Oroco Resource Corp.
Management Discussion and Analysis
For the three and nine months ended February 29, 2020

This "Management's Discussion and Analysis" has been prepared as of April 29, 2020 and should be read in conjunction with the Company's condensed interim consolidated financial statements and related notes for the nine months ended February 29, 2020 and the audited consolidated financial statements and related notes thereto for the year ended May 31, 2019 (the "Financial Statements"). Those financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. All amounts in the financial statements and in this discussion and analysis are expressed in Canadian dollars, unless otherwise indicated.

FORWARD LOOKING INFORMATION

This management discussion and analysis ("MD&A") contains certain forward-looking statements and information relating to the Company and its operations. When used in this document, the words "anticipate," "believe," "budget", "estimate," "expect", "intends", "plans", "potential" and similar expressions, as they relate to the Company or its management and operations, are intended to identify forward looking statements.

These forward-looking statements or information relate to, among other things: the Company's future financial and operational performance; the sufficiency of the Company's current working capital, anticipated cash flow or its ability to raise necessary funds; the anticipated amount and timing of work programs; our expectations with respect to future exchange rates; the estimated cost of and availability of funding necessary for sustaining capital; forecast capital and non-operating spending; and the Company's plans and expectations for its property, exploration and community relations operations.

These forward-looking statements and information reflect the Company's current beliefs as well as assumptions made by, and information currently available to the Company and are necessarily based upon a number of assumptions that, while considered reasonable by the Company, are inherently subject to significant operational, business, economic, competitive, political, regulatory, and social uncertainties and contingencies. These assumptions include: cost estimates for exploration programs; cost of drilling programs; prices for base and precious metals remaining as estimated; currency exchange rates remaining as estimated; capital estimates; our expectation that work towards the establishment of mineral resource estimates and the assumptions upon which they are based will produce such estimates; prices for energy inputs, labour, materials, supplies and services (including transportation); no labour-related disruptions at our operations; no unplanned delays or interruptions in scheduled work; all necessary permits, licenses and regulatory approvals for our operations being received in a timely manner and can be maintained; and our ability to comply with environmental, health and safety laws, particularly given the potential for modifications and expansion of such laws. The foregoing list of assumptions is not exhaustive.

Forward-looking statements and information involve known and unknown risk, uncertainties, assumptions and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Although the Company has attempted to identify important factors that could cause actual results or events to differ materially from those expressed or implied in the forward-looking statements (see "Risks and Uncertainties" in this MD&A), there may be other factors, such as the coronavirus global pandemic, which could cause results not to be as anticipated, estimated, described, or intended. Investors are cautioned against attributing undue certainty or reliance on forward-looking statements or information.

Forward-looking statements and information contained herein are made as of the date of this MD&A and the Company does not intend, and disclaims any obligation to update or revise forward-looking statements or information, whether as a result of new information, future events or to reflect changes in assumptions or in circumstances or any other events affecting such statements or information, other than as required by applicable law.

QUALIFIED PERSON

Mr. Paul McGuigan, P. Geo., of Cambria Geosciences Inc., a Qualified Person under NI 43-101 and a senior consulting geoscientist to the Company, has reviewed and approved the technical disclosure in this management discussion and analysis

OROCO RESOURCE CORP. (the "COMPANY")

The Company was incorporated under the British Columbia Business Corporations Act on July 7, 2006. The Company's head office is located at Suite 1201 - 1166 Alberni Street, Vancouver, B.C., V6E 3Z3. The Company and its subsidiaries are engaged in the acquisition, exploration and development of mineral properties in Mexico with a primary focus on the assembly of the mineral concessions which make up the Santo Tomas porphyry copper project in Sinaloa State, Mexico.

The Company is listed on the TSX Venture Exchange ("TSX-V") under the symbol "OCO", and it also trades on the Frankfurt Stock Exchange Open Market under the trading symbol "OR6" and the US OTC exchange under the trading symbol "ORRCF.PK". The Company's website address is: "www.orocoresourcecorp.com".

The Company has two wholly owned subsidiaries: Minera Xochipala S.A. de C.A. ("Minera Xochipala") and 0973496 B.C. Ltd. Minera Xochipala is used to hold certain of the Company's Mexican mining concessions. 0973496 B.C. Ltd. holds 98% (49 of 50 shares) in Minera Xochipala, with the remaining 2% (1 share of 50) being held directly by the Company. The Company also holds an inactive, nominative subsidiary incorporated in Canada and a majority interest in Aztec Copper Inc. ("Aztec"), an inactive subsidiary incorporated in the United States.

