MANAGEMENT DISCUSSION AND ANALYSIS

NINE MONTHS ENDED OCTOBER 31, 2019

GENERAL

This Management's Discussion and Analysis ("MD&A") supplements, but does not form part of, the condensed interim consolidated financial statements of Pan Global Resources Inc. (the "Company" or "Pan Global" or "PGZ") for the nine months ended October 31, 2019. The following information, prepared as of December 20, 2019 should be read in conjunction with the condensed interim consolidated financial statements for the nine months ended October 31, 2019 and the related notes therein. The Company reports its financial position, results of operations and cash flows in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All amounts are expressed in Canadian dollars unless otherwise indicated. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com and on the Company's website at www.panglobalresources.com.

COMPANY OVERVIEW

The Company was incorporated under the provisions of the Business Corporations Act (British Columbia) on February 1, 2006 and is classified as a Tier II mining company, effective June 8, 2009 and trades on the TSX Venture Exchange ("TSX-V"). On December 21, 2009, the Company changed its name from Mosam Capital Corp. to Pan Global Resources Inc.

The Company's principal business activities are the acquisition of rights to explore for minerals and the exploration of acquired rights. Pan Global is primarily focused on early stage exploration through to development of resources of copper and other metals in Spain. In September 2016, the Company announced a shift in focus from lithium and borate exploration in Serbia to copper exploration in Spain and restructuring of its Board of Directors, including the resignation of several directors of the Company, and the appointment of Mr. Patrick Evans as Chairman of the Board of Directors, Mr. Bob Parsons as a Director, Mr. Tim Moody as President and CEO, and Mr. Jim Royall as VP - Exploration.

FORWARD LOOKING STATEMENTS

This MD&A may contain "forward-looking statements" that reflect the Company's current expectations and projections about its future results. Forward-looking statements are statements that are not historical facts, and include but are not limited to:

- estimates and their underlying assumptions;
- statements regarding plans, objectives and expectations with respect to the effectiveness of the Company's business model, future operations, the impact of regulatory initiatives on the Company's operations, and market opportunities;
- general industry and macroeconomic growth rates;
- expectations related to possible joint or strategic ventures; and
- statements regarding future performance.

Forward-looking statements used in this MD&A are subject to various risks, uncertainties and other factors, most of which are difficult to predict and are generally beyond the control of the Company. These risks, uncertainties and other factors may include, but are not limited to: unavailability of financing, failure to identify commercially viable mineral reserves, fluctuations in the market valuation for commodities, difficulties in obtaining required approvals for the development of a mineral project, and other factors.

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

(Expressed in Canadian dollars)

HIGHLIGHTS FOR THE QUARTER

During the three months ended October 31, 2019 and subsequently, the Company:

- completed a non-brokered private placement for gross proceeds of $1,316,700 in August 2019;
- reported positive drill results in the Escacena Project;
- entered into an agreement to acquire the Al Andalus Investigation Permit adjacent to the Company's Escacena Project; and
- completed a non-brokered private placement for gross proceeds of $1,724,222 in December 2019.

QUARTERLY EXPLORATION OVERVIEW

Aguilas Project

In November 2016, the Company entered into a share option agreement with Mr. Tim Moody (the "Vendor") to acquire up to 100% of a Spanish exploration company, Minera Aguila S.L.U ("Minera Aguila" or "MASL"). Minera Aguila has been granted four mineral exploration licenses covering an area of 13,563 hectares and has applications for additional an additional area of approximately 2,803 hectares in the Provinces of Cordoba and Ciudad Real, Kingdom of Spain (collectively referred to as the "Aguilas Project"). The Company agreed to the aggregate consideration of 4,700,000 common shares of the Company, cash payment of $450,000, and exploration expenditure commitments as follows:

		Cash payments	Common shares		Exploration expenditures [2]
6-month anniversay of final TSX-V approval [1]	$	50,000	2,200,000	$	-
18-month anniversay of final TSX-V approval [1]		150,000	2,500,000		-
36-month anniversay of final TSX-V approval		250,000	-		-
36-month anniversay of agreement closing date		-	-		1,000,000
	$	450,000	4,700,000	$	1,000,000

[1] Cash paid and common shares issued
[2] No less than $250,000 have been completed notwithstanding any decision by the Company not to proceed with further exploration.

