TriMetals Mining Inc.

Quarter Ended September 30, 2018

Management’s Discussion & Analysis (“MD&A”)

November 13, 2018

INTRODUCTION

The following information, prepared as of November 13, 2018, should be read in conjunction with the condensed interim unaudited consolidated financial statements of TriMetals Mining Inc. ("TMI" or the "Company") for the three and nine months ended September 30, 2018 and the audited consolidated financial statements for the year ended December 31, 2017 which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in U.S. dollars unless otherwise indicated.

This MD&A contains forward looking statements. For a description of the assumptions made in developing the forward-looking statements and the material factors that could cause the Company's actual results to differ materially from the forward-looking statements in this MD&A, please see the "Cautionary notes" and the "Risks and uncertainties" sections below.

GENERAL

The Company is a growth focused mineral exploration company creating value through the exploration and development of the near surface Gold Springs gold-silver project along the Nevada-Utah border. The Company also holds the large scale Escalones copper-gold project located in the world renowned Chilean copper belt and is seeking compensation based on the fair market value of the expropriated Malku Khota project in Bolivia through an arbitration process.

The Company's approach to business combines the team's track record of discovery and advancement of large projects, key operational and process expertise, and a focus on community relations and sustainable development. Management has extensive experience in the global exploration and mining industry.

The Company's common shares and Class B shares trade on the Toronto Stock Exchange (the "TSX") under the symbols TMI and TMI.B, respectively, and the Company's common shares and Class B shares trade in the US on the OTCQX International Market as TMIAF and TMIBF. The Class B shares are entitled collectively to 85% of the net cash, if any, (after deducting all costs, taxes and expenses and the third-party funder's portion thereof) received by TMI from award or settlement in relation to the Company's subsidiary South American Silver Limited's arbitration proceeding against Bolivia for the expropriation of the Malku Khota project in 2012. The Class B shares have no interest in the other assets or properties of the Company.

RECENT HIGHLIGHTS

On October 26, 2018, the Company closed a private placement of 6,428,571 units priced at Cdn $0.07 per unit for total gross proceeds of $343,900 (Cdn $450,000). Each unit consists of one common share of the Company and one-half of one common share purchase warrant of the Company. Each whole warrant entitles the holder to purchase one additional common share of the Company at an exercise price of Cdn. $0.11 per share for a period of 24 months from the closing date of the private placement.

On October 19, 2018, the convertible note holders converted 100% of the outstanding balance of the Notes, plus accrued interest, into an aggregate of 33,398,487 common shares of the Company at an amended conversion price of Cdn $0.07 per common shares, and the Notes and the security interests provided to secure payment of the Notes, were thereby extinguished.

On November 8, 2018 the Company was advised by the PCA that the Award will be released by the end of November 2018.

OUTLOOK

The priorities of the Company for 2018 continue to be:

- Focusing the Company's efforts to advance the exploration and geologic understanding of the district-potential at the Gold Springs Project, including expanding the resources along the 5.5-kilometer long Jumbo Trend;

- Unlocking value by facilitating the advancement of the Escalones copper‑gold porphyry-skarn project in Chile;

- Participating with the Company's legal team to resolve the international arbitration against Bolivia and recover full compensation based on the fair market value for the Malku Khota project; and

- Continue to reduce overhead costs throughout the Company while further optimizing the exploration program at the Gold Springs Project, and pursue value-accretive business and strategic capital raising opportunities.

PROJECTS

Gold Springs gold-silver project, USA

The Company holds a 100% interest in the 78 square kilometre Gold Springs gold-silver project located on the Nevada-Utah border. In addition to drilling, the Company has completed rock chip sampling, preliminary mapping, soil sampling, stream sediment sampling, and a property-wide LIDAR, aero-magnetic and ZTEM geophysical surveys. The ZTEM geophysical survey identified many structural features related to mineralization, and the Company has developed resources on the Jumbo (the North Jumbo and South Jumbo (Etna) resources), Grey Eagle and Thor trends. Geological work identified 26 surface targets with outcropping gold mineralization, the majority of which correspond to the ZTEM resistivity features.

The gold-silver mineralization, at North Jumbo, Etna, Thor and Grey Eagle, remains open to expansion laterally and to depth and the drilling has typically only penetrated the top 150 metres vertically below the surface at Jumbo (maximum drilled depth of 280 metres) and 130 metres below the surface at Grey Eagle (maximum drilled depth of 262 metres).

2017 Resource Estimate

The Company contracted Global Resource Engineering, Ltd. who, on March 29, 2017, completed an updated pit-constrained resource estimate for the Jumbo North and Jumbo South (Etna) areas, the Grey Eagle area and the Thor area, at Gold Springs. The updated resource includes the assay information from the 2015 and 2016 drill programs.

Category	**Area**	**Tonnage**	**Gold**		**Silver**		**AuEq***	
		Tonnes (000)	**Grade g/t**	**Troy oz (000)**	**Grade g/t**	**Troy oz (000)**	**Grade g/t**	**Troy oz (000)**
Gold Springs Property-Wide Resource – using a 0.25 g/t gold cutoff								
Measured		13,591	0.58	252	11.11	4,855	0.76	330
Indicated		16,245	0.53	276	9.08	4,741	0.68	353
M&I		29,836	0.55	528	10	9,596	0.71	683
Inferred		4,660	0.46	69	6.49	973	0.57	85
Jumbo Trend Resource - Jumbo North and Jumbo South (Etna), Utah								
M&I	Jumbo N	16,994	0.5	271	12.12	6,623	0.69	378
M&I	Jumbo S (Etna)	5,312	0.61	104	6.51	1,111	0.71	122
	Total	**22,306**	**0.52**	**375**	**10.79**	**7,735**	**0.7**	**500**
Inferred	Jumbo N	2,328	0.45	34	7.25	542	0.57	43
Inferred	Jumbo S (Etna)	1,435	0.5	23	5.27	243	0.58	27
	Total	**3,763**	**0.47**	**57**	**6.49**	**786**	**0.58**	**70**
Grey Eagle and Thor Resource, Nevada								
M&I	Grey Eagle	7,175	0.62	142	7.17	1,654	0.73	169
M&I	Thor	355	0.96	11	18.15	207	1.25	14

	Total	**7,531**	**0.63**	**153**	**7.69**	**1,861**	**0.76**	**183**
Inferred	Grey Eagle	875	0.43	12	6.37	179	0.53	15
Inferred	Thor	23	0.63	0	11.1	8	0.81	1
	Total	**898**	**0.43**	**13**	**6.49**	**187**	**0.54**	**16**

Numbers have been rounded, which may lead to some numbers not adding up exactly.

M&I: measured and indicated. The Inferred resource is in addition to the measured and indicated resource.

** AuEq: Gold equivalent - reflects gross metal content using a gold/silver price ratio of 61.9 and have not been adjusted for metallurgical recoveries.*
The 2017 Resource on the Gold Springs project was derived from the technical report "Amended Technical Report and 2017 Mineral Resource Gold Springs Project" authored by Global Resource Engineering, Ltd. (GRE) and Kurt Katsura, dated March 29, 2017 and filed on SEDAR on July 27, 2017.