On March 2, 2020, pursuant to an option agreement dated September 27, 2018 (the "Altamura Option Agreement") between the Company, Altamura Copper Corp. ("Altamura"), a British Columbia company, and the shareholders of Altamura other than the Company, the Company acquired 100% ownership of Altamura. Altamura currently holds a 71% interest in Xochipala Gold, S.A. de C.V. ("XG") and a 99% interest in Desarrollos Copper, S.A. de C.V. ("Desarrollos"), with the remaining 1% of Desarrollos held directly by the Company. XG holds registered title to the seven mineral concessions (the "Core Concessions") which cover the known core of the Santo Tomas porphyry copper project. Altamura also holds a 50% interest in Ruero International Ltd. and its subsidiary, Compania Minera Ruero, S.A. de C.V. ("CMR").

MINERAL PROPERTIES

Santo Tomas Properties, Sinaloa State, Mexico

The Company is focused on the assembly and exploration of the mineral concessions which encompass the Santo Tomas porphyry copper (-Mo-Au-Ag) deposit in Sinaloa State, Mexico.

The Company holds a net 61.4% interest in the Core Concessions through Altamura's current 71% interest in XG. XG's interest in the Core Concessions is subject to agreements with third parties granting these parties a non- registerable, contractual, aggregate 15% interest in the Core Concessions (the "Third Party Interests"). The Company may increase its interest in XG in stages to 90%, and, at the same time, dilute the Third Party Interests down to 10% by the funding of up to $30,000,000 in property related expenditures, with no minimum obligations. Upon such funding, Altamura will hold up to an 81% net interest in the Core Concessions as set out in the following table

Altamura's net interest in the Core Concessions to result from funding of property related expenditures:

Total Investment	**$1,000,000 (completed)**	**$3,000,000 (partially completed)**	**$10,000,000**	**$20,000,000**	**$30,000,000**
Core Concession interest via XG equity					
Altamura	56.7%	64.7%	72.9%	77.6%	81.0%
Other	28.3%	21.6%	14.6%	11.1%	9.0%
Third party contractual interest					
Third parties	15.0%	13.7%	12.5%	11.3%	10.0%
Total	**100%**	**100%**	**100%**	**100%**	**100%**

The Company also holds a 77.5% interest in each of the Papago 17, La China II and AMP Santo Tomas Red 1 concessions and an 80% interest in the Rossy concession (the "Peripheral Concessions") which are contiguous to the Core Concessions (collectively the Peripheral Concessions, the "Santo Tomas Properties").

MINERAL PROPERTIES (cont'd)

Santo Tomas Properties, Sinaloa State, Mexico (cont'd)

The Santo Tomas deposit lies within the Laramide porphyry copper province, a NW-SE trending, metallogenic belt formed in the Laramide Orogeny (80-40 Ma age). The province extends from the southwestern USA into northwestern Mexico.

The Santo Tomás deposit lies mostly on the Core Concessions. The deposit is associated with an NNE-trending zone of sheeted quartz monzonite porphyry dikes that are hosted in strongly faulted and fractured Mesozoic metamorphosed andesite and limestone. The deposit is similar in age, host rocks and mineralization styles to the Cananea deposits, in Sonora, and other Laramide-age deposits of the southwestern USA. Nearby examples of similar Laramide-age deposits include the Bahuerachi and La Reforma deposits. *This information is not necessarily indicative of mineralization on the Properties that are the subject of this summary.*

The Santo Tomás deposit is mostly comprised of chalcopyrite, pyrite, and molybdenite sulphides with minor bornite, covellite, and chalcocite, which occur as fracture fillings, veinlets, and fine disseminations. Minor copper oxides occur near the surface.

The Santo Tomás deposit is exposed in outcrop pattern along a 5 km strike length. South of Rio Fuerte, mineralization on the eastern and western flanks of the N-S Santo Tomás ridge are called the North Zone and South Zones, respectively. A mineralized zone lying north of the Rio Fuerte is termed the Brasiles Zone. Historical information and recent geological mapping demonstrated that the Brasiles Zone extends from the Core Concessions to the N. E. onto the Peripheral Concessions. On the South Zone, extensions onto the Peripheral Concessions are evidenced by historical drilling data.