Furthermore, the agreement to acquire MASL included an $100,000 (or 1,000,000 common shares the Company, at the election of the Vendor) if the Company acquires additional exploration rights in the area of 10 kilometers surrounding the boundaries of the three exploration licenses. In November 2017, the Company paid $50,000 to the Vendor to remove this term of the agreement.

For the duration of the agreement, MASL shall act as the operator of the exploration program and the related exploration expenditures shall be funded by the Company.

In April 2018, the Company exercised its first option to acquire a 70% equity interest in MASL. The Company paid $50,000 and issued 2,200,000 common shares (valued at $440,000) to the Vendor. In addition, the Company has incurred exploration expenditures in excess of $250,000 on the license areas and reimbursed the optionor all costs incurred to acquire the mineral rights. In September 2018, the Company made its second cash and share payments.

(Expressed in Canadian dollars)

As at October 2019, drilling has been progressing at the Torrubia North copper target in the Aguilas Project, with hole 2 of the planned 5-hole program nearing completion. Wide zones of strongly altered multi-stage breccia is evident in the drill core, locally including clasts with strong hematite alteration and chalcopyrite. These initial holes are testing a high priority soil copper anomaly extending over 1.9km of strike length and up to 0.35km width, rock grab samples of boulders at surface containing up to 8.4% Cu and up to 1.2% Cu in outcrop. Indications of Iron Oxide Copper Gold ("IOCG") style mineralization and multi-stage breccia, plus small ancient mine works occur along the target.

Escacena Project

In May 2017, the Company entered into a Letter of Intent ("LOI") with Evalam 2003 S.L. ("Evalam"), a private Spanish company, to purchase 100% interest of Evalam's Au/Cu/Zn mineral prospect in Spain, subject to a net smelter returns ("NSR") royalty as described below. Evalam applied for an exploration license in the provinces of Seville and Huelva, Kingdom of Spain, to conduct evaluation and mineral exploration on a mineral prospect known as the "Escacena Property".

The terms of the LOI provide for payment of $350,000 to Evalam and funding by the Company of $1,000,000 in exploration expenditures under the following conditions (subject to TSX-V approval):

	Cash payments	Exploration expenditures (2)
The Issuance Date(1)	$ 30,000	$ -
12-month anniversay of the Issuance Date	50,000	200,000
24-month anniversay of the Issuance Date	100,000	300,000
36-month anniversay of the Issuance Date	170,000	500,000
	350,000	$ 1,000,000

(1) The later of (a) receipt of final TSX-V approval and (b) granting of the Escacena mineral rights.

Upon commencement of commercial production, Pan Global shall pay to Evalam a NSR royalty in an amount as follow: (a) 0.50% on the first 12,500 tonnes of Cu equivalent, and (b) 0.75% on any amount in excess of 12,500 tonnes of Cu equivalent, which will be calculated quarterly based on production from the Escacena Property for the most recently completed calendar quarter. This NSR royalty is subject to an aggregate lifetime maximum cap of $5,000,000.

Following the signing of the LOI, permitting of the Escacena Mineral Rights advanced resulting in the mineral rights or Permiso de Investigacion (Investigation Permit) being granted in December 2018. The Escacena Project targets volcanic-hosted massive sulphide ("VMS") and stockwork copper, zinc, and precious metal mineralization in the Iberian Pyrite Belt, which is considered to be the most prolific VMS district in the world.

This project includes a large untested gravity anomaly at La Cañada and the La Romana gravity anomaly, where historical drill holes confirmed copper mineralization, including hole PR5 with 4.68 m of 2.94% Cu in massive sulphide. The targets are along strike from the giant Aznalcollar and Los Frailes massive sulphide deposits and the Las Cruces mine.

