



Management's Discussion and Analysis

Year ended April 30, 2017

(Expressed in Canadian dollars, unless otherwise noted)

August 28, 2017

This Management's Discussion and Analysis ("MD&A") relates to the financial condition and results of operations of Candelaria Mining Corp. ("Candelaria" or the "Company") together with its subsidiaries as at the date of this report, and is intended to supplement and complement the Company's audited consolidated financial statements for the year ended April 30, 2017. Readers are cautioned that this MD&A contains forward-looking statements and that actual events may vary from management's expectations. Candelaria's public disclosure documents are available on SEDAR at www.sedar.com. The consolidated financial statements and MD&A are presented in Canadian Dollars ("CAD"), except where noted, and have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This discussion addresses matters we consider important for an understanding of our financial condition and results of operations as of and for the year ended April 30, 2017.

Please also refer to the "Cautionary Statement on Forward-Looking Information" at the end of this MD&A.

OVERVIEW

Candelaria Mining Corp., (formerly Branco Resources Ltd.) (the "Company") is a British Columbia public company listed on the TSX Venture Exchange ("TSXV") under the trading symbol "CAND.V". The Company was incorporated under the Business Corporations Act of British Columbia on January 23, 2012. The Company registered and records office is located at Suite 1200, 750 West Pender Street, Vancouver, BC, Canada, V6C 2T8. The address of the Company's head office is 1201 - 1166 Alberni Street, Vancouver, BC V6E 3Z3.

On March 27, 2017, the Company commenced trading on the OTCQX Market under the symbol "CDELF."

On February 27, 2015, the Company, entered into an agreement to acquire a 60% interest in Minera Apolo, S.A. de C.V. ("Apolo"). Apolo is a privately-owned exploration company with certain mining concessions located in the State of Zacatecas, Mexico (the "Property"). The Company finalized the agreement for the acquisition of Apolo on March 17, 2016.

On May 11, 2016, the Company signed an agreement to acquire the Caballo Blanco Gold Project ("Caballo Blanco") in Veracruz from Molimentales Del Noroeste, SA de CV, a subsidiary of Timmins Gold Corp. Pursuant to the terms of the agreement, Candelaria will pay Molimentales a total of US\$12.5 million in cash and assume US\$5 million in liabilities in exchange for the project and all related rights and assets.

On November 18, 2016, TSX Venture Exchange has approved a share consolidation of the outstanding share capital of the Company on the basis of every three (3) pre-consolidation common shares into (1) new post-consolidation common share. All share capital related items presented in this MD&A are presented in post-consolidation in current fiscal year and comparative period.

HIGHLIGHTS – YEAR ENDED APRIL 30, 2017

- Cash and cash equivalents of \$0.9 million as at April 30, 2017
- Completed diamond drilling program at its Pinos gold project in southeastern Zacatecas state, Mexico

Subsequent to April 30, 2017

- As at the date of the report, the Company's cash balance was \$4.0 million (US\$3.2 million).
- In May 2017, the Company updated its NI 43-101 technical report for the Caballo Blanco property. The technical report provides an update of the La Paila Zone which covers the northern extent of the property and incorporates 55 additional drill holes that were not included in the previous March 2012 resource estimate.
- In June 2017, the Company issued 4,666,667 shares to the shareholders of Minera Apolo S.A. de C.V. ("Minera Apolo") and as a result has met all obligations required to complete the acquisition of 60% of the shares of Minera Apolo. Candelaria holds a right of first refusal to purchase the remaining 40% of the shares of Minera Apolo, which are currently held by four individuals who reside in Mexico.
- In June 2017, the Company completed a private placement with Agnico Eagle Mines Limited ("Agnico"). The gross proceeds was \$9,765,800 for 10,120,000 common shares, which equates to 9.95% of the common shares of Candelaria at the time of closing.
- In June 2017, the Company appointed Mr. Curtis Turner, as the Chief Executive Officer and Director. Mr. Turner has over 15 years' experience in the mining industry, which includes significant experience in Mexico where he oversaw permitting processes and technical work. Mr. Turner previously held a senior management position at Argonaut Gold Inc., where he was a key member of the team that successfully completed four acquisitions totaling over \$700 million. Prior to his position at Argonaut Gold Inc., Mr. Turner was employed by Yamana Gold Inc. and Meridian Gold Inc. in increasing levels of responsibility in the accounting and finance areas.
- In July 2017, the Company redrafted and submitted the Caballo Blanco's environmental application to SERMARNAT.

CABALLO BLANCO, STATE OF VERACRUZ, MEXICO

Ownership: 100% Candelaria Mining Corp.

Acquisition terms

On May 11, 2016, the Company signed an agreement to acquire the Caballo Blanco Gold Project ("Caballo Blanco") in Veracruz, Mexico from Molimentales Del Noroeste, SA de CV, a subsidiary of Timmins Gold Corp. ("Timmins"). Pursuant to the terms of the agreement, Candelaria will pay Molimentales a total of US\$12.5 million in cash and assume US\$5 million in liabilities in exchange for the project and all related rights and assets.

Pursuant to the terms of the agreement, the Company will acquire the Caballo Blanco project in exchange for cash payments to be paid over a period of twelve months as follows:

- i) US\$1,250,000 payable on signing of the agreement as a non-refundable deposit (paid).
- ii) US\$2,250,000 payable no later than 15 business days from the date of the agreement as an additional non-refundable deposit (paid).
- iii) US\$6,500,000 payment upon closing, which is to occur on or before June 24, 2016 (US\$5,750,000 paid as at date of the reporting, the remaining US\$750,000 will be paid upon settlement of a dispute between Timmins and a landowner).
- iv) Issuance of a US\$2,500,000 non-interest bearing secured promissory note due on the earlier occurrence of the Company receiving permits or June 24, 2017 (paid as at date of report); and
- v) The Company agreed to assume a US\$5.0 million payment obligation owing to Goldgroup Mining Inc. On August 18, 2016, the Company settled the US\$5 million payment obligation to Goldgroup Mining Inc. in exchange for US\$3.1 million in payments. Pursuant to the settlement the Company has paid US\$2.5 million (through the issuance of convertible debenture, with additional US\$600,000 to be paid upon SEMARNAT approval).