The main mineralized zone varies between approximately 100 to 600 m in true thickness and dips moderately to the WNW at 50° in the North Zone. Similar moderate angle dips are apparent in the South Zone and Brasiles.

The Santo Tomas deposit was defined by active exploration from 1968 to 1994. During that time it was tested by 106 diamond and reverse circulation drill hole, for which the Company has data for 90, totalling 21,075 m of drilling. In 1994, Exall Resources Limited ("Exall") engaged Mintec, Inc. to conduct a historical mineral resource estimate and mining study, and Mountain States Research and Development, Inc. ("MSRDI") to conduct metallurgical testing. Relying on information generated by these studies, Bateman Engineering Inc., E&C Division, conducted a Prefeasibility Study.

Beginning in 2017, the Company initiated a program of mineral exploration on the Santo Tomas Properties with surface geological mapping and the assembly of historical drilling information by Cambria Geosciences Inc. ("Cambria"). Additionally, the Company acquired RadarSat 2 Synthetic Aperture Radar ("SAR") data for the Santo Tomas district from Auracle Geospatial Science, Inc. ("Auracle").

In early 2019, the Company commissioned fieldwork, led by D. A. Bridge, P. Geol., comprised of historical data verification and another structural and geological mapping of the North Zone and Brasiles Zone, toward the preparation of a Technical Report.

Additional 3D modelling by Cambria of the Auracle SAR data, historical drilling, and the additional structural data significantly advanced the understanding of the genesis and later structural modification of, the Santo Tomas deposit.

Results of the most recent fieldwork, geological modelling, and historical mineral resource estimates are presented in a Technical Report prepared in the requirement of the Canadian National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101") titled "Geology, Mineralization, and Exploration of the Santo Tomás Cu-(Mo-Au-Ag) Porphyry Deposit, Sinaloa, Mexico" by D. A. Bridge, P. Geol. with an effective date of August 22, 2019 (available on the Company's website at www.orocoresourcecorp.com).

The key geological information verified by Bridge (2019) is that the principal control to the Santo Tomas deposit are sheets of quartz monzonite dikes interleaved with screens of altered and hornfels andesite. Dikes and fracture sets are well-mineralized and have a dominant attitude of N20°E/50°W.

Bridge recommended a phased program of surface work and confirmation diamond drilling. Layouts of the drilling are based on the updated 3D geological model and the latest structural data. His recommendations encompassed the following:

1. Road and camp construction followed by 200 line-km of 3D Induced Polarization geophysical survey that will encompass the North & South Zones, and Brasiles.
2. Geological mapping, remote sensing, and baseline environmental studies.

MINERAL PROPERTIES (cont'd)

Santo Tomas Properties, Sinaloa State, Mexico (cont'd)

3. Confirmation drilling is recommended, firstly with 7,300 m of diamond drilling in 11 drill holes in the North Zone, followed by a non-success contingent program of 20,950 m of diamond drilling in 30 drill holes, spanning the North and South Zones.
4. Success contingent drilling is recommended, awaiting the results of 3D IP and drilling, comprising 29,250 m of diamond drilling in 43 drill holes to test for extensions of the North and South Zone, and to test the Brasiles Zone.

In late 2019 the Company commenced the recommended program of Bridge (2019). To date the Company has completed construction of an exploration base camp and the repair and upgrade of road access to the North and South Zones. Work is continuing on the making of a 2.5 by 5.5 km grid in preparation for an upcoming 3D Induced Polarization geophysical surveys. A geophysical firm has been retained to conduct the survey. The Company has also retained an Environmental consultant and environmental baseline studies and permitting are underway.

The new fieldwork is supported by an extensive network of existing access roads and historical drill roads, therefore expediting preparations for the confirmation diamond drilling program expected to follow in early 2020.

The Company currently operates community-based social and environmental programs in the area of the Santo Tomas Properties from its logistics and administrative base in the nearby community of Choix. The Company has supported modest public works such as water distribution, community road and infrastructure projects, and other social programs, as part of its commitment to the communities proximal to the Company's operations.

The Company incurred $232,018 in acquisition costs and $834,620 in deferred exploration expenditures on the Santo Tomas Properties during the nine months ended February 29, 2020.