In October 2019, the Company completed an initial three drill holes for an aggregate total of 556.05m at the Escacena Project with the target being volcanogenic massive sulphide (VMS) associated mineralization. Drill holes (LRD-01 and LRD-02) tested a shallow IP target on the edge of the La Romana gravity target with drill hole (CHD-01) testing a shallow IP anomaly to the southeast and updip from the Cañada Honda gravity target. Downhole electromagnetic ("DHEM") surveys were also completed in all three drill holes. Highlights include:

- Drill holes LRD-01 and LRD-02, approx. 360m apart, at the La Romana gravity target intersected shallow volcanic associated copper stock work, semi massive and massive sulphide.

(Expressed in Canadian dollars)

- LRD-02 returned 20.55m at 1.5% Cu eq (1.02% Cu, 0.11% Sn, 4.7 g/t Ag) including 14.9m at 1.97% Cu eq (1.34% Cu, 0.15% Sn, 5.9g/t Ag, 0.011 g/t Au) from 43.1m, including 7m at 3.43% Cu eq (2.50% Cu, 0.23% Sn, 10.1 g/t Ag, 0.014 g/t Au, 0.11% Zn, 133ppm Co).
- LRD-01 returned 10.1m at 0.72% Cu eq (0.64% Cu, 2.2 g/t Ag) from 73.9m, including 1.6m at 1.38% Cu eq (1.26% Cu, 4.6 g/t Ag, 0.012 g/t Au) and 3m at 1.53% Cu eq (1.38% Cu, 4.5 g/t Ag, 0.05 g/t Au, 114 ppm Co); and a further 48.35m at 0.21% Cu eq (0.14% Cu, 2.2 g/t Ag) from 140m to end of hole, including 7.8m at 0.60% Cu eq (0.5% Cu, 2.7 g/t Ag) with this hole ending in 0.59% Cu eq (0.24% Cu, 0.10% Sn, 1.4 g/t Ag).

These drill results also indicate potential to expand the La Romana zone with the DHEM in hole LRD-01 showing a 300 by 200m off-hole conductor plate anomaly, representing potential for a separate un-tested sulphide body, and the high grade copper intercept in hole LRD-02 coinciding with a 300 by 180m down-hole EM conductor plate anomaly and north-dipping IP target. The drill results and drill hole collar information are summarized below:

Hole	**From**	**To**	**Interval**	**Cu**	**Pb**	**Zn**	**Ag**	**Au**	**Co**	**Sn**	**CuEq[(1)]**
	m			**%**	**ppm**	**ppm**	**g/t**	**g/t**	**ppm**	**ppm**	**%**
LRD01	73.9	84	10.1	0.64	24	99	2.2	0.009	52	32	0.72
including	75.9	78	1.6	1.26	24	110	4.6	0.012	57	55	1.38
Including	80	83	3	1.38	25	119	4.5	0.015	114	38	1.53
LRD01	140	188.4	48.35	0.14	42	170	0.9	0.008	48	64	0.21
Including	152.3	172.6	20.35	0.23	23	108	1.4	0.011	60	32	0.31
Including	159.2	167	7.8	0.49	31	117	2.7	0.012	85	36	0.60
LRD02	37.45	58	20.55	1.02	108	793	4.7	0.010	87	1102	1.50
Including	43.1	58	14.9	1.34	128	970	5.9	0.011	97	1490	1.97
Including	48	58	7	2.50	107	846	10.1	0.014	133	2312	3.43
CHD01	No significant results										

(1) *Metal prices used: Copper US$5,700 per tonne, Lead US$2,100 per tonne, Zinc US$2,320 per tonne, Silver US$17 per ounce, Gold US$1,480 per ounce, Cobalt US$36,000 per tonne, and Tin US$17,000 per tonne. No recoveries were applied.*

Hole ID	Easting[(1)]	Northing[(1)]	Azimuth (°)	Dip (°)	Depth (m)
LRD01	737136	4156172	183	-50	188.35
LRD02	736756	4152817	180	-55	188.35
CHD01	736425	4152683	162	-59	179