Caballo Blanco is located on the eastern coast of Mexico in the state of Veracruz, 65 kilometers northwest of the city of Veracruz. The project envisions a low CAPEX, simple heap-leach open pit mining operation targeting approximately 100,000 ounces of gold production annually.

Since acquiring the asset in July 2016, the Company has engaged with government authorities, community members and stakeholders. Candelaria has also closed a strategic investment with Agnico Eagle Mines Limited for C\$9.7 million and significant ownership in the Company. A thorough review and update of the current Environmental Impact

Assessment has been completed and submitted to SERMARNAT, the Mexican Environmental Authority. The permitting process will now follow federally mandated guidelines and timelines necessary for approval.

NI 43-101 – Technical Report (April 20, 2017)

Mineral Resource Estimate

Mineralization at La Paila in the Northern zone remains open to the north and south along trend and at depth. A 2,000 meter infill drill program was announced July 27, 2017 and will seek to confirm the resource model and provide tighter drill spacing in some areas of the resource. Numerous technical studies will be undertaken to advance Caballo Blanco. These include, but are not limited to, additional metallurgical test work, re-design of the conceptual pit, resource update, water supply studies and ore and waste rock characteristic studies.

Indicated and Inferred Resources (1)(2)(3)(4)					
Category	Tonnes	Au Grade (g/t)	Ag Grade (g/t)	Contained Gold Ounces	Contained Silver Ounces
Indicated	31,220,000	0.52	2.16	521,000	2,170,000
Inferred	8,630,000	0.34	2.14	95,000	590,000

1. The resource estimate is based on 200 diamond drill holes completed since the discovery of the La Paila mineralized zone. The resource available for blocks contained within a conceptual open pit using metal prices of \$1150 US / oz Au and \$21 US / oz Ag, using a cut-off of 0.11 grams per tonne (g/t) gold.

2. Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues. There is no certainty that all or any part of the Inferred Mineral Resource will be upgraded to an Indicated or Measured Mineral Resource as a result of continued exploration.

3. Gary Giroux, of Giroux Consulting, along with Jim Cuttle B.Sc. P.Geo. are qualified persons as defined in NI 43-101 are authors of the technical report and responsible for the resource estimate.

4. The effective date of the resource estimate is March 20, 2017.

Outlook

In the future, the Company will undertake to advance the Caballo Blanco project towards a construction decision. While the Company has made significant advancements in identifying the resource at the La Paila zone, additional drilling and technical work will be on-going. In addition, 7 other exploration targets have been identified on the property through IP Resistivity and geo-chemical sampling programs. The Company expects to realize a drilling program on these targets. In the near term the following activities are expected at the Caballo Blanco project:

- Environmental Permitting update (Environmental Impact Assessment and change of use of soil permits submitted in July 2017)
- Exploration results from the La Paila 2,000 meter infill drill program (currently underway)
- Exploration permits expected to be granted for the 7,500 meter Phase I targets drill program
- Optimization and technical studies on the current resource
- Initial exploration results from the 7,500 meter Phase I drill program of the new Highway, Las Cuevas, Bandera Norte and Bandera Sur targets.

PINOS DISTRICT, STATE OF ZACATECAS, MEXICO

Ownership: 60%

Option agreement

On February 27, 2015, the Company, entered an agreement (the “Agreement”) with the shareholders of Apolo to acquire 60% of Apolo’s issued and outstanding common shares.

Apolo is a privately owned exploration company with certain mining concessions located in the State of Zacatecas, Mexico (the “Apolo Property”). Pursuant to the terms and conditions of the Agreement, the Company will earn the 60% interest by:

- i) Paying an aggregate of US\$250,000 to the shareholders of Apolo on the agreement approval date, March 22, 2016 (paid); and
- ii) a further US\$250,000 to the shareholders of Apolo (paid as at date of report);
- iii) Issuing a total of 6.7 million common shares (issued as at date of report) of the Company in installments over an 18 month period beginning on the March 22, 2016; and
- iv) Funding exploration expenditures of a minimum of US\$3,500,000 (met as at date of report) by advancing funds to Apolo on or before March 22, 2018 (the “Funding Commitment”); and
- v) Lending or arranging for a third party to loan, to Apolo, a minimum of US\$1,000,000 on or before March 22, 2017 from the closing date (the “Loan”). The Company shall not issue dividends until the financing and the Loan are fully paid. As at the date of the report, this criteria is met from the issuance of the convertible debenture.

Subject to the terms and conditions set forth in the Agreement, the Company will pay an additional US\$100,000 to the Apolo shareholders annually if all of the following conditions are satisfied:

- Apolo reaches a production of 250 tons per day on an Apolo Property;
- any portion of the Funding Commitment remains outstanding and payable on due date;
- any portion of the Loan remains outstanding and payable;
- the price of gold is over US\$1,100 per ounce; and
- the price of silver is over US\$17 per ounce.

The Company will grant a 1.5% net smelter royalty (“NSR”) on the Apolo Property to the shareholders of Apolo. The Company will have a right of first refusal on the NSR and on the remaining 40% interest in Apolo held by the Apolo shareholders.