Drilling
TMI completed 28 reverse circulation drill holes in 2017 for a total of 4,625 metres. All drilling was completed within the Jumbo trend as holes were located in and around the South Jumbo resource and in the Central Jumbo area. The geologic mapping and sampling supported by the ZTEM geophysical survey, completed in 2011, indicates that the gold-silver bearing geological and geophysical settings that have been drilled at Jumbo may continue for approximately 5.5 kilometres along strike (the "Jumbo Trend"). The goal of the 2017 program was to expand the existing bulk-tonnage, heap-leachable mineral resource which is located around the historic Etna Mine (South Jumbo) and within the State Section target located in the middle of the Jumbo Trend (Central Jumbo). Central Jumbo area located 1,000 metres south of the Jumbo resource and 600 metres northeast of the South Jumbo resource (Etna). Results from SS-17-001 drilled in this area includes 21.3 metres @ 1.53 g/t Au and 2.5 g/t Ag. In addition, TMI reports results from the South Jumbo target in the historic Etna Mine area. Highlights from this drilling include 80.8 metres at 0.74 g/t Au and 7.2 g/t Ag in hole E-17-005 and 83.8 metres at 0.64 g/t Au and 6.5 g/t Ag in hole E-17-003, 32.0 metres at 0.53 g/t Au and 10.1 g/t Ag, in hole E-17-013, 29.0 metres at 0.52 g/t Au and 8.2 g/t Ag in home E-17-014, 39.6 metres at 0.55 g/t Au and 6.4 g/t Ag in hole E-17-015, 82.3 metres at 0.63 g/t Au and 11.6 g/t Ag in hole E-17-016, and 93.0 metres at 0.51 g/t Au and 5.9 g/t Ag in hole E-17-019.

Jumbo Trend
On March 2, 2017, the Company announced results from 3 holes drilled in the State Section target located in the central portion of the Jumbo trend (Central Jumbo). The best hole (SS-16-001) returned 12.2 metres at 0.79 g/t Au and 5.79 g/t Ag. This hole, located in the central portion of the Jumbo Trend between the North Jumbo resource area and South Jumbo (Etna target) resource area, intersected the mineralized system, again confirming the continuity of the mineralization flanking the 5.5 km long Jumbo Structural Trend resistivity high. Drilling has now indicated the presence of gold mineralization over approximately half of the 5.5 km Jumbo Trend.

On September 8, 2017 the Company announced the first results from the 2017 drill program. These holes were from the Central (SS-17-001 21.3 metres @ 1.53 g/t Au and 2.5 g/t Ag) and South Jumbo target areas which were located to test for the continuity of mineralization within the Jumbo trend and expand the Southern Jumbo resource, including 80.8 metres at 0.74 g/t Au and 7.2 g/t Ag in hole E-17-005 and 83.8 metres at 0.64 g/t Au and 6.5 g/t Ag in hole E-17-003.

On December 8, 2017 the Company announced additional results from the 2017 drill program. These holes were located in the Southern Jumbo area and continued to show the expansion of the resource and outline a higher-grade portion of the system with 16.8 metres at 1.67 g/t Au and 22.1 g/t Ag in hole E-17-017 and 12.2 metres at 1.53 g/t Au and 10.4 g/t Ag in hole E-17-019 reported.

On February 8, 2018 the final holes form the 2017 drill program were reported with home E-17-016 continuing to demonstrate the high-grade portion of the system as it returned 10.7 metres at 2.02 g/t Au and 25.2 g/t Ag.

Homestake
On November 2, 2017 the Company announced the acquisition of the historic Homestake patented claim block located 1,000 metres east of the Grey Eagle resource.

On November 16, 2017 the Company announced the first results from surface sampling on the newly acquired Homestake claim block. These results included numerous samples <10 g/t Au and demonstrated the potential to outline higher-grade material within these claims.

Metallurgical Testing
Six mini-column (2 feet high) tests were completed in 2015 on six different types of mineralized materials from Grey Eagle and Jumbo. These tests included reagent variations to enhance silver extraction. The metallurgical report received from these tests indicated that, using a simple average, gold recoveries for the Grey Eagle and Jumbo areas were 77% and 68%, respectively. This does not take into account weighting of the recovery by proportion of type of mineralized material. Globally the recovery averaged 73% for gold at Jumbo and 72% at Grey Eagle. Silver recovery averaged 16% and 47% for Grey Eagle and Jumbo, respectively, which after adjusting for weighting by type of mineralized material equates to a 20% recovery at Grey Eagle and 40% at Jumbo. The cause for the lower silver recovery at Grey Eagle is unknown at this time. Additional metallurgical tests were completed to determine the grain size selection for large-column tests. These additional tests known as "bucket" tests were completed on nine types of mineralized materials at four different grain sizes with the largest being one inch. A summary of the results was reported in the PEA in August 2015. These results were used to choose the ¾-inch grain size for the large, full size (2-metre high and 4-inch diameter) cyanide column tests, similar sized material to that which would be used in a "heap leach" mine. Three full size column-tests were completed in 2016 on three different types of mineralized materials from Jumbo using ¾-inch material and covered a wide range of gold grades. Each material type was crushed to a P80 of ¾ inches, and loaded into the columns. These 3 types of mineralized materials used in the columns, of the 5 Jumbo mineralization types used in the 2015 PEA, represent approximately 73% of the Jumbo resource as presented in the 2015 PEA. The tests were conducted over a long period of time to look at extraction rates over the short term and long term after a "rest period" in which no additional cyanide solution was applied. The results suggest that higher recoveries than those used in the PEA may be possible both in gold and silver.

Permitting
The Company submitted a Plan of Operations ("PoO") to the US Bureau of Land Management ("BLM") Caliente Office of the State of Nevada on May 23, 2013 and to the BLM Cedar City Office of the State of Utah on April 7, 2014. At the time it was submitted, the PoO was the Company's proposal of exploration and resource expansion activities to be conducted in certain target areas of the Gold Springs project. The submission of the PoOs to the BLM offices triggered an Environmental Assessment ("EA") in each State. On March 27, 2014, the BLM Caliente Office of the State of Nevada issued a Finding Of No Significant Impact document ("FONSI") accepting TMI's EA covering the Nevada portion of the Gold Springs project (NR 14-07, April 3, 2014). On September 22, 2015, the BLM Cedar City Office of the State of Utah issued a FONSI accepting TMI's EA covering the Utah portion of the Gold Springs project (NR 15-11, September 29, 2015). The acceptance of the EAs by the BLM offices of both States, along with concurrence by each State's Environmental Departments, means that the Company's exploration and resource expansion activities included in the PoO are authorized to proceed in Nevada and Utah. Archeological studies and mitigation are still required in certain geographical areas covered by each State's respective EA before exploration activities start in these areas. During 2017, the Company completed the cultural mitigation work on most areas within the Jumbo Trend. If the proposed exploration and resource expansion activities substantially change from the PoO, or if new areas not covered by the EA are to be disturbed by the activities, additional permitting from the BLM and State offices will be required. The Company submitted an amended

PoO on April 13, 2017 to the BLM Cedar City Office of the State of Utah in order to substantially increase the exploration area within Utah. The amended PoO has been accepted and the FONSI was issued on September 20, 2017 by the BLM office in Cedar City. The Company envisions staged exploration and resource expansion activities in the 26 outcropping gold targets that are located in the Gold Springs project. Some of these future activities are included in the PoOs, both current and amended, but others would require further permitting.

Escalones copper-gold project, Chile

The Escalones copper-gold project is located in the central Chilean mining district which includes the nearby El Teniente deposit – the world's largest underground copper mine. The project is accessible by road and is approximately 100 kilometres south-east of Santiago. During 2017, the Company acquired mineral concessions immediately adjacent to the north and north-east of Escalones, increasing the property position controlled by the Company from 9,389 hectares to 16,189 hectares, of which 4,689 hectares are subject to the Boezio Option agreement.