(1) *Coordinates are in ERTS89 datum UTM29N*

La Romana

The La Romana target is centered on a 1.5 km long East-West oriented, 1.2mGal gravity anomaly. Exxon completed several wide-spaced (>400m apart) drill holes at La Romana in the 1980's and intersected VMS style mineralization over a potential 1.3 km strike length, including wide zones of stock work sulphide and narrow intervals of massive sulphide. The Exxon drill hole data contains only sparse assay information, with better results including hole PR5 intercepting 4.7m at 2.94% Cu and hole PR3 intercepting 3m at 3.24% Cu. The wide drill spacing did not adequately test the target and the holes are too far apart to reliably correlate between holes.

Drill hole LRD-01 was sited approximately 180m west and up dip of Exxon drill hole PR5. The hole intersected two main copper intervals within a sequence of mainly chlorite-sericite altered dacitic tuffs beneath approximately 20m of recent sediment/limestone cover. The upper copper interval consists of stock work and semi-massive sulphide, including chalcopyrite, pyrite and lesser secondary chalcocite. The lower copper interval consisted of a greater than 50m thick zone of pyrite - chalcopyrite stock work and semi-massive sulphide, with copper grades generally improving with depth. The hole ended in stock work sulphide mineralization with 0.24% Cu and 1000ppm Sn.

DHEM shows an untested 300 by 200m east-west off-hole conductor plate anomaly dipping approximately 70º to the North and approximately 50m beneath hole LRD-01. A weaker 200 by 80m in-hole conductor plate correlates with a zone of elevated copper and strong sulphide mineralization at approximately 170m down hole.

Drill hole LRD-02 is near the peak of the La Romana gravity target and approximately 360m west of hole LRD-01. The drill hole confirmed significant copper mineralization at approximately 30m vertical depth at the top of a strong north-dipping IP chargeability and resistivity low anomaly. The hole went through approximately 3m of recent cover before intersecting a thick sequence of chlorite and sericite altered dacitic tuffs. The highest copper grades are associated with strong chlorite alteration, chalcopyrite-rich stock work and semi-massive to massive sulphide with individual assays up to 9.8% Cu and 1.19% Sn. The hole also ended in a 40m thick zone of strongly pyritic stock work and semi-massive sulphide, with bands of massive sulphide.

DHEM in hole LRD-02 shows a 300 by 180m east-west in-hole conductor plate anomaly dipping to the north and coincident with the high-grade copper interval. The drill hole pierced the upper edge of the conductor anomaly. The strong coincidence of the copper mineralization in LRD-02 with a large gravity anomaly. DHEM conductor anomaly and IP anomaly indicates good potential to expand the copper mineralization in several directions. The off-hole conductor in hole LRD-01 also remains untested.

Cañada Honda

The Cañada Honda target includes an untested 1.5 km east-west oriented, 1.0 mGal gravity anomaly. The gravity anomaly represents potential massive sulphide in the volcanic sequence concealed beneath over-thrust phyllite-quartzite rocks (similar setting to the Migollas ore deposit approximately 47 km to the northwest). Exxon completed two drill holes and Boliden completed seven shallow drill holes, all located immediately to the southeast of the gravity target in the vicinity of a Roman mine tunnel with copper and gold mineralization. Summary assay results for Exxon drill hole PCH-01 include 2m at 0.4% Cu, 3.4 g/t Au and 3m at 1.5% Cu, 1 g/t Au. No assay information is currently available for any of the other historical drill holes.

Drill hole CHD-01 tested a shallow IP anomaly immediately south of the gravity anomaly. The hole confirmed the presence of the prospective volcanic sequence beneath the over-thrust phyllite quartz unit and the depth to the thrust. No significant mineralization was observed with only weakly anomalous gold reported in assay results for the hole. The IP anomaly is explained by abundant pyrite. The drill hole provided rock density information used to help model the gravity target. The modeling indicates a dense body or potential massive sulphide is required to explain the Cañada Honda gravity anomaly and is untested.