Land Package: 3,516.14 ha

Location: The Pinos Property is located in the municipality of Pinos, Zacatecas state in north-central Mexico near the town of Pinos, Zacatecas. The Property lies 405 air-kilometres northwest of Mexico City and lies 67 km west-northwest of the city of San Luis Potosí, 113 km east-southeast of the city of Zacatecas, and 85 km northeast of the city of Aguascalientes (Figure A).

The project plant and offices are located at $\approx 22^{\circ} 18' 45''$ N Latitude and $101^{\circ} 35' 26.5''$ W Longitude. The property lies in the Mexican Altiplano at elevations ranging from 2,360 to 2,800 m above sea level. Excellent location within the Fresnillo – Guanajuato Trend, current major mines of Minera Frisco, Fresnillo and Panamerican Silver.

Geology and Mineralization: Gold and silver mineralization occurs in epithermal quartz and quartz-calcite veins concentrated in two principal trends in the western part of the concession block: the roughly north-south Candelaria – San Ramón trend, and the north-northeast – south-southwest Cinco Estrellas – La Paz trend (Figure B). Most of the development in the district has occurred on these trends. Vein trends commonly have accompanying anastomosing stringers and veinlets.

Veins are composite, consisting of silica-cemented breccia, silica, calcite, and inclusions of fault breccia. In detail, veins exhibit features typical of epithermal systems with splits on large and small scales. Irregular bends and vein breccia are common. Vein textures include vugs, colliform banding, chalcedonic silica, cockaded banding, and bladed, boiling textures are frequently observed.

In the northern part of the project area, at the Tanous vein and shaft, veins cut rhyolite and trachyte of the Pinos Volcanic Complex.

Contacts between vein and wallrock are sharp with little or no alteration seen in the wallrock. Zones of brecciation contain a network of smaller veinlets in a silicified groundmass adjacent to silica veins; these breccia zones are variably mineralized. In the northern part of the area, intense hematite alteration is observed in wall rocks. Hematization is likely related to the proximity to the Pinos volcanic complex.

Veins are continuous, range in thickness from 0.5 to 3.2 meters, with an average thickness of 1.2-1.5 m, dip steeply to the west, and occupy normal faults cutting the sedimentary host rocks. Normal fault geometry is evidenced by local drag folding on beds.

Veins are hosted by Cretaceous carbonates and argillites. Mapping by the Mexican Geological Service (Servicio Geológico Mexicano, 1999) identifies the host rocks as lower Cretaceous Taraises Fm. McLeroy and others (1981) consider the host rocks to be the upper Cretaceous Cuesta del Cura Fm. Branco geologists consider that the host rocks are lower Cretaceous (Albian stage) that are more related to the Guerrero Terrain than to the Valles-San Luis Potosí Platform to the east (H. González, 2014, personal communication).

Mine workings extend in most places to about 120m below the surface, with mineralization maintaining its values to that level.

Recent drill results

Drill intersections include 1.95 metres grading 6.27 grams per tonne gold equivalent, including 0.8 metre grading 14.75 grams per tonne AuEq, 6.4 metres at 1.9 AuEq, including 0.75 metre at 5.25 grams per tonne AuEq, 2.58 metres grading 6.77 grams per tonne AuEq, including 1.5 metres at 9.02 grams per tonne AuEq, 6.9 metres grading 2.64 grams per tonne AuEq, including 0.5 metre at 5.43 grams per tonne AuEq, and 4.25 metres grading 4.42 grams per tonne AuEq, including 2.45 metres at 6.67 grams per tonne AuEq.

The recently completed drilling campaign began in May, 2016, and was carried out on one of the principal vein structures in the district, the Cinco Estrellas vein, over a strike length of 2.2 kilometres. Drilling tested downdip extensions of known vein mineralization, below existing workings, as well as the possibility of previously unknown veins parallel to the principal vein.

Gold-equivalent values are calculated on the basis of prices of \$1,266 (U.S.) per troy ounce gold and \$17.50 (U.S.) per troy ounce silver.

Hole	From (m)	To (m)	Interval (m)	Au (g/t)	Ag (g/t)	AuEq (g/t)
CA16PI001	37.65	38.6	1.95	5.88	28	6.27
Including	37.03	37.83	0.8	14.2	40	14.75
CA16PI005	47.2	47.85	0.65	1.17	15	1.38
CA16PI008	102.65	104.3	1.65	1	12	1.17
CA16PI011	107.79	108.38	0.59	1.16	22	1.46
CA16PI012	128.2	129.1	0.9	4.84	6	4.92
	172.81	173.16	0.35	2.67	37	3.18
CA16PI013	121.4	122.2	0.8	1.27	3	1.31
CA16PI014	78.54	79.2	0.66	0.94	1	0.95
	96.7	97.9	1.2	0.75	2	0.78
	148.6	150	1.4	0.6	121	2.27
CA16PI015	71.1	72.2	1.1	1.33	20	1.61
CA16PI016	96.55	102.95	6.4	1.65	18	1.9
Including	98.8	100.15	1.35	3.73	24	4.06
And	99.4	100.15	0.75	5.02	17	5.25
CA16PI017	123.32	124.02	0.7	0.71	94	2.01
CA16PI018	92.31	94.11	1.8	2.87	71	3.85
Including	93.18	93.5	0.32	11.05	275	14.85
CA16PI021	121	123.58	2.58	6.31	33	6.77
Including	121	122.5	1.5	8.37	47	9.02
CA16PI022	93.81	96.19	2.38	2.6	12	2.77
Including	95.19	96.19	1	5.14	20	5.42
CA16PI023	88.17	88.45	0.28	0.67	227	3.81
	88.8	89.15	0.35	0.56	168	2.88
	107.85	109.8	1.95	2.1	14	2.29
CA16PI025	106.5	113.4	6.9	2.52	9	2.64
Including	108.2	112.85	4.65	3.1	9	3.22
And	110.4	112.85	2.45	3.32	8	3.43