Arbitration claim against the Bolivian government for the expropriation of the Malku Khota project

On October 23, 2012, the Company's wholly-owned Bermudian subsidiary, South American Silver Limited ("SASL"), delivered a formal letter to the State of Bolivia notifying it of an investment dispute between the Company and Bolivia. The dispute has arisen as a result of acts and omissions of the Government of Bolivia including the issuance of Supreme Decree No.1308 on August 1, 2012. The Decree revoked mining concessions held by the Company's Bolivian subsidiary, Compañia Minera Malku Khota S.A. ("CMMK"), a wholly-owned subsidiary of SASL.

SASL seeks monetary compensation for damages in the amount of $385.7 million which includes $307.2 million for all of its losses caused by Bolivia's breaches of the UK-Bolivia Treaty, plus $78.5 million in pre-award interest but excludes fees and costs incurred in connection with the arbitration proceeding.

On July 12, 2018, the Arbitral Tribunal informed the Parties that it had completed the award, that it had been transmitted to the Permanent Court of Arbitration ("PCA"), that the award was being translated and that it expected to issue the award by no later than August 2018.

On August 2, 2018, one of the arbitrators advised that he had seriously fallen ill and was unable to continue with the arbitration. On August 7, 2018, SASL wrote to the PCA and to the Arbitral Tribunal seeking confirmation that this illness would not affect the expected timing for the issuance of the award. On August 12, 2018, Bolivia wrote to the PCA requesting that a replacement arbitrator be appointed and that the reconstituted Tribunal consider the possible repetition of the hearing and subsequent stages of the arbitration. In response, on August 14, 2018, SASL wrote to the PCA and to the Arbitral Tribunal objecting to Bolivia's requests and noting that, if necessary, Articles 14(2) and 34(4) of the 2010 UNCITRAL Rules expressly permit the two other arbitrators to sign and issue the award.

The President of the Tribunal responded to both Bolivia and SASL on August 14 requesting that the Parties refrain from presenting further submissions on this matter without prior instructions from the Tribunal and indicating that the Arbitral Tribunal will revert to the Parties shortly.

Subsequently the PCA, on behalf of the Arbitral Tribunal, advised the Parties to the arbitration of the passing of Professor Francisco Orrego Vicuña, co-arbitrator appointed by SASL. in the arbitration, and informed the Parties as follows:

1. As previously indicated to the Parties on July 12, 2018, the Award was finished and only the review of its translation remained.
2. The Award was discussed and drafted by the Tribunal in Spanish, one of the languages of the proceedings. Professor Orrego Vicuña approved and signed the Award in Spanish.

3. The English version of the Award was finalized but was not able to be approved or signed by Professor Orrego Vicuña due to his unfortunate passing.
4. The Tribunal informed the Parties that it would advise them on November 2, 2018 of the exact date on which the Award will be issued. At the date of this MD&A the Company has been advised by the PCA that the Award will be released by the end of November 2018.
5. The Tribunal will issue the Spanish version of the Award over the signature of all three arbitrators. The English version of the Award will be issued over the signatures of arbitrators Eduardo Zuleta and Osvaldo Guglielmino, in accordance with the provisions of the UNICTRAL Rules applicable in circumstances such as those arising from the passing of Professor Orrego Vicuña.

TMI will provide additional information as it becomes available.

SUMMARY OF QUARTERLY RESULTS

The following is selected financial data for the last eight quarters ending with the most recently completed quarter, being the three months ended September 30, 2018:

	Three months ended			
	September 30 2018 $	**June 30 2018 $**	**March 31 2018 $**	**December 31 2017 $**
Total revenues	nil	nil	nil	nil
Net earnings (loss)	(2,527,533)	1,303,959	1,020,732	658,241
Net earnings (loss) per share - Basic - Diluted	 0.01 0.01	 0.01 0.01	 0.01 0.01	 0.00 0.00
Deferred exploration costs	303,088	459,482	407,979	202,622

	Three months ended			
	September 30 2017 $	**June 30 2017 $**	**March 31 2017 $**	**December 31 2016 $**
Total revenues	nil	nil	nil	nil
Net earnings (loss)	(3,038,046)	(1,512,968)	1,916,199	2,719,709
Net earnings (loss) per share - Basic - Diluted	 (0.02) (0.02)	 (0.01) (0.01)	 0.01 0.01	 0.02 0.02
Deferred exploration costs	1,130,664	621,699	633,943	753,172

Net earnings (loss) has been volatile for the eight most recent quarters due to the change in fair value of the Company's Class B shares. The Company recognized a loss of $2,544,395 during Q3 of 2018 (Q2 2018 - income of $1,720,046, Q1 2018 – income of $1,454,172, Q4 2017 – income of $1,506,302 – Q3 2017 – charge of 2,633,162, Q2 2017 – charge of $905,399, Q1 2017 – income of $2,426,771, Q4 2016 - income of $3,153,301). The Company conducted drilling programs at Gold Springs in Q3 2017 and Q3/Q4 2016.

RESULTS OF OPERATIONS

Three months ended

During the three months ended September 30, 2018, the Company reported a net loss of $2,527,533 (loss per share $0.01) compared to a net loss of $3,038,046 ($0.02 loss per share) reported during the three months ended September 30, 2017.

	2018 **$**	**2017** **$**
General and administrative expenses (excluding share-based payments)	(237,314)	(410,831)
Interest and other income	38,886	7,848
Accretion and interest on convertible notes	(82,167)	(65,655)
Gain on extension of maturity date of convertible notes	299,271	-
Change in fair value of Class B shares	(2,544,395)	(2,633,162)
Change in fair value of stock options exercisable into Class B shares	6,993	86,006
Other	(630)	3,066
Share-based payments	(8,177)	(25,318)
Net loss for the period	(2,527,533)	(3,038,046)

The reduction in general and administrative expenses is due to the Company continuing to reduce its level of operations from previous years and manage its costs structure.

The Company notified the convertible debt note holders that the maturity date would expose the Company to undue financial hardship. Accordingly, the maturity date was amended to July 23, 2020 and a non-cash gain of $299,271 was recorded in connection with the extended maturity date.

The fair value of the Class B shares at each period-end is based on the closing price of the Class B shares on the TSX. During the three months ended September 30, 2018 and 2017, the closing price of the Class B shares on the TSX increased by $0.02 per Class B share and the exchange rate changed.

Nine months ended

During the nine months ended September 30, 2018, the Company reported a net loss of $202,842 ($0.00 per share) compared to a net loss of $2,634,815 ($0.02 per share) reported during the nine months ended September 30, 2017.

	2018 **$**	**2017** **$**
General and administrative expenses (excluding share-based payments)	(958,710)	(1,179,048)
Interest and other income	44,643	19,522
Accretion and interest on convertible notes	(210,645)	(187,371)
Gain on extension of maturity date of convertible notes	299,271	-
Change in fair value of Class B shares	629,823	(1,111,790)
Change in fair value of stock options exercisable into Class B shares	58,456	115,442
Other	(3,907)	(1,835)
Share-based payments	(61,773)	(289,735)
Net income for the period	(202,842)	(2,634,815)

The reduction in general and administrative expenses is due to the Company continuing to reduce its level of operations from previous years and manage its costs structure.

