0% discount rate, of \$67 million (“M”);
- Pre-Tax Internal Rate of Return (“IRR”), at a constant US \$3.05/pound copper price, of 23%, and Post-Tax Internal Rate of Return (“IRR”) of 18%;

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- Mineral Resources of 28.5 million tonnes grading 0.30% copper head grade (Acid Soluble + Cyanide Soluble), for a contained 192 million pounds of copper;
- Life of mine (“LOM”) capital cost of \$113 million, including 20% of contingency;
- LOM all-in cash cost of US\$1.60/pound of payable copper (including project and the Mexican mining royalties);
- Pay-back period of 3 years.

Assuming an average copper price of \$3.05/lb, San Javier has an estimated \$130 M pre-tax cash flow, \$67 M pre-tax net present value (“NPV”) at a 7% discount rate and an \$82 M pre-tax NPV at a 5% discount rate. The PEA cash flow is presented at the project level and does not include any other corporate obligation.

Mineral Resources

The mineral resource estimate which forms the basis of the PEA is as follows:

| Open Pit | Resource | Metric Tonnes (M) | Cu _(AS+CN) Grade (%) | % |
|--------------|-----------|-------------------|---------------------------------|------------|
| Cerro Verde | Indicated | 26.10 | 0.298 | 98% |
| | Inferred | 0.61 | 0.241 | 2% |
| | Total | 26.71 | 0.297 | |
| La Trinidad | Indicated | 0.00 | 0.000 | 0% |
| | Inferred | 1.77 | 0.433 | 100% |
| | Total | 1.77 | 0.433 | |
| Total | Indicated | 26.10 | 0.298 | 92% |
| | Inferred | 2.38 | 0.384 | 8% |

The PEA is preliminary in nature and includes 8% of inferred mineral resources in the mine plan that are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the preliminary economic assessment will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

Qualified Person

Mr. Miloje Vicentijevic, P.Eng., M.Eng., a qualified person under National Instrument 43-101 Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators and CEO of the Company, reviewed and approved the scientific and technical disclosure in this MD&A.

4. REVIEW OF FINANCIAL RESULTS

Summary of Quarterly Results

| | Jul. 31, 2015 | Apr. 30, 2015 | Jan. 31, 2015 | Oct. 31, 2014 | Jul. 31, 2014 | Apr. 30, 2014 | Jan. 31, 2014 | Oct. 31, 2013 |
|-------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Interest Income | 38 | 105 | 97 | 85 | 233 | 304 | 397 | 545 |
| Net loss | (76,029) | (118,690) | (286,026) | (97,590) | (232,649) | (140,523) | (32,013) | (46,808) |
| Basic and diluted loss per share | (0.00) | (0.00) | (0.02) | (0.01) | (0.03) | (0.00) | (0.00) | (0.01) |

Three months ended July 31, 2015 compared with the three months ended July 31, 2014.

During the three months ended July 31, 2015, the Company had a net loss of \$76,029 compared to a net loss of \$232,649 for the quarter ended July 31, 2014. The difference between these two quarters is primarily due to higher exploration expenditures for the evaluation of the San Javier property as well as listing and filing fees and professional fees in relation to the San Javier property in the quarter ended July 31, 2014.

5. LIQUIDITY AND CAPITAL RESOURCES

The Company's financial statements have been prepared in accordance with IFRS applicable to a going concern. The Company's future liquidity will depend upon its ability to develop and finance future profitable business opportunities. Until this is achieved the ability of the Company to meet its financial liabilities and commitments is primarily dependent upon the continued issuance of equity to new or existing shareholders. There is no assurance that the Company will be able to obtain further funds required for its continued working capital requirements. As at July 31, 2015 the Company had cash and cash equivalents of \$45,632 and working capital deficit of \$14,807.

| | Jul. 31, 2015 | Apr. 30, 2015 | Jan. 31, 2015 | Oct. 31, 2014 | Jul. 31, 2014 | Apr. 30, 2014 | Jan. 31, 2014 | Oct. 31, 2013 |
|------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Cash and cash equivalents | 45,632 | 121,314 | 186,451 | 65,194 | 57,224 | 220,762 | 289,215 | 313,461 |
| Working Capital | (14,807) | 76,888 | 115,415 | (48,968) | 27,922 | 186,250 | 294,315 | 322,358 |

The changes in both cash on hand and working capital are primarily due to operating activities, as discussed in the previous section, and financing and investing activities as detailed below.

Investing Activities

Three months ended July 31, 2015

There were no investing activities during the three months ended July 31, 2015.

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Three months ended July 31, 2014

On May 5, 2014, the Company entered into a Definite Agreement with Tusk Exploration Ltd. for the option to acquire up to a 100% interest in the San Javier Copper project near the village of San Javier, which is 140km east-southeast of Hermosillo, Sonora, Mexico.