Xochipala Property, Guerrero State, Mexico

The Xochipala Property, comprised of the Celia Gene (100 ha) and the contiguous Celia Generosa (93 ha) concessions, is located in the Municipality of Eduardo Neri, Guerrero, Mexico at the southern end of the Guerrero Gold Belt (the "GGB"). This region encompasses a northwest trend of intrusions with associated gold bearing iron skarn deposits. The GGB has been the focus of aggressive exploration, delineation, development, and mining by a number of mining companies who have to date delineated gold reserves and measured and indicated resources in excess of 20 million ounces. The discovery of these deposits, beginning in the late 1980s, has led to the development of a predictable exploration model along the trend of the GGB. This information is not necessarily indicative of mineralization on the Xochipala Property.

The gold mineralization in each of these deposits is found in the contact (skarn) area between felsic to intermediate intrusives and the overlying calcareous sediments. Each of these deposits has a geophysical signature consisting of a strong high magnetic anomaly caused by iron mineralization in the endoskarn (skarn in the intrusive) and exoskarn (skarn in the sediments) in the contact zone between the intrusive and the overlying sediments. All of the major gold deposits in the GBB are hosted in extensive mineralized endoskarn and exoskarn zones associated with similar geological conditions.

The Xochipala Property, which is surrounded by concessions owned by Goldcorp Inc., lies approximately four kilometres southeast of Goldcorp.'s Los Filos mine, just one kilometre from the town of Xochipala and 30 kilometres by good paved road from the state capital of Chilpancingo. The area is well served by a network of local roads. The district is served with hydroelectric power from the Caracol Dam and water is locally available.

During 2014 the Company conducted an exploration program consisting of mapping; road cuts, outcrop chip sampling, and confirmed location of infrastructure, historic showings, and drill holes. Preliminary mapping and assays identified gold mineralization on the property. The Company continues to assess the appropriate next stage of exploration.

The Company incurred $28,916 in deferred exploration expenditures on the Xochipala Property during the nine months ended February 29, 2020.

MINERAL PROPERTIES (cont'd)

Salvador Property, Guerrero State, Mexico

The Salvador Property is a 100 hectare mining concession 100% owned by Minera Xochipala which lies approximately 25 kilometers to the west of the Xochipala Property and approximately 30 kilometers west of Chilpancingo, Guerrero. The Salvador property also hosts skarn mineralization associated with felsic intrusions similar to mineralization in the known ore deposits in the area.

The Company did not conduct exploration on the Salvador Property during the nine months ended February 29, 2020.

CERRO PRIETO ROYALTY

Pursuant to the sale of the Company's interest in the Cerro Prieto Property to Goldgroup in fiscal 2013, Goldgroup agreed to pay to the Company a production royalty (the "Production Royalty") quarterly in arrears. The Production Royalty, payable for each month in which the monthly average of the daily PM London gold fix is in excess of US$1,250 per ounce, is calculated at the rate of 20% of the dollar value of that excess for each ounce of gold produced from the property during that month, to a maximum royalty of US$90 per ounce. This Production Royalty will be payable for each and every ounce of the greater of:

i) the first 90,000 ounces of gold produced from the Property; and
ii) all ounces of gold produced from the Property until the completion of five full years of commercial production, which period commenced on March 1, 2014.

During the nine months ended February 29, 2020, the Company accrued or received $595,182 (2019 - $270) in royalty revenue.

RESULTS OF OPERATIONS

For the nine months ended February 29, 2020, the Company recorded a loss and comprehensive loss of $1,75,781 (2019 - $1,330,775) for $0.01 per share (2019 - $0.01 per share). The Company has no income producing assets. The Company reported royalty revenues during the period from the Cerro Prieto Property. The Company is considered to be in the acquisition and exploration stage.

The Company is focused on the assembly and exploration of mineral concessions which make up the Santo Tomas porphyry copper project in Sinaloa State, Mexico.

For the nine months ended February 29, 2020, the Company recorded operating expenses of $1,715,797 (2019 - $1,127,251), which included consulting fees of $214,225 (2019 - $83,631), management and directors fees of $241,500 (2019 - $203,500), professional fees of $254,994 (2019 - $212,075), and share-based payment of $341,123 (2019 - $331,103) pursued the assembly and exploration of the mineral concessions which encompass the Santo Tomas porphyry copper deposit, obtaining shareholder and TSXV approval of the Altamura Option Agreement and the advancement of its Xochipala Property.