The Company notified the convertible debt note holders that the maturity date would expose the Company to undue financial hardship. Accordingly, the maturity date was amended to July 23, 2020 and a non-cash gain of $299,271 was recorded in connection with the extended maturity date

The fair value of the Class B shares at each period-end is based on the closing price of the Class B shares on the TSX. During the nine months ended September 30, 2018 and 2017 the closing price of the Class B shares on the TSX remained the same, however the foreign exchange rate changed.

During the nine months ended September 30, 2017 the Company granted 2,525,000 stock options. There were 1,250,000 stock options granted during the nine months ended September 30, 2018.

CAPITAL EXPENDITURES AND INVESTING ACTIVITIES

Total capital spending for the nine months ended September 30, 2018 was $1,170,549. The costs included $880,932 incurred at Gold Springs and $289,617 at Escalones. Refer to the condensed interim unaudited consolidated financial statements for detailed analysis.

FINANCING ACTIVITIES

Subsequent to September 30, 2018 the Company closed a private placement of 6,428,571 units priced at Cdn $0.07 per unit for total gross proceeds of $343,900 (Cdn $450,000). Each unit consists of one common share of the Company and one-half of one common share purchase warrant of the Company. Each whole warrant entitles the holder to purchase one additional common share of the Company at an exercise price of Cdn. $0.11 per share for a period of 24 months from the closing date of the private placement.

During the nine months ended September 30, 2018, the Company completed a private placement for gross proceeds of $1,490,000 (Cdn. $1,904,250) through the issuance of 12,694,999 units at a price of Cdn. $0.15 per unit. Each unit is comprised of one common share and one half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company at an exercise price of Cdn. $0.25 per share for a period of 24 months from the closing date of the private placement. The warrants are subject to an acceleration clause should the Company's common shares trade at a price of $0.35 or greater for 10 consecutive trading days.

LIQUIDITY AND CAPITAL RESOURCES

The Company's aggregate operating, investing and financing activities during the nine months ended September 30, 2018 resulted in a net cash outflow, post the effect of foreign exchange, of $420,533. The Company had a working capital deficit of $207,086 as at September 30, 2018.

On July 11, 2018, the Company notified the note holders that the maturity date would expose the Company to undue financial hardship. Accordingly, the maturity date was amended to July 23, 2020. Subsequent to September 30, 2018 the convertible note holders converted 100% of the outstanding balance of the convertible notes, plus accrued interest, into an aggregate of 33,398,487 common shares of the Company at an amended conversion price of Cdn $0.07 per common shares, and the convertible notes and the security interests provided to secure payment of the convertible notes, were thereby extinguished.

The Company is dependent upon share issuances to provide the funding necessary to meet its general operating expenses and will require additional financing to continue to explore its mineral properties. The recoverability of amounts shown as mining claims and deferred exploration costs is dependent upon the discovery of economically recoverable reserves, the Company's ability to obtain financing to develop its mineral properties, and the ultimate realization of profits through future production from, or sale of, the properties. These factors may cast significant doubt upon the Company's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business. The Company's ability to continue as a going concern is dependent upon its ability to obtain the necessary financing to meet its current operating expenses and to continue to explore its mineral properties by methods which could include debt refinancing, equity financing, forward sale agreements, sale of assets and strategic partnerships. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to continue to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

CONTRACTUAL OBLIGATIONS

The Company has the following contractual obligations as at September 30, 2018:

	Less than 1 year $	1-3 years $	3-5 years $	Total due over next 5 years $
Convertible notes[1]	-	1,700,000	-	1,700,000
Escalones Option Agreement[2]	400,000	1,000,000	3,000,000	4,400,000

[1] Subsequent to September 30, 2018 the convertible note holders converted 100% of the outstanding balance of the convertible notes, plus accrued interest, into an aggregate of 33,398,487 common shares of the Company at an amended conversion price of Cdn $0.07 per common shares, and the Notes and the security interests provided to secure payment of the convertible notes, were thereby extinguished

[2] The Company is contractually obliged to make these payments only and as long as it is willing to exercise its option to acquire the Escalones property. The Company has the option to acquire the Escalones property by making total option payments aggregating $4,400,000, in stages, including a final option payment of $3,000,000 on June 30, 2022. Once Escalones is acquired and until exploitation begins the Company is required to make annual advance royalty payments of $200,000 for the first two years (increases to $300,000 annually thereafter).

CONTINGENCIES

The Company may be subject to various contingent liabilities that occur in the normal course of operations. The Company is not aware of any pending or threatened proceedings that would have a material adverse effect on the consolidated financial condition or future results of the Company.

Under the terms of the privileged Arbitration Costs Funding Agreement, the Company has given certain warranties and covenants to a third-party funder (the “Fund”) and is obliged to pledge at least 35% of the shares of the Company’s subsidiary in Chile, the holder of the Escalones property, as security for its obligations. In consideration for the funding, the Company has agreed to pay to the Fund a portion of any recoveries received pursuant to the arbitration proceedings or any settlement with Bolivia. As at September 30, 2018, the arbitration has not been settled and the amount of the contingent payment is deemed to be indeterminable. Accordingly, nothing has been accrued for the Fund’s portion of any recoveries in the arbitration.

The Company has agreed to a contingent success fee with its lead arbitration counsel to be determined based on the outcome of the arbitration. As at September 30, 2018, the arbitration has not been settled and accordingly the success fee is deemed to be indeterminable and accordingly nothing has been accrued.

A large majority of the costs of the arbitration to be incurred by SASL or the Company are payable only in the event there is an award in favour of SASL and will be paid out of the proceeds of any such award. These costs include certain fees and other expenses incurred in connection with the arbitration, including the Fund’s portion of any recoveries received pursuant to the arbitration proceedings or any settlement with Bolivia, a contingent success fee payable to SASL’s lead arbitration counsel and other commitments. These fees, costs and expenses will be paid out of any such award, thus potentially reducing funds received by SASL by as much as one-third of the amount of any award in its favour.

The holders of the Class B Shares have contingent rights to receive a pro-rata share of 85% of the net cash proceeds, if any (after deducting all costs, tax and expenses and the third-party funder's portion thereof), received pursuant to any award or settlement received pursuant to the arbitration proceedings.

The convertible notes issued in 2015 are secured by a pledge of approximately 20.7% of the shares of the Company's subsidiary in Chile, the holder of the Escalones property. Subsequent to September 30, 2018 the convertible note holders converted 100% of the outstanding balance of the convertible notes, plus accrued interest, and the convertible notes and the security interests provided to secure payment of the convertible notes, were thereby extinguished.

The Company recorded a provision for Mexican tax on the 2013 acquisition of HDG. The provision related to the 2011 transfer of a Mexican mineral property. Management believes that it is unlikely that its 2011 Mexican tax return will be reassessed and during 2015 reversed the previous accrual amounting to $426,503. The Mexican tax authorities have until 2018 to assess the existing filing.