As consideration for the First Option, the Company was required to pay \$148,000 cash during the three months ended July 31, 2014.

Financing Activities

Three months ended July 31, 2015

There were no financing activities during the three months ended July 31, 2015.

Three months ended July 31, 2014

In July 2014, the Company closed a non-brokered private placement for gross proceeds of \$230,619 (the "Private Placement"). The Private Placement was comprised of units at \$0.47 per unit (each, a "Unit"). A total of 490,679 Units were issued pursuant to the Private Placement. Each Unit consists of one common share (each, a "Common Share") and one Common Share purchase warrant (each, a "Warrant") which is exercisable to acquire one additional Common Share at a price of \$0.55 per share until July 28, 2019.

The proceeds of the Private Placement will be used for funding the closing of the Company's option agreement with Tusk Exploration Ltd. dated May 5, 2014 (the "Option Agreement"), as well as for general corporate purposes. The Company is subject to a trading halt which remains in effect until the Exchange completes its review of the personal information forms for Tusk's directors.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Related Party Transactions

During the three months ended July 31, 2015 and 2014 the Company engaged in the following related party transactions with key management personnel.

| | July 31, 2015 | July 31, 2014 |
|---|----------------------|----------------------|
| Salaries, bonuses, fees and benefits | | |
| Management fees to the CEO and CFO of the Company | \$ 22,000 | \$ 30,120 |
| Legal fees to a law firm of which a Director is Principal | - | 12,543 |
| Share-based payments | | |
| Officers and directors of the Company | 34,955 | - |
| | \$ 56,955 | \$ 42,663 |

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At July 31, 2015, the Company was indebted to the management of the company for \$Nil (April 30, 2015 - \$7,938), representing management fees. The balances owing are unsecured, non-interest bearing, and due on demand.

The promissory note payable to Avaron Mining Corp. constitutes a related party transaction. As at July 31, 2015, the Company has accrued \$4,364 (April 30, 2015 - \$3,877) interest expense in relation to this loan, which is reported as part of trade and other payables.

On November 6, 2014, the Company repaid \$50,000 of the principal amount owing on the promissory note to Avaron Mining Corp. and previously accrued interest of \$756.

Proposed Transactions

The company entered into a Definitive Agreement with Tusk Exploration Ltd., a private British Columbia company for the option to acquire up to a 100% interest in the San Javier Copper Project (“San Javier”), near the village of San Javier, which is 140 km east-southeast of Hermosillo, Sonora, Mexico.

At the time of this MD&A, the Company has exercised the first option, and secured a 30% interest in the property.

Please refer to Section 1 of this MD&A for further information on the Definitive Agreement.

Changes in Accounting Policies

There are no changes in accounting policies.

Capital Management

The Company’s objectives when managing capital are to safeguard the Company’s ability to continue as a going concern in order to pursue the exploration and development of its properties and to maintain flexible capital structure for its projects for the benefit of its stakeholders. In the management of capital, the Company includes the components of shareholders’ equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or adjust the amount of cash and cash equivalents. Management reviews the capital structure on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company is not subject to externally imposed capital requirements. There were no changes to the Company’s capital management during the three months ended July 31, 2015.

Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, trade and other payables and promissory note payable. Unless otherwise noted, it is management’s opinion that the Company is not exposed to significant interest, currency, or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying value, unless otherwise noted.

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Additional Disclosure for Venture Issuers without Significant Revenue

Detail regarding material items within general and administrative expenses has been provided throughout this document.

Outstanding Shares

Authorized share capital consists of an unlimited number of common shares without par value and an unlimited number of preferred shares without par value.

As at September 29, 2015, the Company had the following issued and outstanding common shares and unexercised stock options, warrants and agent compensation options:

| | Shares and Potential Shares |
|--|------------------------------------|
| Common shares outstanding | 18,018,726 |
| Stock options (weighted average exercise price \$0.27) | 1,509,690 |
| Warrants (weighted average exercise price \$0.55) | 790,679 |
| Total common shares and potential common shares | 20,319,095 |

As at July 31, 2015, an amount of 8,704,285 common shares are held in escrow. These shares are subject to two escrow agreements in accordance with the Exchange Policy 2.4. 990,000 of those relate to the initial issue of shares. On closing of the Qualifying Transaction, 10% of the shares originally held in escrow were released. The remaining shares are released in six equal tranches of 15% every six months following the closing of the Qualifying Transaction for a period of 36 months. 7,714,285 of the shares held in Escrow relate to shares issued to Tusk Exploration Ltd. in relation to the First Option described in Note 5. The shares will be released in equal tranches of 16.67% on October 31, 2015, 2016 and 2017 and the remaining 50% will be released on October 31, 2018.