And	106.5	107	0.5	5.2	17	5.43
And	110.4	110.8	0.4	4.13	10	4.27
CA16PI026	36.68	37.04	0.36	3.13	3	3.17
CA16PI027	42.24	42.6	0.36	1.01	5	1.08
CA16PI029	91.99	93.5	1.51	1.02	9	1.14
	106.56	111.56	5	1.79	16	2.01
Including	108.65	110.47	1.82	2.17	14	2.36
And	108.65	109.1	0.45	3.14	26	3.5
And	110.17	110.47	0.3	3.88	22	4.18
CA16PI031	36.6	40.85	4.25	4.32	7	4.42
Including	38.4	40.85	2.45	6.53	10	6.67
And	40.25	40.85	0.6	8.48	10	8.62

The Pinos property consists of 29 concessions covering 3,516.14 hectares situated in eastern Zacatecas state, Mexico. Numerous veins hosting gold-silver low-sulphidation epithermal mineralization occur within strongly folded and locally overturned Cretaceous sedimentary rocks. Vein thicknesses average between 1.2 metres and 1.5 metres. Veins exceed 10 metres in thickness in some locations.

The Pinos district produced more than five million ounces of gold and 25 million ounces of silver during the period 1860 until the Mexican Revolution (1910 to 1920).

Qualified person

Stephen Maynard, MS, CPG, has acted as the qualified person as defined in National Instrument 43-101 for this disclosure, and has supervised the preparation of the technical information in this report.

Mr. Jim Cuttle, B.Sc, P.Geo. a qualified person as defined in National Instrument 43-101, has reviewed, and approved the technical information in this report.

Outlook

Ongoing work at the Pinos property will include sampling and trenching programs to follow up on previously identified outcropping structures, sampling of historic workings and environmental and permitting studies. It is anticipated that an Environmental Impact Assessment, change of use of soil and risk assessment permits will be submitted. The process will follow the federally mandated permitting guidelines and timelines. The Company will evaluate additional exploration and technical work for the project going forward.

OTHER PROJECTS

Project	Description
KM66	The Kilometre 66 property consists of 17 concessions comprising 3,508 hectares situated in eastern Durango state, Mexico. Apolo acquired the property in 1995, and optioned it to Coeur d'Alene Mines in late 1996. Between 1997 and 1998, Coeur d'Alene carried out a comprehensive exploration program including regional as well as detailed geological mapping, 397 metres of trenching, a gravity survey, 81 reverse circulation drill holes (7,515 metres), 22 diamond drill holes (2,983 metres) and 422 surface channel samples.
Guadalcazar	The early-stage Guadalcazar property consists of 10 concessions comprising 2,671.09 hectares situated in central San Luis Potosi state, Mexico. During the period 2003 to 2005, Apolo registered the property with the Mexico Mines Bureau following the discovery of gold, silver and tin mineralization in altered and extensively weathered rhyolite tuffs.
Lucifer	The early-stage Lucifer property consists of four concessions comprising 159.29 hectares situated in the northeast part of Durango state, Mexico. The claims were registered by Apolo with the Mexico Mines Bureau in 1998. Historical exploration has reportedly identified lead, zinc, silver, and lesser amounts of gold and copper mineralization of the carbonate replacement type.
ElGato	The early-stage El Gato property consists of two concessions comprising 696.96 hectares situated in eastern Zacatecas state, Mexico. The claims were registered with the Mexico Mines Bureau in 1997 and 2002. Mineralization is reportedly of the volcanogenic massive sulphide (VMS) type, related to felsic volcanic dome complexes.

LIQUIDITY AND CAPITAL RESOURCES

A summary of the Company's cash position and changes in cash and cash equivalents for:

	Year ended April 30, 2017		
	2017	2016	2015
<i>(table amounts are expressed in thousands of Canadian dollars)</i>			
Cash used in operating activities	\$ (5,647)	\$ (551)	\$ (332)
Cash used in investing activities	(12,146)	(1,165)	-
Cash flow from financing activities	17,067	1,002	2,635
Increase (decrease) in cash	(726)	(714)	2,303
Cash and cash equivalents, end of period	\$ 940	\$ 1,584	\$ 2,306

As at April 30, 2017, the Company's net working capital deficit was \$2.7 million compared to net working capital of \$1.5 million as at April 30, 2016 and a \$2.3 million positive working capital in April 30, 2015. The decrease in net working capital was the result of acquisition activities which increased the level of current liabilities (e.g. promissory note, acquisition payables etc.).

Cash outflow from operating activities for the current year ended April 30, 2017 was higher than the previous two comparative historic year because of increased corporate and exploration activities due to acquisition of mineral projects.

Cash outflow from investing activities was higher in the current year end when compared to the previous two comparative historic year because of the US\$10.0 million Caballo Blanco acquisition payments.

Cash inflow from financing activities was higher in the current when compared with the comparative period in 2016 and 2015. Capital were raised through the form of equity and debt to fund corporate development initiatives (Caballo Blanco acquisition) in the current fiscal year.