SELECTED QUARTERLY RESULTS

Quarter	February 29, 2020	November 30, 2019	August 31, 2019	May 31, 2019
Operating loss	$373,874	$697,370	$644,553	$683,191
Other items	$(292,902)	$(224,636)	$(130,598)	$(320,125)
Loss for the period	$80,972	$472,734	$513,955	$363,066
Loss per share	$0.00	$0.00	$0.01	$0.00
Total assets	$5,240,760	$4,979,154	$4,142,773	$3,732,108
Total liabilities	$501,243	$425,626	$420,664	$480,784

SELECTED QUARTERLY RESULTS (cont'd)

Quarter	February 28, 2019	November 30, 2018	August 31, 2018	May 31, 2018
Operating loss	$392,480	$457,443	$277,328	$305,090
Other items	$11,161	$14,452	$30,755	$(21,950)
Loss for the period	$403,641	$471,895	$308,083	$283,140
Loss per share	$0.00	$0.01	$0.00	$0.00
Total assets	$2,944,722	$3,087,058	$2,696,911	$2,944,342
Total liabilities	$401,077	$377,895	$343,418	$310,302

Operating losses began increasing in the quarter ending November 30, 2018 as the Company increased its efforts in the acquisition of the Santo Thomas copper deposit. Additional time was spent by the Special Committee of Directors, management and lawyers on the negotiation and preparation of the various agreements related to the Altamura transaction and related due diligence. Operating losses were also increased in this period as a result of an increase in share-based payment from additional incentive options being granted. Operating losses remained relatively consistent over the period from the quarter ending February 28, 2019 to November 30, 2019 as the Company increased its activities in relation to the Santo Tomas project, and incurred expenses associated with obtaining shareholder and TSX-V approval of the Altamura Option Agreement. Expenditures over this period initially increased and then remained relatively consistent as additional consultants were hired as work on the Santo Tomas project increased. Shareholder communications and investor relations expenditures also increased as the Company issued more information. Travel expenses increased as consultants and management made site visits and traveled to Mexico to assist with the project. The decrease in the operating loss for the quarter ended February 29, 2020 was principally due to an adjustment to share-based payment as options were forfeited. The increase in total assets over the period of the selected quarterly results is principally due to capitalization of expenditures on the Santo Tomas project and to additional Advances. Changes in total liabilities over the period are principally due to changes in accrued directors and management fees

ANALYSIS OF FINANCINGS

The following table sets out prior disclosure by the Company of its intended use of proceeds, other than working capital related costs, from financings, the Company's actual achievements and an explanation of any variation.

Disclosed Use of Proceeds (other than working capital)	**Company Achievements**	**Reasons for Variation**
April 17, 2019 News Release: (1) Property acquisitions. (2) Technical report. (3) Costs associated with obtaining shareholder and Exchange approval of the option to acquire Altamura Copper Corp.	(1) No payments were made for the acquisition of property as the targeted acquisition has been deferred to a later date for reason of the need to arrange suitable tax arrears payment terms. (2) The Technical Report dated August 22, 2019 and titled "Technical Report Geology, Mineralization, and Exploration of the Santo Tomás Cu-(Mo-Au-Ag) Porphyry Deposit Sinaloa, Mexico" authored by "D. A. Bridge, P. Geol." was completed. (3) The Company obtained shareholder approval of the option to acquire Altamura Copper Corp. on December 19, 2019.	(1) Property acquisition payments are due after the vendor obtains approval from a Mexican tax authority (the "SAT") of a standard payment plan for the payment of outstanding concession duties on the mineral concession being acquired. Approval by the SAT of the application for the plan is taking much longer than expected and remains in process. (2) Other than with regard to timing, none of the above variations are expected to affect the Company's ability to achieve its business objectives and milestones.