6. RISKS AND UNCERTAINTIES

Our business, operating, and financial condition could be harmed due to any of the following risks. The risks described below are not the only ones facing our Company. Additional risks not presently known, or that Benz Mining currently deems immaterial, may also impair our business operations. If any such risks actually occur, the financial condition, liquidity, and results of operations of the Company as well as the ability of the Company to implement its growth plans could be materially adversely affected.

The following is a description of certain risks and uncertainties that may affect the business of the Company.

Limited Operating History

Benz Mining is a relatively new company with limited operating history and no history of business or mining operations, revenue generation, or production history. Benz Mining was incorporated on November 9, 2011, and has yet to generate a profit from its activities. The Company is subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that it will not achieve its growth objective. The Company anticipates that it may take several years to achieve positive cash flow from operations.

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Exploration, Development, and Operating Risks

The exploration for and development of minerals involves significant risks, which even a combination of careful evaluation, experience, and knowledge may not eliminate. Few properties, which are explored, are ultimately developed into producing mines. There can be no guarantee that the estimates of quantities and qualities of minerals disclosed will be economically recoverable. With all mining operations there is uncertainty and, therefore, risk associated with operating parameters and costs resulting from the scaling up of extraction methods tested in pilot conditions. Mineral exploration is speculative in nature, and there can be no assurance that any minerals discovered will be discovered in sufficient quantities to warrant commercial exploitation. The Company's operations will be subject to all of the hazards and risks normally encountered in the exploration, development, and production of minerals. These include unusual and unexpected geological formations, rock falls, seismic activity, flooding, and other conditions involved in the extraction of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage, and possible legal liability. Although precautions to minimize risk will be taken, operations are subject to hazards that may result in environmental pollution and consequent liability that could have a material adverse impact on the business, operations, and financial performance of the Company.

Substantial Capital Requirements and Liquidity

Substantial additional funds will be required and there can be no assurances given that the Company will be able to raise the necessary funds. To meet such funding requirements, the Company may undertake additional equity financing, which would be dilutive to shareholders. There is no assurance that additional financing will be available on terms acceptable to the Company, or at all. If the Company is unable to obtain additional financing as needed, it may be required to discontinue operations.

Competition

There is competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Company will compete with other mining companies, many of which have greater financial, technical, and other resources than the Company, for, among other things, the acquisition of minerals claims, leases, and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel.

Reliance on Management and Dependence on Key Personnel

The success of the Company is currently largely dependent upon the performance of its directors and officers, and the ability to attract and retain its key personnel. The loss of the services of these persons may have a material adverse effect on the Company's business and prospects. Benz Mining will compete with numerous other companies for the recruitment and retention of qualified employees and contractors. There is no assurance that the Company can maintain the service of its directors and officers or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Company and its prospects.

Fluctuating Mineral Prices and Marketability of Minerals

The market price of any mineral is volatile and affected by many factors beyond the Company's control, including but not limited to: international supply and demand, consumer product demand levels, international economic trends, commodity prices, operations costs, variations in mineral grade,

fluctuations in the market price of minerals, currency exchange rate fluctuations, the level of interest rates, the rate of inflation, global or regional political events, and international events as well as a range of other market forces. Depending on the price of certain minerals, the Company may determine that it is impractical to continue its mineral exploration or development operations, if any. Sustained downward movements in mineral market prices could render less economic, or uneconomic, some or all of the mineral extraction and/or exploration activities to be undertaken by the Company. The marketability of minerals is affected by factors such as government regulation of mineral prices, royalties, allowable production, and the importation and exportation of minerals, the effect of which cannot be accurately predicted. There is no assurance that a profitable market will exist for the sale of minerals found, if any, on the Company's properties.

No Mineral Reserves or Mineral Resources

Mineral resources are estimates of the size and grade of deposits based on limited sampling and on certain assumptions and parameters. No assurance can be given that the anticipated tonnages and grades will be achieved or realized. Prolonged declines in the market price of silver, copper, lead or zinc may render mineral resources containing relatively lower grades of mineralization uneconomic and could materially reduce any estimate of resources. Should such declines occur, the Company could be required to take a material write-down of its investment in mining properties or the development of new projects, resulting in increased net losses.

Environmental Risks

All phases of the mining business present environmental risks and hazards, and are subject to environmental regulation pursuant to a variety of international conventions, local laws, and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with mining operations. The legislation also requires that operations be operated, maintained, abandoned, and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability, and potentially increased capital expenditures and operating costs.