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

SUMMARY OF CONSOLIDATED PROFIT AND LOSS

<i>(tabled amounts are expressed in thousands of Canadian dollars)</i>	Year ended April 30,		
	2017	2016	2015
	\$	\$	\$
Amortization	(29)	-	-
Exploration expense	(1,597)	(226)	(141)
General and administration (1)	(984)	(158)	(67)
Management fees	(105)	-	-
Professional fees	(517)	(116)	(138)
Share-based compensation	(2,900)	(116)	-
Finance cost	(3,620)	-	-
Finance income	4	-	-
Gain on fair value of convertible debenture	361	-	-
Gain on settlement of payment obligation	1,337	-	-
Foreign exchange loss	(610)	(99)	(51)
Net loss	(8,660)	(715)	(397)
Other comprehensive loss	(107)	-	-
Total comprehensive loss for the year	(8,767)	(715)	(397)
Basic & diluted loss per share	(0.10)	(0.12)	(0.21)

<i>(tabled amounts are expressed in thousands of Canadian dollars)</i>	As at April 30,		
	2017	2016	2017
Cash	\$ 940	\$ 1,584	\$ 2,306
Total assets	38,885	3,501	2,331
Cash dividends declared	\$ 0.00	\$ 0.00	\$ 0.00

- (1) General and administration includes all administration expense including salary and wages, investor relations and development, regulatory and filing fees, travel, professional fees and management fees, etc.

Net loss current year ended April 30, 2017 were higher than the comparative period in 2016 and 2015 as the Company increased in all aspects of corporate activities and exploration activities subsequent to the acquisition of mineral projects and corporate development initiatives.

Amortization was higher than the previous comparative years as the Company acquired new equipment from the Apolo and Caballo Blanco acquisition. General and administration and professional fees were higher as the Company increased corporate activities from the newly acquired assets. 4.7 million stock options were granted in the current year, as a result, stock based compensation expenses were higher. Finance costs was \$3.6 million due to various non-cash accretion expense related to the debentures and promissory notes issued in the current year. The \$0.4 million gain on convertible debenture relates to a non-cash revaluation of convertible debentures (issued in the current year). The \$1.3 million gain on settlement of contingent liability relates to the difference between the carrying value of the US\$5.0 million contingent liability and the carrying value of the US\$3.1 million settlement. Foreign exchange resulted from the strengthening of the US dollar against the Canadian dollar.

Other comprehensive income resulted from the cumulative translation adjustment from foreign exchange impact from foreign subsidiaries.

As at April 30, 2017, the total assets increased from 2016 due acquisition of Apolo and Caballo Blanco.

QUARTERLY RESULTS

<i>(table amounts are expressed in thousands of Canadian dollars)</i>	Apr 30, 2017	Jan 31, 2017	Oct 31, 2016	Jul 31, 2016	Apr 30, 2016	Jan 31, 2016	Oct 31, 2015	Jul 31, 2015
Amortization	(26)	\$ (2)	\$ (1)	\$ -	\$ -	\$ -	\$ -	\$ -
Exploration expense	(1,234)	(195)	(84)	(84)	(116)	(50)	(42)	(51)
Stock based compensation	(37)	(271)	(224)	(2,368)	(116)	-	-	-
General and administration (1)	(669)	(441)	(402)	(95)	(121)	(47)	(42)	(30)
Finance cost, and other (expense) income	(4,087)	(113)	2,290	(8)	-	-	-	-
Foreign exchange	(393)	165	(324)	(58)	(353)	102	21	130
Net (loss) income	(6,446)	(855)	1,254	(2,613)	(706)	5	(63)	49
Other comprehensive loss	(107)	-	-	-	-	-	-	-
Net (loss) income and comprehensive loss	(6,553)	(855)	1,254	(2,613)	(706)	5	(63)	49
Basic & diluted earnings (loss) per share	(0.07)	(0.03)	0.03	(0.06)	(0.12)	(0.00)	(0.03)	0.03
Total assets	38,885	29,924	30,133	21,080	3,502	2,284	2,285	2,349

- (1) General and administration includes all administration expense including salary and wages, investor relations and development, regulatory and filing fees, travel, professional fees and management fees, etc.
- (2) Finance costs and other includes foreign exchange and other expenses that are not categorized

Three months ended April 30, 2017 compared to all historical quarters

Net loss of \$6.5 million was higher than all of the historic comparative quarters due to higher cost in all categories from increase in corporate activities and exploration activities since the acquisition of Caballo Blanco (July 2016) and Apolo (Company gained control of Apolo in August 2016).

Generative exploration expenses were highest in the current quarter compared to the historical quarters due timing differences of exploration expense after the acquisition of mineral projects. Non-cash stock based compensation expense were lower than all historic quarters as majority of the stock options outstanding has vested and expensed in the previous historic quarters. General and administration expense were higher than any of the historic quarter as corporate activities have increased due to mineral projects acquisitions. Finance cost were higher in the current quarter due non-cash accreted interest expense related to the convertible debentures (due to change in accounting estimates and valuation). Foreign exchange loss in the quarter was due to the weakening of the Canadian dollar against the US dollar.

Other comprehensive income resulted from the cumulative translation adjustment from foreign exchange impact from foreign subsidiaries.

Change in total assets

As at April 30, 2017, the total assets increased from prior quarters historically due acquisition of Apolo and Caballo Blanco.

SHAREHOLDER'S EQUITY

As at April 30, 2017 and as at the date of this report (on post-consolidation basis)

Candelaria's authorized capital stock consists of an unlimited number of common shares without par value.

	Stock options ('000)	Share purchase warrants ('000)	Common shares ('000)
As at April 30, 2017	5,989	10,652	86,874
Share issuance (i)	-	-	4,667
Share issuance (ii)	-	-	10,120
Warrant exercised (iii)	-	(16)	16
As at date of report	5,989	10,636	101,677

- i) On June 5, 2017, the Company issued the remaining shares instalment of 4,666,666 common shares for the Apolo acquisition.
- ii) On June 9, 2017, the Company closed a private placement for 10,120,000 common shares to Agnico Eagle Mines Limited for a gross proceed of \$9,765,000.
- iii) On July 4, 2017, the Company issued 16,666 shares from share purchase warrant exercised (\$0.75 exercise price).