ANALYSIS OF FINANCINGS (cont'd)

Disclosed Use of Proceeds (other than working capital)	Company Achievements	Reasons for Variation
August 6 + Sept 19, 2019 News releases (1) To improve and develop road access to the North and South Zones at Santo Tomas. (2) Construct an exploration camp on the West Bench of the property. (3) Work campaign on the property involving ground geophysical and geological survey preparation. (4) Including 3D Induced Polarization programs. (5) For aspects of project permitting. (6) Scoping of water and power needs, sources and costs.	(1) The road access to both the North and South Zones has been repaired and upgraded. (2) An existing camp has been repaired and upgraded to house 22 persons, and an additional mobile line-cutting camp has been erected on the North Zone. (3) Technical work has begun within a grid measuring 2.5 by 5.5 km in preparation for an upcoming 3D IP geophysical survey. (4) DIASGeo, a technical service provider has been retained to perform the 3D IP survey and a USD$90,000 deposit has been paid to that firm. (5) The Company has retained an Environmental Consultant who provides advice on the permitting requirements for the road work, camp construction and ground geophysical survey, and has commenced work on the preparation of an application for a Permit for the Phase 1 drill program and the construction of a related drill camp on the Property. (6) Preliminary water and power options are being reviewed.	(2) The construction of a new camp on the west bench site was dropped in favour of repairing and upgrading an existing Huites fishing camp, with boat access to the property in order to provide more accessible accommodation. (3) After obtaining quotes from 3D IP providers, a contract was entered into in November. The letting of the contract was delayed due to delays in the registration of the transfer to the Company's subsidiary, Xochipala Gold, of the title to the Santo Tomas concessions. Mobilization was subsequently delayed by serious flooding in the region, and is now delayed by the Covid-19 pandemic. (6) Engineered costings are premature at this time, but are underway on an informal basis. Delays due to the COVID-19 global pandemic are anticipated to delay project work and result in added working capital and G&A requirements, but not to affect the Company's ability to achieve its business objectives and milestones

LIQUIDITY AND CAPITAL RESOURCES

As at February 29, 2020, the Company had working capital of $355,023 as compared with $71,328 at the year ended May 31, 2019.

As at February 29, 2020, the Company held marketable securities of $271,044, which included 5,601,250 shares of Goldgroup (the "Goldgroup Shares") valued at $196,044.

During the nine months ended February 29, 2020, the Company issued 3,000,000 units at a price of $0.45 per unit by way of a private placement for total proceeds of $1,350,000, with each unit consisting of one common share and one-half of one share purchase warrant. Each whole share purchase warrant will entitle the holder to acquire an additional common share at a price of $0.70 per common share, for a period of 24 months from the date of issue. The Company paid a total of $9,149 in cash for fees.

The Company also issued 4,075,000 shares at a price of $0.16 per share, and 50,000 shares at a price of $0.32, for total proceeds of $668,000, by way of the exercise of share purchase warrants. The Company also issued 400,000 common shares at a price of $0.20, for proceeds of $80,000, by way of an exercise of incentive share purchase options.

LIQUIDITY AND CAPITAL RESOURCES (cont'd)

Subsequent to February 29, 2020, the Company issued 39,800,000 common shares by way of consideration on the exercise of the Altamura Option and issued 2,500,000 units at a price of $0.30 per unit by way of a private placement for total proceeds of $750,000, with each unit consisting of one common share and one-half of one share purchase warrant. Each whole share purchase warrant will entitle the holder to acquire an additional common share at a price of $0.42 per common share, for a period of 24 months from the date of issue. The exercise period for the warrants may be accelerated to 30 days if, at any time after the first four months of the warrant exercise period, the volume-weighted trading average of the Company's shares exceeds $0.60 over twenty consecutive trading days. The Company also issued 24,800 finder's fee warrants in relation to the private placement, with each such warrant having the same terms and conditions as the warrants issued by way of the private placement.

OUTLOOK

The Company has as its main assets its interests in the Santo Tomas Properties, the Xochipala Property, and 5,601,250 shares of Goldgroup.

The Company also holds the Production Royalty, which is contingent upon the number of ounces of gold produced at Cerro Prieto and upon the monthly average price of gold being above US$1,250 per ounce in the month the gold is produced. There is no certainty that the Company will receive any further Production Royalty payments.

The Company also holds 375,000 common shares, at a cost of $75,000, in a private British Columbia company ("BC Co."), which provides satellite based, geological services to the mining and other industries, which are able to identify, model and monitor subsurface geological structures. The Company and BC Co. have a common director.

OFF BALANCE SHEET ARRANGEMENTS

The Company currently has no off-balance sheet arrangements that would potentially affect current or future operations, or the financial condition of the Company.