Governmental Regulations and Processing Licenses and Permits

The activities of the Company are subject to government approvals, various laws governing prospecting, development, land resumptions, production taxes, labour standards, and occupational health, mine safety, toxic substances, and other matters. Although the Company believes that its activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted, or that existing rules and regulations will not be applied in a manner, which could limit or curtail production or development. Amendments to current laws and regulations governing operations and activities of exploration and mining, or more stringent implementation thereof, could have a material adverse impact on the business, operations, and financial performance of the Company. Further, the mining licenses and permits issued in respect of its projects may be subject to conditions which, if not satisfied, may lead to the revocation of such licenses. In the event of revocation, the value of the Company's investments in such projects may decline.

Conflicts of Interest

Certain directors and officers of the Company will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies (including mineral resource companies) and, as a result of these and other activities, such directors and officers of the Company may become subject to conflicts of interest. The Business Corporations Act of British Columbia (“BCBCA”) provides that in the event that a director has a material interest in a contract or proposed contract or agreement that is material to the issuer, the director shall disclose his interest in such contract or agreement, and shall refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA.

Markets for Securities

There can be no assurance that an active trading market in the Company’s shares will be established and sustained. The market price for the Company’s shares could be subject to wide fluctuations. Factors such as commodity prices, government regulation, interest rates, share price movements of the Company's peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of the securities of Company. The stock market has from time to time experienced extreme price and volume fluctuations, particularly in the mining sector.

Uninsurable Risks

Exploration, development, and production operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, earthquakes, and other environmental occurrences. It is not always possible to obtain insurance against all such risks, and the Company may decide not to insure against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could have an adverse impact on the Company's results of operations and financial condition, and could cause a decline in the value of the Company’s shares. The Company does not intend to maintain insurance against environmental risks.

7. RECENT ACCOUNTING PRONOUNCEMENTS

The mandatory adoption of the following new and revised accounting standards and interpretations on May 1, 2015 had no significant impact on the Company’s condensed consolidated interim financial statements for the periods presented:

Annual improvements

In December 2013, the IASB issued the Annual Improvements 2010-2012 and 2011-2013 cycles, effective for annual periods beginning on or after July 1, 2014.

The following standards will be effective for the Company’s annual periods beginning on or after May 1, 2015:

IFRS 9 – Financial Instruments

In November 2009, as part of the IASB project to replace IAS 39 *Financial Instruments: Recognition and Measurement*, the IASB issued the first phase of IFRS 9 *Financial Instruments* that introduces new

requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities.

IFRS 7 – Financial instruments: Disclosure

IFRS 7 was amended to require additional disclosures on transition from IAS 39 to IFRS 9. The standard is effective on adoption of IFRS 9, which is effective for annual periods commencing on or after January 1, 2018.

Annual improvements

In September 2014, the IASB issued the Annual Improvements 2012-2014 cycle, effective for annual periods beginning on or after July 1, 2016. These annual improvements made necessary but non-urgent amendments to existing IFRSs.

Management has not yet completed its process of assessing the impact that these new standards will have on the Company's condensed interim financial statements or whether to early adopt this requirement.

8. INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations and may not prevent or detect misstatements. Therefore, even those systems determined to be effective can only provide reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

9. CRITICAL JUDGEMENTS AND ESTIMATES

The financial statements are prepared in accordance with IFRS. 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 revenue and expenses during the reporting period.

The critical judgment that the Company's management has made in the process of applying the Company's accounting policies that has the most significant effect on the amounts recognized in the Company's financial statements is related to the assumption that the Company will continue as a going concern.

For a summary of significant accounting policies, please refer to Note 3 of the annual financial statements for the year ended April 30, 2015. Management believes it has made estimates that best reflect the facts and circumstances, however, actual results may differ from estimates.

10. APPROVAL

The Board of Directors of the Company has approved the disclosure contained in this MD&A.

11. FORWARD LOOKING INFORMATION

This MD&A is based on a review of the Company's operations, financial position, and plans for the future based on facts and circumstances as of September 29, 2015. Certain statements contained in this MD&A constitute forward-looking information within the meaning of securities laws. Forward-looking information may relate to our future outlook and anticipated events or results and may include statements regarding the future financial position, business strategy, budgets, litigation, projected costs, capital expenditures, financial results, taxes, plans, and objectives of or involving the Company. Particularly, statements regarding our future operating results and economic performance are forward-looking statements. In some cases, forward-looking information can be identified by terms such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "intend", "estimate", "predict", "potential", "continue", or other similar expressions concerning matters that are not historical facts. Forward-looking information is subject to certain factors, including risks and uncertainties, which could cause actual results to differ materially from what we currently expect. Such factors include, but are not limited to the risk that the Company's option agreement with Tusk Exploration Ltd. may not be completed for any reason whatsoever, including that the shareholders and/or regulators may not approve the transaction, and the potential development of the San Javier project to a producing mine may not occur as planned or at all. Forward-looking information contained in this MD&A is based on our current estimates, expectations, and projections, which we believe are reasonable as of the current date. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking information, except as required by law.