Stock options

Table below provides a summary of the stock options outstanding (posted-consolidated, as at April 30, 2017 and date of report):

Number of options ('000s)	Number of options vested ('000s)	Weighted average remaining contractual life (years)	Exercise price	Expiry Date
148	148	0.39	\$0.30	8-Nov-2017
1,017	1,017	3.81	\$0.15	22-Mar-2021
83	83	3.83	\$0.15	31-Mar-2021
1,134	1,058	4.09	\$0.45	4-Jul-2021
3,383	3,238	4.16	\$0.90	27-Jul-2021
100	100	4.42	\$0.90	31-Oct-2021
124	124	4.48	\$0.90	23-Nov-2021
5,989	5,768	4.33	\$0.66	

Table below provides a summary of the share purchase warrants outstanding:

	Warrants outstanding ('000)	Weighted average exercise price (CAD\$)
Balance – April 30, 2015	-	-
Grant	1,000	\$0.165
Balance – April 30, 2016	1,000	\$0.165
Grant	9,652	\$0.75
Ending – April 30, 2016	10,652	\$0.70
Exercised	(16)	\$0.75
Ending – Date of the report	10,636	\$0.70

As at the date of the report, the follow share purchase warrants are outstanding:

Warrants outstanding ('000)	Exercise price (CAD\$)	Date of Grant	Date of Expiry
1,000	\$ 0.165	17-Mar-2016	17-Mar-2018
2,888	0.75	14-Jun-2016	14-Dec-2017
2,521	0.75	6-Jul-2016	2-Jan-2018
3,317	0.75	18-Aug-2016	18-Feb-2018
910	0.75	13-Sep-2016	13-March-2018
10,636	\$ 0.70		

As at April 30, 2017, the follow share purchase warrants are outstanding:

Warrants outstanding ('000)	Exercise price (CAD\$)	Date of Grant	Date of Expiry
1,000	\$ 0.165	17-Mar-2016	17-Mar-2018
2,888	0.75	14-Jun-2016	14-Dec-2017
2,521	0.75	6-Jul-2016	2-Jan-2018
3,333	0.75	18-Aug-2016	18-Feb-2018
910	0.75	13-Sep-2016	13-March-2018
10,652	\$ 0.70		

REGULATORY DISCLOSURES

Off balance sheet arrangements

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

Proposed Transactions

The Company does not have any proposed transactions as at April 30, 2017 other than as disclosed elsewhere in this document.

Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss

This category involves financial instruments held for the purpose of selling them in the short term. All of the financial instruments in this category meet the definition of financial assets held for trading. Derivatives are included in this category, unless they are designated as hedges. The instruments classified in this category are classified in current assets and include cash. The financial instruments included in this category are initially recognized at fair value and the transaction costs are expensed to the Statement of Loss and Comprehensive Loss. Subsequently, financial assets at fair value through profit or loss are measured at fair value and all gains and losses, realized and unrealized, measured on the basis of market transactions, are recognized directly in the Statement of Loss and Comprehensive Loss. As at April 30, 2017 and 2016, the Company has no financial instruments classified as fair value through profit or loss.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. The Company has reported cash in this category.

Held-to-maturity investments

These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the Statement of Loss and Comprehensive Loss. The Company has no held to maturity investments as at April 30, 2017 and 2016.

Available-for-sale

Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized in other comprehensive income. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is reclassified from other comprehensive income to profit or loss in the Statement of Loss and Comprehensive Loss. The Company has no available-for-sale assets as at April 30, 2017 and 2016.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss

This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the Statement of Loss and Comprehensive Loss.

Other financial liabilities

This category includes accounts payable and amounts due to related parties, all of which are measured at amortized cost.

Fair values of financial instruments

The fair values of financial instruments are summarized as follows:

In thousands ('000)	April 30, 2017		April 30, 2016	
	Carrying value \$	Fair value \$	Carrying value \$	Fair value \$
Financial assets				
<i>Loans and receivables</i>				
Cash and cash equivalents ⁽¹⁾	940	940	1,584	1,584
Other receivables ⁽¹⁾	147	147	6	6
Financial liabilities				
<i>Fair value through profit or loss</i>				
Convertible debenture	7,563	7,563	-	-
<i>Other financial liabilities</i>				
Accounts payable & accrued liabilities ⁽¹⁾	700	700	83	83
Caballo Blanco acquisition payable ⁽¹⁾	1,769	1,769	-	-
Promissory notes ⁽¹⁾	3,339	3,339	-	-

- (1) The carrying value of cash, receivables and accounts payable and accrued liabilities approximates fair value due to the short-term nature of these items.

Credit Risk

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

Liquidity Risk

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

Interest Rate Risk

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

Foreign Exchange Risk

The Company operates in Canada and Mexico. As a result, the Company is exposed to foreign exchange risk arising from transactions denominated in foreign currencies.

The operating results and the financial position of the Company are reported in United States dollars. Fluctuations of the operating currencies in relation to the United States dollar will have an impact upon the reported results of the Company and may also affect the value of the Company's assets and liabilities.

The Company's financial assets and liabilities as at April 30, 2017 are denominated in United States Dollars, Canadian Dollars, and Mexican Pesos, and are set out in the following table:

In thousands ('000)	Canadian Dollars	US Dollars	Mexico Pesos	Total
Financial assets				
Cash and cash equivalent	\$ 146	\$ 542	\$ 252	\$ 940
Other receivables	158	-	1,773	1,931
	304	542	2,025	2,871
Financial liabilities				
Accounts payables and accrued liabilities	(261)	(284)	(155)	(700)
Caballo Blanco Acquisition Payable	-	(1,769)	-	(1,769)
Promissory note	-	(3,339)	-	(3,339)
Convertible debenture – FVTPL	-	(7,563)	-	(7,563)
Convertible debenture – amortized cost	-	(1,740)	-	(1,740)
Net financial (liabilities) assets	\$ 43	\$ (14,153)	\$ (1,870)	\$ (12,240)