TRANSACTIONS WITH RELATED PARTIES

During the nine months ended February 28, 2020, the Company entered into transactions with related parties as follows:

(a) paid or accrued management and directors fees totalling $136,250 to a company controlled by Craig Dalziel, President and CEO of the Company, for management and other services, and to Mr. Dalziel directly for Mr. Dalziel's services as director of the Company;
(b) paid or accrued professional and consulting fees totalling $99,000 to David Rose, Corporate Secretary of the Company, for legal and management consulting services provided to the Company;
(c) paid or accrued consulting and directors fees totalling $32,750 to a company controlled by Steve Vanry, Chief Financial Officer of the Company, and to Mr. Vanry directly, for his services as Chief Financial Officer and director;
(d) paid or accrued directors fees totalling $6,750 to Robert Friesen for Mr. Friesen's services as a director;
(e) paid or accrued directors fees totalling $6,250 to Stephen Leahy for Mr. Leahy's services as a director; and
(f) paid or accrued management fees totalling $1,500 to a company controlled by Ian Graham, a director of the Company, and recorded share-based payments of $2,947 to Ian Graham.

As at February 29, 2020, $283,204 was owing to officers and directors for directors, management, consulting, legal and accounting fees. These charges were measured by the exchange amount, which is the amount agreed upon by the related parties. The amounts owing are unsecured, non-interest bearing and have no fixed repayment terms. The above transactions were incurred in the normal course of operations and are recorded at the exchange amount, being the amount agreed upon by the transacting parties.

During the nine months ended February 29, 2020, prior to its acquisition by the Company, the Company advanced $262,631, accrued interest of $70,197, and received $76,355 for total outstanding Advances of $937,069, to Altamura, which was related by virtue of David Rose and a private company owned by the spouse of Craig Dalziel collectively having significant influence in Altamura.

CONTRACTUAL OBLIGATIONS

The Company has no material capital lease agreements and no material long term obligations other than those described above or in the description of mineral properties.

RISKS AND UNCERTAINTIES

The Company is in the mineral exploration and development business and, as such, is exposed to a number of risks and uncertainties that are not uncommon to other companies in the same business. Some of the possible risks include the following:

(a) The industry is capital intensive and subject to fluctuations in metal prices, market sentiment, foreign exchange and interest rates. The recovery of the Company's investment in resource properties and the attainment of profitable operations is dependent upon the discovery and development of economic ore reserves and the ability to arrange sufficient financing to bring the ore reserves into production.

(b) The only sources of future funds for further acquisitions and exploration programs, or if such exploration programs are successful, the development of economic ore bodies and commencement of commercial production thereon, which are presently available to the Company are the Goldgroup Transaction Consideration and the sale of equity capital or the offering by the Company of an interest in its properties to be earned by another interested party to carry out further exploration or development.

(c) Any future equity financings by the Company for the purpose of raising additional capital may result in substantial dilution to the holdings of existing shareholders.

(d) The Company's capital resources are largely determined by the strength of the resource markets and the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects.

(e) The prices of metals greatly affect the value of and the potential value of its properties. This, in turn greatly affects its ability to raise equity capital, negotiate option agreements and form joint ventures;

(f) The Company must comply with health, safety, and environmental regulations governing air and water quality and land disturbances and provide for mine reclamation and closure costs. The Company's permission to operate could be withdrawn temporarily where there is evidence of serious breaches of such regulations, or even permanently in the case of extreme breaches. Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of acquired properties or noncompliance with environmental laws or regulations.

(g) The operations of the Company will require various licenses and permits from various governmental authorities. There is no assurance that the Company will be successful in obtaining the necessary licenses and permits to continue exploration and development activities in the future.

(h) Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by such undetected defects.

Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, then actual results may vary materially from those described on any forward looking statement.

The development and exploration activities of the Company are subject to various laws governing exploration, development, and labour standards which may affect the operations of the Company as these laws and regulations set various standards regulating certain aspects of health and environmental quality. They provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are or were conducted.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the condensed interim consolidated financial statements requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and are, but are not limited to, the following:

Share-based payment - The fair value of stock options issued are subject to the limitation of the Black-Scholes option pricing model which incorporates market data and which involves uncertainty and subjectivity in estimates used by management in the assumptions. Changes in the input assumptions can materially affect the fair value estimate of stock options.