Following the recent results, the geophysics program will immediately be extended to prioritize the next round of drill holes at the Escacena Project.

(Expressed in Canadian dollars)

In November 2019, the Company, through its subsidiary Minera Sabina S.L., has entered into an agreement with Strategic Minerals Spain, S.L. to acquire all rights to the Al Andalus Investigation Permit (the "Al Andalus Property"), covering an area of approximately 3,367 hectares adjacent to the Company's Escacena Project. The Al Andalus Property is highly prospective and remains mostly unexplored since the mid-1980's, which:

- includes potential eastern extensions to Company's La Romana target, where the Company recently reported initial drill results;
- includes the historical mining areas of El Pozo and La Zarcita;
- includes the La Jarosa prospect where drill hole PJ-2 by Exxon in 1995/6 included 9.5m at 1.42% Cu (semi-massive sulphide);
- adjoins Grupo Mexico's Aznalcollar and Los Frailes mine area and along strike from First Quantum's Las Cruces mine; and
- hosts several un-tested gravity targets.

The Company has agreed to pay of €300,000 consisting of an initial payment of €275,000 and a final payment of €25,000 not more than six months after the signing date. The purchase is not subject to a royalty and is not dilutive of the Company's share capital. The Al Andalus Property is an advanced exploration permit application and currently in the public information and consultation stage. Granting of the permit is expected within six months.

OUTLOOK

The primary goal of the Company's exploration program is to discover and develop new mineral resources and to establish a pipeline of opportunities.

The Company has an active exploration underway on the Aguilas Project, where early stage results are very encouraging, indicating IOCG and polymetallic (Cu, Pb, Zn, Ag) vein and breccia styles of mineralization. Drilling is expected to resume in the Aguilas Project in 2020 testing copper targets on the Torrubia trend and Zumajo polymetallic trend. Exploration on the Escacena Property includes an expanded geophysics and drilling program in 2020, including follow-up of the La Romana and Cañada Honda targets and exploration elsewhere in the property. Exploration is not expected to commence in the Al Andalus property until the second half of 2020 when the mineral rights are expected to be granted.

The Company manages the Aguilas Project through its 70%-owned Spanish subsidiary, Minera Aguila S.L.U., with a total area covering approximately 16,366 hectares, including granted mineral rights and mineral rights under application. The Company has replaced the LOI with Evalam with a definitive agreement, which provides Pan Global an option to acquire 100% of the Escacena Investigation Permit in Spain.

The Company is continuing to review other exploration opportunities.

SUMMARY OF QUARTERLY RESULTS

The results for the quarters shown below are consistent with a return to exploration activity resulting from the Company's new focus and projects in Spain. Prior quarters were consistent with minimal exploration activities as the Company sought a new project. Regulatory, legal, accounting and audit expenses were kept to a minimum.

	October 31, 2019	July 31 2019	April 30, 2019	January 31, 2019
Exploration expenditures	$ 491,188	$ 341,626	$ 589,758	$ 580,833
Net income (loss) for the period[(1)]	(513,206)	(488,948)	(724,167)	(583,990)
Earnings (loss) per share - basic and diluted	$ (0.00)	$ (0.01)	$ (0.01)	$ (0.01)

(Expressed in Canadian dollars)

	October 31, 2018	July 31, 2018	April 30, 2018	January 31, 2018
Exploration expenditures	$ 339,638	$ 226,533	$ 261,307	$ 201,878
Net income (loss) for the period[1]	(367,434)	(357,524)	(369,261)	(692,736)
Earnings (loss) per share - basic and diluted	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.01)

[1] Attributable to equity holders of the Company

RESULTS OF OPERATIONS

For the three months ended October 31, 2019

The net loss for the three months ended October 31, 2019 was $608,845 compared to $469,847 for the same quarter in the prior year. The loss for the quarter is primarily comprised of $491,188 of exploration expenditures related to the Aguilas and Escacena Projects and $128,939 of general and administrative expenses. During the same quarter in the prior year, net loss was primarily due to $339,638 of exploration expenditures related to the Aguilas Project and $124,634 of general and administrative expenses.