RELATED PARTY TRANSACTIONS

Key management includes the Chief Executive Officer, the Chief Financial Officer and the remaining directors. The compensation paid or payable to key management for services during the three and nine months ended September 30, 2018 and 2017 is as follows:

	Three months ended September 30		**Nine months ended September 30**	
	2018 $	**2017 $**	**2018 $**	**2017 $**
Directors' fees	14,625	4,550	43,725	48,450
Professional fees	16,668	-	54,112	-
Share-based payments	2,716	12,176	15,392	211,455
Wages and benefits	48,750	69,938	138,494	209,814
TOTAL	**82,759**	**96,664**	**251,723**	**469,719**

The Company's related parties consist of the Company's officers or companies associated with them and Gowling WLG (Canada) LLP which is a legal firm in which Tina Woodside, a director of the Company, is a partner. The Company incurred the following additional expenditures with related parties during the three and nine months ended September 30, 2018 and 2017 that were charged by related parties. All transactions with related parties have occurred in the normal course of the Company's operations and have been measured at the exchange amounts agreed to by the Company and the related parties.

	Three months ended September 30		**Nine months ended September 30**	
	2018 $	**2017 $**	**2018 $**	**2017 $**
Consulting fees (1)	687	2,829	5,531	23,591
Consulting fees - mineral property costs	1,439	17,340	12,411	36,153
Professional fees (2)	20,652	42,649	80,116	85,602
Share issue costs	-	779	28,215	80,293
TOTAL	**22,778**	**63,597**	**125,273**	**225,639**

(1) paid to Felipe Malbran and to a company owned by David Dreisinger as compensation to serve as officers of the Company.

(2) paid to Gowling WLG (Canada) LLP.

Included in accounts payable at September 30, 2018 is an amount of $232,743 (December 31, 2017 - $94,936) due to related parties. These amounts are non-interest bearing and have no specific terms of repayment.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, receivables, marketable securities, accounts payable and accrued liabilities, convertible notes, Class B shares, and stock options exercisable into Class B shares. Cash and cash equivalents and receivables are designated as loans and receivables, which are measured at amortized cost. The Company's marketable securities have been designated as FVOCI, the carrying value on the statement of financial position is reported at fair value. Accounts payable and accrued liabilities and convertible notes are designated as other financial liabilities which are measured at amortized cost. Class B shares and stock options exercisable into Class B shares are designated as FVTPL, which are measured at fair value, with changes in fair value recognized directly in earnings or loss in the period in which they arise. The carrying values of the Class B shares and related options on the statement of financial position are reported at their respective fair values.

The Company's marketable securities and its Class B shares have been classified at "Level 1" financial instruments and are recorded at their estimated fair value which is based on the quoted stock price. The stock options exercisable into Class B shares have been classified at "Level 2" financial instruments.

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. There have been no changes in any risk management policies since December 31, 2017.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any material off-balance sheet arrangements such as guarantee contracts, contingent interests in assets transferred to unconsolidated entities, derivative financial obligations, or with respect to any obligations under a variable interest equity arrangement.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company's management, with the participation of the Chief Executive Officer and the Chief Financial Officer, engaged external consultants to evaluate the effectiveness of the Company's disclosure controls and procedures (as defined in the rules of the Canadian Securities Administrators ("CSA")) as at December 31, 2017, and have concluded that such disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in reports that it files or submits under Canadian securities laws is (i) recorded, processed, summarized and reported within the time periods specified in Canadian securities laws and (ii) accumulated and communicated to the Company's management to allow timely decisions regarding required disclosure.

Management is also responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Management has engaged external consultants, who used the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") control framework (2013) to evaluate the effectiveness of the Company's internal control over financial reporting. As of December 31, 2017, management assessed the effectiveness of the Company's internal control over financial reporting and concluded that such internal control over financial reporting is effective and that there are no material weaknesses in the Company's internal control over financial reporting that have been identified by management.

As of the date of this report, management is not aware of any change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

It should be noted that all internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the condensed interim unaudited consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Significant accounting judgements are made in particular with regard to the Company's ability to continue as a going concern and the assessment of impairment to the carrying value of mineral properties and the carrying value of Malku Khota project.

Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. The factors considered by management are disclosed in Note 1.

Mining claims and deferred exploration costs

The recoverability of amounts shown as mining claims and deferred exploration costs is dependent upon the discovery of economically recoverable reserves, the Company's ability to obtain financing to develop the properties, and the ultimate realization of profits through future production or sale of the properties.

Management reviews the carrying values of its mining claims on at least an annual basis, or when an impairment indicator exists, to determine whether an impairment should be recognized. In making its assessment, management considers, among other things, exploration results to date and future exploration plans for a particular property. In addition, capitalized costs related to relinquished property rights are written off in the period of relinquishment. Capitalized costs in respect of the Company's mining claims may not be recoverable and there is a risk that these costs may be written down in future periods.

Malku Khota project

In July 2012 the Malku Khota project was expropriated by the State of Bolivia. The Malku Khota mining concessions were held by the Company's Bolivian subsidiary, Compañia Minera Malku Khota S.A. ("CMMK"), a wholly-owned subsidiary of South American Silver Limited ("SASL"). A Bolivian Supreme Decree (the "Decree") revoked the applicable mining concessions and indicated the Bolivian Government would contract an independent company to conduct a valuation of CMMK's investments to establish an amount and conditions under which the Bolivian Government will recognize and compensate CMMK for the investment previously made at the Malku Khota project. Prior to the expropriation the Company had capitalized approximately $18.7 million to the project. The Company has determined that the Decree revoking the mining concessions and indicating that compensation will be forthcoming does not represent a financial instrument under IFRS. However, an asset exists for the compensation expected from the State of Bolivia. SASL has initiated an international arbitration to seek compensation (see Note 7 to the condensed interim unaudited consolidated financial statements). Management regularly reviews the carrying amount of the Malku Khota project asset by comparing the carrying value to the amount of expected proceeds from the arbitration. If SASL is unsuccessful in the arbitration the Malku Khota project asset may be written down in future periods. The recoverability of amounts shown as Malku Khota project is dependent upon the ability to achieve compensation in excess of the carrying value.

Management performed a review of the recoverability of the carrying amount of the Malku Khota project by comparing the unamortized book value to the estimated recoverable amount as at September 30, 2018. Management has concluded that no impairment adjustment is necessary at this time.

In 2013 the Company entered into an Arbitration Costs Funding Agreement whereby a third party (the "Fund") has agreed to cover most of SASL costs and expenses related to the international arbitration, including the costs and expenses of the enforcement of any award rendered by the arbitration tribunal, in exchange for a portion of any recoveries received pursuant to the arbitration proceedings or any settlement with Bolivia. No amounts are recognized in the Company's financial statements for most of the costs and expenses related to the arbitration because they are deemed to be the cost of the Fund to receive a portion of the recoveries.

A large majority of the costs of the arbitration to be incurred by SASL or the Company are payable only in the event there is an award in favour of SASL, and such costs will be paid out of the proceeds of any such award. These costs include certain fees and other expenses incurred in connection with the arbitration, including the Fund's portion of any recoveries received pursuant to the arbitration proceedings or any settlement with Bolivia, a contingent success fee payable to SASL's lead arbitration counsel, and other commitments. These fees, costs and expenses will be paid out of any such award, thus potentially reducing funds received by SASL by as much as one-third of the amount of any award in its favour.

The holders of the Class B Shares have contingent rights to receive a pro-rata share of 85% of the net cash proceeds, if any (after deducting all costs, tax and expenses and the third-party funder's portion thereof), received pursuant to any award or settlement received pursuant to the arbitration proceedings.

Critical estimates and assumptions are made in particular with regard to the assumptions used in calculating the fair value of Class B shares, warrants and share-based payments.