Valuation of marketable securities - The Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of, and near term business outlook for, the investee, including factors such as industry and sector performance, changes in technology, and operational and financing cash flow.

The carrying value and the recoverability of exploration and evaluation assets - Management has determined that exploration, evaluation and related costs incurred, which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, scoping and feasibility studies, accessible facilities and existing permits.

Valuation of production royalty - The Company is entitled to royalty income as disclosed in Note 5 of the condensed interim consolidated financial statements. The Company has estimated the value of the production royalty to be $Nil due to lack of certainty of future ongoing production and values.

CHANGES IN ACCOUNTING POLICIES

New accounting policies adopted

The following standards and amendments to existing standards have been adopted by the Company effective June 1, 2019:

IFRS 16, Leases

This standard sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor. It eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model. There was no impact on the condensed interim consolidated financial statements as a result of adopting this standard.

FINANCIAL INSTRUMENT RISK AND CAPITAL MANAGEMENT

The Company's objectives when managing capital are to identify, pursue and complete the exploration and development of mineral properties, to maintain financial strength, to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. The Company does not have any externally imposed capital requirements to which it is subject. Capital of the Company comprises of shareholders' equity. There has been no significant change in the Company's objectives, policies and processes for managing its capital during the nine months ended February 29, 2020.

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. The Company's investment policy is to invest its cash in financial instruments in high credit quality financial institutions with terms to maturity selected with regards to the expected timing of expenditures from continuing operations.

FINANCIAL INSTRUMENT RISK AND CAPITAL MANAGEMENT (cont'd)

Fair value hierarchy

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in level 1. Prices in level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

Management of Industry Risk

The Company is engaged in mineral exploration and manages related industry risk issues directly. The Company may be at risk for environmental issues and fluctuations in commodity pricing as well as changes in foreign government policy. Management is not aware of and does not anticipate any significant environmental remediation costs or liabilities in respect of its current operations; however, it is not possible to be certain that all aspects of environmental issues affecting the Company, if any, have been fully determined or resolved.

Management of Financial Risk

The carrying value of cash, receivables, and trade payables and accrued liabilities approximated their fair value because of the short-term nature of these instruments. Cash is measured at a level 1 of the fair value hierarchy. The Goldgroup and Pub Co. shares recorded in marketable securities are measured at a level 1 of the fair value hierarchy and the BC Co. shares recorded in marketable securities are measured using level 3 of the fair value hierarchy. Investments classified within level 3 have significant unobservable inputs. As observable prices are not available for these securities, the Company has used valuation techniques to derive the fair value. The investments are based on cost at time of acquisition.

The Company's financial instruments are exposed to certain financial risks, which include credit risk, liquidity risk, and market risk.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank accounts. The bank accounts are mainly held with a major Canadian bank and this minimizes the risk to the Company.

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient funds to meet its financial obligations when they are due. The Company manages liquidity risk through the management of its capital structure and financial leverage as outlined above.

The Company monitors its ability to meet its short-term expenditures by raising additional funds through share issuance when required. All of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms. The Company is exposed to liquidity risk.

Foreign Exchange Risk

The Company's property interests in Mexico make it subject to foreign currency fluctuations, which may adversely affect the Company's financial position, results of operations and cash flows. The Company is affected by changes in exchange rates between the Canadian dollar and foreign currencies. The Company does not invest in derivatives to mitigate these risks. The effect of a 1% change in the foreign exchange rate on the cash held in foreign currencies at February 29, 2020 is nominal.

FINANCIAL INSTRUMENT RISK AND CAPITAL MANAGEMENT (cont'd)

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk.

OTHER MD&A DISCLOSURE REQUIREMENTS

Disclosure by Venture Issuer without significant revenue

An analysis of the material components of the Company's general and administrative expenses is disclosed in the Financial Statements to which this MD&A relates. An analysis of the material components of the acquisition and deferred exploration costs of the Company's mineral properties is disclosed in the annual Financial Statements to which this MD&A relates.

Share Capital

As at April 29, 2020, the Company had 147,367,405 common shares, 5,200,000 incentive stock options, and 6,199,000 share purchase warrants outstanding.

Information Available on SEDAR

Additional information relating to the Company is available on the SEDAR website at www.sedar.com.

On behalf of the Board of Directors,

April 29, 2020

"*Craig Dalziel*"
President