For the nine months ended October 31, 2019

The net loss for the nine months ended October 31, 2019 was $2,006,465 compared to $1,249,281 for the same period in the prior year. The loss for the period is primarily comprised of $1,422,572 of exploration expenditures related to the Aguilas and Escacena Projects and $575,136 of general and administrative expenses, which included $156,338 of share-based compensation for stock options granted in April 2019. During the same period in the prior year, net loss was primarily due to $827,478 of exploration expenditures related to the Aguilas Project and $410,901 of general and administrative expenses.

LIQUIDITY AND CAPITAL RESOURCES

Operating Activities

For the nine months ended October 31, 2019, the Company used $1,679,311 in its operating activities, primarily related to its exploration expenditures on its Aguilas and Escacena Projects, partially offset by net change in non-cash working capital items of $156,576.

Financing Activities

For the nine months ended October 31, 2019, the Company received $1,316,700 from its private placement, net of share issue costs of $10,169. In addition, the Company paid $14,305 towards its lease liabilities.

Requirement of Additional Equity Financing

The Company has relied entirely on equity financings for all funds raised to date for its operations. Additional funds will be needed in the future to facilitate the Company's business plans and any future potential property acquisitions. Capital markets may not be receptive to offerings of new equity, whether by way of private placements or public offerings. This may be further complicated by the limited liquidity for the Company's shares, restricting access to some institutional investors. The Company's growth and success is dependent on external sources of financing which may not be available on acceptable terms.

(Expressed in Canadian dollars)

RELATED PARTY TRANSACTIONS

Key management positions are filled by directors and officers of the Company. The terms of conditions of the transactions with key management personnel were no more favorable than those available, or which might reasonably be expected to be available, on similar transactions with non-related entities on an arm's length basis.

The aggregate value of transactions and outstanding balances relating to directors and key management personnel, including the President & Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), and Corporate Secretary and entities over which they have control or significant influence were as follows:

For the nine months ended October 31, 2019	Fees or salaries	Share-based compensation	Total
President & CEO	$ 180,000	26,878	$ 206,878
Corporate Secretary	26,215	4,480	30,695
CFO	18,000	4,480	22,480
Directors	41,622	98,551	140,173
	$ 265,837	$ 134,389	$ 400,226

As at October 31, 2019, included in accounts payable and accrued liabilities is $198,000 (January 31, 2019 - $103,500) owing to the related parties as follows: $180,000 (January 31, 2019 - $90,000) to the CEO, $18,000 (January 31, 2019 - $6,000) to the CFO, and $Nil (January 31, 2019 - $7,500) to the Corporate Secretary of the Company.

FINANCIAL INSTRUMENTS, RISK AND CAPITAL MANAGEMENT

The Company classified its financial instruments as follows:

As at October 31, 2019	Amortized cost
Financial assets	
Cash	$ 1,002,356
Financial liabilities	
Accounts payable and accrued liabilities	$ 557,199

Fair Value

Financial instruments recorded at fair value on the consolidated statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

a) Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
b) Level 2 - Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
c) Level 3 - Inputs for assets and liabilities that are not based on observable market data.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. The carrying value of cash and accounts payable and accrued liabilities approximated their fair value because of the short-term nature of these instruments. The carrying value of lease liabilities approximated its fair value as the interest rate is comparable to current interest rates.

Financial Instrument Risk Exposure and Risk Management

The Company's capital includes share capital and the cumulative deficit. The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The Company may issue new shares in order to meet its financial obligations. There was no change in the Company's approach to managing capital during the nine months ended October 31, 2019. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's activities expose it to a variety of financial risks, market risk (including currency risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company. This note presents information about the Company's exposure to each of these risks, the Company's objectives and processes for measuring and managing risk, and the Company's management of capital.