Share-based payments
The Company uses the fair-value method of accounting for share-based payments related to incentive stock options and compensation warrants granted, modified or settled. Under this method, compensation cost attributable to options granted is measured at fair value at the grant date and expensed over the vesting period. In determining the fair value, the Company makes estimates of the expected volatility of the stock, the expected life of the options, and an estimated risk-free interest rate. Changes to these estimates could result in the grant-date fair value of the share-based payments expense being less than or greater than the amount recorded.

Class B shares and related options
The estimated fair value of the Class B shares is estimated based on the quoted price of the Class B shares on the TSX. The estimated fair value of the non-current liability related to options exercisable into Class B shares is measured using estimates for the expected value of the stock, the expected life of the options and warrants, and an estimated risk-free rate. Changes to these estimates could result in the fair value of the Class B shares and of the stock options exercisable into Class B being less than or greater than the amount recorded.

Warrants
In determining the fair value of warrants included in unit placements, the Company makes estimates of the expected volatility of the stock, the expected life of the warrants, and an estimated risk-free interest rate. Changes in the input assumptions can materially affect the fair value estimates and the Company's classification between the equity components.

OUTSTANDING SHARE DATA

The Company has an unlimited number of common shares without par value and up to 127,328,790 Class B shares without par value.

Type of Security	**Common shares**	**Class B**
	(number)	(number)
Issued and outstanding – November 13, 2018	229,569,464	116,375,152
Stock options	9,215,000	-
Share purchase warrants[1]	27,250,916	-
TOTAL DILUTION	**266,035,380**	**116,375,152**

[1] A total of 963,496 of the warrants are compensation warrants. Each compensation-warrant entitles the holder to acquire one unit consisting of one common share and one half of one common share purchase warrant, with each whole warrant entitling the holder to purchase an additional common share

CHANGES IN ACCOUNTING STANDARDS INCLUDING INTIAL ADOPTION

IFRS 9, Financial Instruments

This standard replaces IAS 39 Financial Instruments: Recognition and Measurement and became effective for the Company on January 1, 2018. IFRS 9 includes requirements for classification and measurement of financial assets and financial liabilities; impairment methodology for financial instruments; and general hedge accounting. IFRS 9 has specific requirements for whether debt instruments are accounted for at amortized cost, fair value through other comprehensive income or fair value through profit or loss. IFRS 9 requires equity instruments to be measured at fair value through profit or loss unless an irrevocable election is made to measure them at fair value through other comprehensive income, which results in changes in fair value not being recycled to the income statement. The adoption of this standard did not have a material measurement or disclosure impact on the Company's financial statements.

IFRS 16, Leases

The new standard eliminates the classification of leases as either operating or finance leases for a lessee. Instead all leases are capitalized by recognizing the present value of lease payments and recognizing an asset and a financial liability representing an obligation to make future lease payments. The principles in IFRS 16 provide a more consistent approach to acquiring the use of an asset whether by leasing or purchasing an asset. The new leasing standard is applicable to all entities and will supersede current lease accounting standards under IFRS. IFRS 16 is mandatory for annual periods beginning on or after January 1, 2019. The Company is currently assessing the expected impact of IFRS 16 on its consolidated financial statements.

RISKS AND UNCERTAINTIES

Exploration for and the development of mineral resources involves a high degree of risk. The cost of conducting programs may be substantial and the likelihood of success is difficult to assess. The following risks are listed in the order of most to least significant:

Additional Funding

The Company currently has no revenues from operations. The Company has entered into the Arbitration Costs Funding Agreement with the Fund pursuant to which the Fund has agreed to fund most of SASL's costs and expenses related to its international arbitration proceedings against Bolivia. The Company is dependent upon share issuances to provide the funding necessary to meet its general operating expenses and will require additional financing to continue to explore its mineral properties. In order to further fund the Company's business plans, additional funds will be required. The only sources of future funds presently available to the Company are the sale of additional equity capital, the sale of a future metal stream from a property, the sale of a production royalty, the entering into of a metal or concentrate off-take type agreement, the entering into a loan agreement, the sale or leasing of the Company's interest in a property, or the entering into of a joint venture arrangement or other strategic alliance in which the funding source could become entitled to an interest in one or more of the assets of the Company. The Company's capital resources are largely determined by the strength of the junior resource market and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects. There is no assurance that the Company will be successful in raising additional funds in the future. If the Company does not have the necessary capital to meet its obligations under its contractual obligations, the Company may have to forfeit its interest in properties or prospects earned or assumed under such contracts. In addition, if the Company does not have sufficient funds to pursue its exploration and development programs and other plans, the viability of the Company could be jeopardized.

International Arbitration
On August 2, 2012, the Company received a Nationalization Decree from the Bolivian government revoking the concessions held by CMMK without any compensation. The Company is vigorously pursuing international arbitration proceedings against Bolivia to recover full compensation based on the fair market value of the Malku Khota project. The Company, however, cannot provide assurances with respect to the outcome of the international arbitration, the amount, timing or form of any settlement or award, or its ability to enforce any award against Bolivia.

Class B Shares
The holders of the Class B Shares have contingent rights to receive a pro-rata share of 85% of the net cash proceeds, if any (after deducting all costs, tax and expenses and the third party funder's portion thereof), received pursuant to any award or settlement agreement entered into in respect of the South American Silver Limited's arbitration claim against the Government of Bolivia. The holders of Class B Shares will not realize any value if: (i) no award or settlement agreement is reached; (ii) no cash payment is included in the award or settlement agreement; or (iii) the costs of obtaining a cash payment on, or enforcement of, the award or settlement agreement exceeds the amount of such cash payment. In addition, the accrual of value on the Class B Shares may be significantly delayed. The international arbitration process can take several years before an award is rendered or settlement reached. Once an award is rendered or settlement is reached, enforcing the award or settlement agreement could take additional several years and the full amount of any award or settlement may not ultimately be received, which could reduce the amount, if any, payable to the holders of the Class B Shares.

Commodity Price Risk
The profitability of the Company's operations, if ever established, will be dependent upon the market price of mineral commodities. Mineral prices fluctuate widely and are affected by numerous factors beyond the control of the Company. The level of interest rates, the rate of inflation, world supply of mineral commodities, consumption patterns, sales of copper, gold and silver by central banks, forward sales by producers, production, industrial and jewellery demand, speculative activities and stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments. The prices of mineral commodities have fluctuated widely in recent years. Current and future price declines could cause commercial production to be impracticable. The Company's revenues and earnings also could be affected by the prices of other commodities such as fuel and other consumable items, although to a lesser extent than by the price of copper, gold, silver or molybdenum. The prices of these commodities are affected by numerous factors beyond the Company's control.

Uncertainty of Resource Estimates
The Company announced the results of the initial and updated resource estimates on the Escalones project in December 2011 and June 2013 and the results of the updated resource estimate on the Gold Springs project in February 2014, July 2014 and June 2015 and the results of an initial and updated preliminary economic assessment on the Gold Springs project in July 2014 and August 2015, respectively. The Company also announced the results of the initial and updated resource estimates on the Malku Khota project in May and October 2008 and March 2011, and announced the results of the initial and updated preliminary

economic assessment on the Malku Khota project in February 2009 and March 2011, respectively. The statements of mineral resources disclosed are estimates only and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. Mineral resources are not mineral reserves and do not have demonstrated economic viability. Until they are categorized as "mineral reserves", the known mineralization at each of the Malku Khota, Escalones and Gold Springs projects is not determined to be economic ore. The mining and exploration business relies upon the accuracy of determinations as to whether a given deposit has significant mineral reserves and resources. Mineral reserve and resource estimates are based on limited sampling, and inherently carry the uncertainty that samples may not be representative. Such estimates necessarily include presumptions of continuity of mineralization which may not actually be present. Mineral reserve and resource estimates may require revision (either upward or downward) based on actual production experience. Market fluctuations in the price of metals, as well as increased production costs or reduced recovery rates, may render certain mineral resources uneconomic. Inaccurate estimates may result in a misallocation of resources such that an excess amount could be allocated to a less than economic deposit or, conversely, failure to develop a significant deposit. Greater assurance will require completion of final comprehensive feasibility studies that conclude a potential mine at the Escalones or Gold Springs project is likely to be economic, but such studies remain subject to the same risks and uncertainties.