The Company's financial assets and liabilities as at April 30, 2016 are denominated in United States Dollars, Canadian Dollars, and Mexican Pesos, and are set out in the following table:

In thousands ('000)	Canadian Dollars	US Dollars	Mexico Pesos	Total
Financial assets				
Cash and cash equivalent	\$ 1,584	\$ -	\$ -	\$ 1,584
Other receivables	7	-	-	7
	1,591	-	-	1,591
Financial liabilities				
Accounts payables and accrued liabilities	(83)	-	-	(83)
Net financial (liabilities) assets	\$ 1,508	\$ -	\$ -	\$ 1,508

The Company's reported results will be affected by changes in the US dollar to Canadian dollar and US dollar to Mexican Pesos exchange rate. As of April 30, 2017, a 10% appreciation of the Canadian dollar relative to the US dollar would have decreased net financial assets by approximately \$1,415,000 (2016, 2015 - \$nil). A 10% depreciation of the US Dollar relative to the Canadian dollar would have had the equal but opposite effect. A 10% appreciation of the Mexican Pesos relative to the Canadian dollar would have decreased net financial asset by approximately \$187,000 (2016, 2015 - \$nil) and a 10% depreciation of the Mexican Pesos would have had an equal but opposite effect. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risk.

The table below summarizes the maturity profile of the Company's non-derivative financial liabilities.

April 30, 2017 (in thousands '000)	Current – within 1 year	Non- current – 1 to 3 years
Accounts payables and accrued liabilities	\$ 700	\$ -
Caballo Blanco Acquisition Payable	1,769	
Promissory note	3,339	
Convertible debenture – FVTPL	-	7,563
Convertible debenture – amortized cost	-	1,740
	5,808	9,303

April 30, 2016 (in thousands '000)	Current - within 1 year	Non- current – 1 to 3 years
Accounts payables and accrued liabilities	\$ 83	\$ -
	83	-

Related Party Transactions

The Company's related parties include its subsidiaries, associates over which it exercises significant influence, and key management personnel. Transactions with related parties for goods and services are made on normal commercial terms and are considered to be at arm's length.

The Company incurred the following expenses with related parties during year ended April 30, are as follows:

In thousands ('000)	2017	2016
Professional fees	\$ 25	\$ 12
Management fees	105	-
General and administration	90	93
Stock based compensation	2,657	102

Professional fees were paid and accrued to a firm of which one of the partners has been the Chief Financial Officer of the Company during 2017 and 2016. Management fees were paid and accrued to a firm of which one of the partners has been the Chief Executive Officer of the Company during 2017 and 2016. General and administration (rent, corporate service management) were paid and accrued to a firm of which one of the partners has been the President of the Company during 2017 and 2016. These expenses were measured at the exchange amounts agreed upon by the parties.

As at April 30, 2017 the Company had amounts payable of \$23,000 (2016 - \$30,000) to these parties. These amounts are unsecured and non-interest bearing, due on demand and included in accounts payable and accrued liabilities.

Capital Risk Management

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

Internal controls and procedures

During the year ended April 30, 2017, there has been no significant change in the Company's internal control over financial reporting since last year.

The Chief Executive Officer and Chief Financial Officer of the Company are responsible for establishing and maintaining appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete, reliable and timely. They are also responsible for establishing adequate internal controls over financial reporting to provide sufficient knowledge to support the representations made in this MD&A and the Company's annual financial statements for the year ended April 30, 2017 (together the "Annual Filings"). The Chief Executive Officer and Chief Financial Officer of the Company have filed the Venture Issuer Basic Certificate with the Annual Filings on SEDAR at <http://www.sedar.com>.

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

Accounting estimates

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Such estimates primarily relate to share-based transaction valuations, fair values of financial instruments and the recoverability of deferred income tax assets. Actual results could differ from those estimates. Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in Note 2 relating to going concern.

Accounting policies

A detailed summary of all the Company's significant accounting policies is included in Note 3 to the audited financial statements for the year ended April 30, 2017.

Basis of consolidation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The policies set out below were consistently applied to all periods presented. These consolidated financial statements were approved and authorized for issue by the Board of Directors. These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value.

Amendments, Interpretations, Revised and New Standards Adopted by the Company. The Company adopted the following amendments and annual improvements that became effective May 1, 2016:

- Amendments to IAS 1, Presentation of Financial Statements
- Amendments to IAS 16, Property, Plant and Equipment
- Amendments to IAS 28, Investments in Associates
- Amendments to IAS 38, Intangible Assets
- Amendments to IFRS 10, Consolidated Financial Statements
- Annual improvements to IFRS 2012-2014 Cycle (AIP 2012-2014)

The amendments and annual improvements had no material effect on the consolidated financial statements.

Exploration and Evaluation Expenditure

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Exploration and evaluation activity includes; but is not limited to

- Exploratory drilling and sampling
- Surveying transportation and infrastructure requirement
- Gathering exploration data through geophysical studies

The Company capitalizes significant direct costs of acquiring resource property interests. Option payments are considered acquisition costs if the Company has the intention of exercising the underlying option.

Once the legal right to explore has been acquired, exploration and evaluation expenditures is charged to profit or loss as incurred, unless management concludes that a future economic benefit is more likely than not to be realized. These costs include materials used, surveying costs, drilling costs, drilling costs and payments made to contractors.