Credit Risk

Credit risk arises from cash and deposits with banks, as well as credit exposure on outstanding receivables and committed transactions. There is no significant concentration of credit risk. The Company's cash deposits are primarily held with a Canadian chartered bank. The Company has minimal accounts receivable exposure as it relates to amounts due from the governments of Canada and Spain pursuant to goods and services tax credits.

Currency Risk

The Company has identified its functional currency as the Canadian dollar. Certain of the Company's exploration expenditures have been denominated in Euros and United States dollars. The Company's exposure to foreign currency risk arises primarily on fluctuations between the Canadian dollar and those currencies. The Company has not entered into any derivative instruments to manage foreign exchange fluctuations. Management believes the foreign exchange risk related to currency conversions is minimal.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company has historically relied on the issuance of common shares and share purchase warrants to fund exploration programs and will require doing so again in the future.

Interest Rate Risk

As the Company does not have significant interest-bearing assets, the Company's income and operating cash flows are not significantly affected by changes in market interest rates.

OFF BALANCE SHEET ARRANGEMENTS

There are no off-balance sheet arrangements or obligations that are not disclosed in the condensed interim consolidated financial statements.

(Expressed in Canadian dollars)

EVENTS AFTER REPORTING DATE

Subsequent to October 31, 2019, the Company:

- has entered into an agreement, through its subsidiary Minera Sabina S.L., with Strategic Minerals Spain, S.L. to acquire all rights to the Al Andalus Investigation Permit (the "Al Andalus Property"), covering an area adjacent to the Company's Escacena Project. The Company has agreed to pay of €300,000 consisting of an initial payment of €275,000 and a final payment of €25,000 not more than six months after the signing date; and

- completed a non-brokered private placement issuing 14,368,516 units at a price of $0.12 per unit for aggregate gross proceeds of $1,724,222, where each unit is comprised of one common share and one share purchase warrant, exercisable at $0.24 per share for two years. The Company paid finders' fees of $48,791 and issued 406,595 finders' warrants, where each warrant is exercisable at $0.4 per share for two years.

CHANGE IN ACCOUNTING POLICIES

Adoption of IFRS 16 Leases

Effective February 1, 2019, the Company has adopted IFRS 16 Leases ("IFRS 16") using the modified retrospective application method, where the 2018 comparatives are not restated and the cumulative effect of initially applying IFRS 16 has been recorded on February 1, 2019 for any differences identified, including adjustments to opening retained earnings balance.

IFRS 16 introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset ("ROU asset") and a lease liability at the lease commencement for all leases, except for short-term leases (lease terms of 12 months or less) and leases of low value assets.

In applying IFRS 16 for all leases, except as noted above, the Company (a) recognizes the ROU asset and lease liabilities in the statement of financial position, initially measured at the present value of future lease payments; (b) recognizes the amortization of ROU assets and interest on lease liabilities in the consolidated statement of income; and (c) separates the total amount of cash paid into principal and interest portions in the consolidated statement of cash flows. The Company has made use of the following practical expedients available on transition to IFRS 16:

- Measure the ROU assets equal to the lease liability calculated for each lease;
- Apply the recognition exemptions for low value leases and leases that end within 12 months of the date of initial application, and account for them as low value and short-term leases, respectively;
- Accounting for non-lease components and lease components as a single lease component.

In transitioning to IFRS 16, the Company analyzed its contracts to identify whether they are or contain a lease arrangement. As a result, the Company, as a lessee, has recognized $52,034 within lease liabilities representing its obligation to make lease payments. ROU assets of the same amount were recognized, representing its right to use the underlying assets. The weighted average incremental borrowing rate applied to the lease liabilities on February 1, 2019 was 6%. The following table summarizes the lease liabilities recognized on the consolidated statement of financial position at the date of initial application:

		February 1 2019
Leases identified as a result of IFRS 16 implmentation	$	57,304
Effect from discounting at the incremental borrowing rate		(5,270)
Lease liabilities due to initial application of IFRS 16 as at February 1, 2019	$	52,034

New accounting policy for leases under IFRS 16

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognizes a ROU asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, at the commencement of the lease, with the following exceptions: (a) the Company has elected not to recognize ROU assets and liabilities for leases where the total lease term is less than or equal to 12 months, or (b) for leases of low value. The payments for such leases are recognized in the consolidated statement of loss and comprehensive loss on a straight-line basis over the lease term.