Exploration Stage Operations
The Company’s operations are subject to all of the risks normally associated with the exploration for and the development of mineral properties. The Escalones and Gold Springs projects are still in the advanced exploration stage. Mineral exploration and exploitation involves a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to avoid. Few properties that are explored are ultimately developed into producing mines. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, tailings impoundment failures, cave-ins, landslides and the inability to obtain necessary permits, adequate machinery, equipment or labour are some of the risks involved in mineral exploration and exploitation activities. The Company has relied on and may continue to rely on consultants and others for mineral exploration and exploitation expertise.

Substantial expenditures are required to establish mineral reserves and resources through drilling, to develop metallurgical processes to extract the metal from the material processed and to develop the mining and processing facilities and infrastructure at any site chosen for mining. There can be no assurance that commercial quantities of ore will be discovered. There is also no assurance that even if commercial quantities of ore are discovered, that the properties will be brought into commercial production or that the funds required to exploit mineral reserves and resources discovered by the Company will be obtained on a timely basis or at all. The commercial viability of a mineral deposit once discovered is also dependent on a number of factors, some of which are the particular attributes of the deposit, such as size, grade and proximity to infrastructure, as well as metal prices. Most of the above factors are beyond the control of the Company. There can be no assurance that the Company’s mineral exploration activities will be successful. In the event that such commercial viability is never attained, the Company may seek to transfer its property interests or otherwise realize value or may even be required to abandon its business and fail as a “going concern”. The recoverability of the carrying value of its mineral properties and the Company’s continued existence is dependent, in part, upon the preservation of its interest in its properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to obtain financing or, alternatively, upon the Company’s ability to dispose of its interests on an advantageous basis.

A portion of the Company’s interest in the Escalones project is subject to an option agreement which requires the Company to make periodic payments over a varying number of years to maintain its interest in that portion of the projects. The Company can cancel this agreement at any time without completing the remaining payments and without further obligation.

Exploration and Operation Risks

In common with other enterprises undertaking business in the mining sector, the Company's mineral exploration and project development activities are subject to conditions beyond its control. The success of the Company will be dependent on many factors including: the discovery and/or acquisition of mineral reserves and mineral resources; the successful conclusions to feasibility and other mining studies; access to adequate capital for project development and sustaining capital; design and construction of efficient mining and processing facilities within capital expenditure budgets; the securing and maintaining of title to properties; obtaining permits, consents and approvals necessary for the conduct of exploration and potential mining operations; complying with the terms and conditions of all permits, consents and approvals during the course of exploration and mining activities; access to competent operational management and prudent financial administration, including the availability and reliability of appropriately qualified employees, contractors and consultants; the ability to procure major equipment items and key consumables in a timely and cost-effective manner; the ability to access full power supply; and the ability to access appropriate road and port networks for shipment of any mineral production. There can be no assurance that the Company will ever be able to develop any of its mineral properties at all or on time or on budget. Should any of these events occur, it would have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Although the Company has implemented comprehensive safety and environmental measures designed to comply with or exceed government regulations and ensure safe, reliable and efficient operations in all phases of its operations, accidents, environmental hazards or degradation, unusual and unexpected geological formations, seismic activity, cave-ins, pit-wall failures, flooding, rock bursts and other acts of God or unfavorable operating conditions and losses may still occur.

Permits and Government Regulation

The Company requires licenses and permits from various governmental authorities in Chile and in the U.S. to carry out exploration and development at Escalones and Gold Springs, respectively. Obtaining permits can be a complex, time-consuming process. There can be no assurance that the Company will be able to obtain the necessary licences and permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Company from continuing or proceeding with existing or future operations or projects. Any failure to comply with permits and applicable laws and regulations, even if inadvertent, could result in the interruption or closure of operations or material fines, penalties or other liabilities. In addition, the requirements applicable to sustain existing permits and licenses may change or become more stringent over time and there is no assurance that the Company will have the resources or expertise to meet its obligations under such licenses and permits.

The mineral exploration activities of the Company are also subject to various laws governing prospecting, development, production, taxes, labour standards, occupational health, mine safety, waste disposal, toxic substances and other matters. Mining and exploration activities are also subject to various laws and regulations relating to the protection of the environment, historical and archaeological sites and endangered and protected species of plants and animals. Although the exploration activities of the Company are currently carried out substantially in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail exploration or development. Amendments to current laws and regulations governing the operations and activities of the Company or more stringent implementation thereof could have a substantial adverse impact on the Company.

Environmental Regulations

The Company's activities are subject to foreign environmental laws and regulations which may materially adversely affect its future operations. These laws and regulations control the exploration and development of mineral properties and their effects on the environment, including air and water quality, mine reclamation, waste handling and disposal, the protection of different species of plant and animal life, and the preservation of lands and glaciers. These laws and regulations will require the Company to acquire permits and other authorizations for certain activities. There can be no assurance that the Company will be able to acquire such necessary permits or authorizations on a timely basis, if at all.

The Company cannot predict what environmental legislation or regulations will be enacted or adopted in the future or how future laws and regulations will be administered or interpreted. Compliance with more stringent laws and regulations, as well as potentially more vigorous enforcement policies or regulatory agencies or stricter interpretation of existing laws, may materially adversely affect the Company's future operations.

Mineral exploration and development in the United States are subject to various U.S. federal and state and local laws and regulations relating to the protection of the environment. These laws impose high standards on the mining industry to monitor the discharge of waste water and report the results of such monitoring to regulatory authorities, to reduce or eliminate certain effects on or into land, water or air, to progressively rehabilitate mine properties, to manage hazardous wastes and materials and to reduce the risk of worker accidents. A violation of these laws may result in the imposition of substantial fines and other penalties. There can be no assurance that the Company will be able to meet all the regulatory requirements in a timely manner or without significant expense or that the regulatory requirements will not change to prohibit the Company from proceeding with certain exploration and development.

In late 2012 new environmental legislation related to mineral exploration came into effect in Chile. Amongst other things, the new legislation provided the Ministry of Environment with the resources to review the compliance by companies with their environmental permits and put the onus on companies to advise project status to the Ministry by January 22, 2013. This new legislation will increase the likelihood that the Company's exploration activities at Escalones will be subject to more frequent and rigorous review of the permit conditions and compliance with those conditions. Although the exploration activities of the Company at Escalones are currently carried out substantially in accordance with all applicable environmental rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail exploration or development. Amendments to current laws and regulations governing the operations and activities of the Company or more stringent implementation thereof, could have a material adverse impact on the Company.