Exploration costs incurred prior to the determination of economically recoverable reserves are expensed as “exploration costs” in the consolidated statement of loss and comprehensive loss

Title to mineral properties 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 conveyancing historical characteristic of many properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge title to all of its properties is in good standing.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of the estimated recoverable amount, are written off to the consolidated statement of loss and comprehensive loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. The recoverable amount is the higher of the asset’s fair value less costs to sell and value in use.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

Plant and Equipment

Plant and equipment are recorded at cost and carried net of accumulated depreciation and accumulated impairment losses. Costs of additions and improvements are capitalized. An item of plant and equipment is derecognized upon disposal, or impaired when no future economic benefits are expected to arise from continued use of the asset. Any gain or loss on disposal of the asset, determined as the difference between the proceeds and the carrying amount of the asset is recognized in profit or loss.

For transportation, computer and other equipment, the straight-line method is also applied over the estimated useful lives of the assets:

	Years
Mining equipment	3-4
Vehicles	3-4
Office equipment	3-4
Computer equipment	2-3
Computer software	2-3

Foreign currencies

These consolidated financial statements are presented in Canadian dollars (CAD). The functional currency of the Company and its controlled entities is measured using the currency of the primary economic environment in which that entity operates.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the period end exchange rates are recognized in the Statement of Loss and Comprehensive Loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Compound financial instruments (convertible debenture)

Compound financial instruments issued by the Company comprise convertible notes that can be converted to common shares at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

Provisions

Liabilities are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. A provision is a liability of uncertain timing or amount.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to the passage of time is recognized as a financing expense. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is certain that a reimbursement will be received and the amount receivable can be measured reliably.

Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss

This category involves financial instruments held for the purpose of selling them in the short term. All of the financial instruments in this category meet the definition of financial assets held for trading. Derivatives are included in this category, unless they are designated as hedges. The instruments classified in this category are classified in current assets and include cash. The financial instruments included in this category are initially recognized at fair value and the transaction costs are expensed to the Statement of Loss and Comprehensive Loss. Subsequently, financial assets at fair value through profit or loss are measured at fair value and all gains and losses, realized and unrealized, measured on the basis of market transactions, are recognized directly in the Statement of Loss and Comprehensive Loss. As at April 30, 2017 and 2016, the Company has no financial instruments classified as fair value through profit or loss.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. The Company has reported cash in this category.

Held-to-maturity investments

These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the Statement of Loss and Comprehensive Loss. The Company has no held to maturity investments as at April 30, 2017 and 2016.

Available-for-sale

Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized in other comprehensive income. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is reclassified from other comprehensive income to profit or loss in the Statement of Loss and Comprehensive Loss. The Company has no available-for-sale assets as at April 30, 2017 and 2016.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss

This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the Statement of Loss and Comprehensive Loss. The Company has no derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term as at April 30, 2017 and 2016.

Other financial liabilities

This category includes accounts payable and amounts due to related parties, all of which are measured at amortized cost.

Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognized in Statement of Loss and Comprehensive Loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the asset and liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial

recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. Contingently issuable or returnable shares are excluded from the determination of the weighted average number of shares outstanding.

Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at

the date the goods or services are received. The corresponding amount is recorded to the stock option reserve. The fair value of options is determined using the Black–Scholes Option Pricing Model. The number of options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Share Issuance Costs

Share issue costs, which includes commissions, facilitation payments, professional fees and regulatory fees, are charged directly to share capital.

Valuation of Equity Units Issued in a Private Placement

Shares and warrants issued as private placement units are measured using the residual value method whereby value is first allocated to the common shares component based on its fair value with the residual value being attributed to the warrant unit.

The fair value of finder's warrants are calculated based on the Black-Scholes valuation model.

Earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing the net earnings (loss) for the period by the weighted average number of common shares outstanding during the period.

Non-controlling interest (“NCI”)

Non-controlling interests exist in less than wholly-owned subsidiaries of the Company and represent the outside interest's share of the carrying values of the subsidiaries. Non-controlling interests are recorded at their proportionate share of the fair value of identifiable net assets acquired as at the date of acquisition and are presented immediately

after the equity section of the consolidated balance sheet. When the subsidiary company issues its own shares to outside interests and does not result in a loss of control, a dilution gain or loss arises as a result of the difference between the Company's share of the proceeds and the carrying value of the underlying equity, an equity transaction, is included in equity.

Risk and uncertainties

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

Operating Hazards and Risks

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

Title to Assets

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

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

Management

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

Requirement of New Capital

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

Metals Pricing Risk

The feasibility of the Company's mineral exploration and development is significantly affected by changes in the market price of gold and silver. Gold prices fluctuate widely and are affected by numerous factors beyond the Company's control. The level of interest rates, the rate of inflation, world supply of gold and stability of exchange

rates can all cause significant fluctuations in gold prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments.

Risk of Foreign Operations

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

Other Significant Risks

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

FORWARD-LOOKING STATEMENT

This MD&A contains forward-looking statements that involve risks and uncertainties, which may cause actual results to differ materially from the statements made. When used in this document, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect" and similar expressions are intended to identify forward-looking statements. Such statements reflect our current views with respect to future events and are subject to such risks and uncertainties. Many factors could cause our actual results to differ materially from the statements made, including those factors discussed in filings made by us with the Canadian securities regulatory authorities. Should one or more of these risks and uncertainties, such as the actual results of current exploration and development programs, the general risks associated with the mining industry, the price of gold and other metals, reduced funding, currency and interest rate fluctuations, increased competition and general economic and market factors, occur or should assumptions underlying the forward-looking financial statements prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated or expected. We do not intend and do not assume any obligation to update these forward-looking statements, except as required by law. Shareholders are cautioned not to put undue reliance on such forward-looking statements.

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

Qualified person

Stephen Maynard, MS, CPG, has acted as the qualified person as defined in National Instrument 43-101 for this disclosure, and has supervised the preparation of the technical information in this report.

Mr. Jim Cuttle, B.Sc, P.Geo. a qualified person as defined in National Instrument 43-101, has reviewed, and approved the technical information in this report.