Infrastructure
Development and exploration activities depend on adequate infrastructure, including reliable roads, power sources and water supply. The Company's inability to secure adequate water and power resources, as well as other events outside of its control, such as unusual weather, sabotage, government or other interference in the maintenance or provision of such infrastructure, could adversely affect the Company's operations and financial condition.

Political Risk
Exploration in Chile and the maximization of the value from the expropriated Malku Khota project in Bolivia expose the Company to risks that may not otherwise be experienced if operations were domestic. Real and perceived political risk in some countries may also affect the Company's ability to finance exploration programs and future mine development opportunities.

Although Chile has a mature and stable political system and enjoys one of the best country risk ratings of the region, there is always the potential for changes in mining policies, royalties, taxes or shifts in political attitude towards foreign investment in natural resources. Changes, even if minor in nature, may adversely affect the Company's operations.

In the past, Mexico has been subject to political instability, changes and uncertainties, which may cause changes to existing governmental regulations affecting mineral exploration and mining activities. The Company's operations and properties in Mexico are subject to a variety of Mexican governmental regulations including, among others: environmental and water rights and the Mexican mining law. Mexican regulators have broad authority to shut down and/or levy fines against operations that do not comply with regulations or standards. The Company's mineral exploration and development activities in Mexico may be adversely affected in varying degrees by changing government regulations relating to the mining industry or shifts in political conditions that increase the costs related to the Company's activities or maintaining its properties. Operations may also be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, environmental legislation and mine safety. Mexico's status as a developing country may make it more difficult for the Company to obtain any required financing for its projects in Mexico.

The Company's operations and investments may be adversely affected by political instability and legal and economic uncertainty that might exist. The risks associated with the Company's foreign operations may include political unrest, labour disputes, invalidation of governmental orders, permits or agreements, war, civil disturbances, criminal and terrorist actions, arbitrary changes in laws, regulations and policies, taxation, price controls, exchange controls, delays in obtaining or the inability to obtain necessary permits, import or export restrictions, opposition to mining from local, environmental or other non-governmental organizations, limitations on foreign ownership, limitations on the repatriation of earnings, limitations on mineral exports, government participation, royalties, duties, rates of exchange, high rates of inflation and increased financing costs, currency fluctuations, and changes in laws, regulations or policies as well as by laws and policies of Canada affecting foreign trade, investment and taxation. These risks may limit or disrupt the Company's projects or operations, restrict the movement of funds or result in the deprivation of contractual rights or the taking of property by nationalization, expropriation or other means without fair compensation.

<u>*Litigation Risk*</u>
Companies in all industries, including the mining industry, are subject to legal claims from time to time, some of which have merit and others of which do not. Defence and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding to which the Company may become subject could have a material effect on the Company's financial position, results of operations or the Company's property development.

Cautionary note regarding forward-looking statements
Certain statements contained herein constitute "forward-looking information" or "forward-looking statements" under applicable securities laws ("forward-looking statements"). Forward-looking statements look into the future and provide an opinion as to the effect of certain events and trends on the business. Forward-looking statements may include words such as "will", "may", "expand", "continue", "estimated", "potential", "contingent", "develop", "plan", "future", "indications", "further", "could", "would', "expected", "nearing", "believes", "envisions", "ongoing", "possible", "creating", "advancing", "realization" and "pursuing" and similar expressions. This MD&A contains forward-looking statements. These forward-looking statements are based on current expectations and various estimates, factors and assumptions and involve known and unknown risks, uncertainties and other factors. Information concerning mineral resource estimates, preliminary economic assessments, and the interpretation of exploration programs, drill results and metallurgical testing may also be considered as a forward-looking statement, as such information constitutes a prediction of what mineralization might be found to be present and economically mineable if and when a project is actually developed.

Readers are cautioned not to place undue reliance on these statements as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that forward-looking statements will materialize. Factors that could cause results or events to differ materially from current expectations expressed or implied by the forward-looking statements, include, but are not limited to, uncertainties associated with the *arbitration proceeding against Bolivia, including the advancement of the international arbitration process in a customary manner and in accordance with Procedural Order No. 1 (as amended in April and June 2015 and January 2016), the outcome of the international arbitration process including the timing and the quantum of damages to be obtained, management's expectation with regard to the final amount of costs, fees and other expenses and commitments payable in connection with the arbitration, and any inability or delay in the collection of the value of any award or settlement, and risks of the mineral exploration industry which may affect the advancement of the Gold Springs or Escalones projects, including possible variations in mineral resources or grade, recovery rates, metal prices, capital and operating costs, and the application of taxes, availability of sufficient financing to fund further required work in a timely manner and on acceptable terms, availability of equipment and qualified personnel, failure of equipment or processes to operate as anticipated, changes in project parameters as plans continue to be refined; and other risks more fully described in the Company's Annual Information Form filed and publicly available on SEDAR at www.sedar.com. The assumptions made in developing the forward-looking statements include: the ability of the Company to realize value from its investments in Bolivia, the arbitration proceeding along the timeline included in Procedural Order No. 1 issued by the Arbitral Tribunal (as amended in April and June 2015 and January 2016 following consultation with the parties), and the Fund honoring its contractual commitments; the accuracy of current resource estimates and the interpretation of drill, metallurgical testing and other exploration results; the continuing support for mining by local governments in Nevada, Utah and Chile; the availability of equipment and qualified personnel to advance exploration projects; and execution of the Company's existing plans and further exploration and development programs for its projects, which may change due to changes in the views of the Company or if new information arises which makes it prudent to change such plans or programs.*

Subject to applicable laws, the Company assumes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or any other reason. Unless otherwise indicated, forward-looking statements in this MD&A describe the Company's expectations as of November 13,, 2018.

Readers are also cautioned that the preliminary economic assessments in this MD&A are preliminary in nature and include inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves and there is no certainty that the results indicated in the preliminary economic assessments will or could be realized. Mineral resources that are not mineral reserves do not have economic viability.

Cautionary note regarding reserve and resource estimates

The material in this MD&A has been prepared in accordance with the requirements of the securities laws in effect in Canada, which differ from the requirements of U.S. securities laws. Unless otherwise indicated, all resource and reserve estimates included in this MD&A have been prepared in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101") and the Canadian Institute of Mining and Metallurgy Classification System. NI 43-101 is a rule developed by the Canadian Securities Administrators which establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. Canadian standards, including NI 43-101, differ significantly from the requirements of the United States Securities and Exchange Commission ("SEC"), and resource and reserve information contained herein may not be comparable to similar information disclosed by U.S. companies. In particular, and without limiting the generality of the foregoing, the term "resource" does not equate to the term "reserves". Investors should also understand that "inferred mineral resources" have a great amount of uncertainty as to their existence and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an "inferred mineral resource" will ever be upgraded to a higher category. The estimation of quantities of resources and reserves is complex, based on significant subjective assumptions and forward-looking information, including assumptions that arise from the evaluation of geological, geophysical, engineering and economic data for a given ore body. This data could change over time as a result of numerous factors, including new information gained from development activities, evolving production history and a reassessment of the viability of production under different *economic conditions. Changes in data and/or assumptions could cause reserve estimates to substantially change from period to period. No assurance can be given that the indicated level of mineral will be produced. Actual production could differ from expected production and an adverse change in mineral prices could make a reserve uneconomic to mine. Variations could also occur in actual ore grades and recovery rates from estimates.*

Other information

Additional information related to the Company, including the Company's Annual Information Form and press releases, are available for viewing on SEDAR at www.sedar.com and at the Company's website at www.trimetalsmining.com.