The ROU asset is initially measured based on the present value of lease payments, lease payments made at or before the commencement day, and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. The ROU asset is amortized over the shorter of the lease term or the useful life of the underlying asset. The ROU asset is subject to testing for impairment if there is an indicator of impairment.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease payments include fixed payments less any lease incentives, and any variable lease payments where variability depends on an index or rate. When the lease contains an extension or purchase option that the Company considers reasonably certain to be exercised, the cost of the option is included in the lease payments.

Variable lease payments that do not depend on an index or rate are not included in the measurement of the ROU asset and lease liability. The related payments are recognized as an expense in the period in which the triggering event occurs and are included in the consolidated statement of loss and comprehensive loss.

RISKS AND UNCERTAINTIES

In addition to the usual risks associated with an investment in an exploration-stage company, management and the directors of the Company believe that, in particular, the following risk factors should be considered. It should be noted that the list is not exhaustive and that other risk factors may apply. An investment in the Company may not be suitable for all investors.

No Assurance of Titles or Borders

The acquisition of the right to exploit mineral properties is a very detailed and time-consuming process. There can be no guarantee that the Company has acquired title to any such surface or mineral rights or that such rights will be obtained in the future. To the extent they are obtained, titles to the Company's surface or mineral properties may be challenged or impugned and title insurance is generally not available. The Company's surface or mineral properties may be subject to prior unregistered agreements, transfers or claims and title may be affected by, among other things, undetected defects. Such third-party claims could have a material adverse impact on the Company's operations.

Competition

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

Mineral Property Exploration and Mining Risks

The business of mineral deposit exploration and extraction involves a high degree of risk. Few properties that are explored ultimately become producing mines. The main operating risks include: ensuring ownership of and access to mineral properties by confirmation that option agreements, claims and leases are in good standing and obtaining permits for drilling and other exploration activities. The Company may earn an interest in certain properties through option agreements and acquisition of title to the properties is only completed when the option conditions have been met. These conditions generally include making property payments, incurring exploration expenditures on the properties and can include the satisfactory completion of prefeasibility studies. If the Company does not satisfactorily complete these option conditions in the time frame laid out in the option agreements, the Company's title to the related property will not vest and the Company will have to write-off the previously capitalized costs related to that property. The market prices for silver, gold and other metals can be volatile and there is no assurance that a profitable market will exist for a production decision to be made or for the ultimate sale of the metals even if commercial quantities of precious and other metals are discovered.

Financing and Share Price Fluctuation Risks

The Company has limited financial resources, has no source of operating cash flow and has no assurance that additional funding will be available to it for further exploration and development of its projects. The Company's ability to secure a new project is dependent upon the Company's ability to obtain financing through equity or debt financing or other means. The securities markets can experience a high degree of price and volume volatility, and the market price of securities of many companies, particularly those considered to be exploration stage companies such as the Company, may experience wide fluctuations in share prices which will not necessarily be related to their operating performance, underlying asset values or prospects. There can be no assurance that these kinds of share price fluctuations will not occur in the future, and if they do occur, how severe the impact may be on the Company's ability to raise additional funds through equity issues.

Insured and Uninsured Risks

In the course of exploration, development and production of mineral properties, the Company is subject to a number of risks and hazards in general, including adverse environmental conditions, operational accidents, labor disputes, unusual or unexpected geological conditions, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods, and earthquakes. Such occurrences could result in the damage to the Company's property or facilities and equipment, personal injury or death, environmental damage to properties of the Company or others, delays, monetary losses and possible legal liability. Although the Company may maintain insurance to protect against certain risks in such amounts as it considers reasonable, its insurance may not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums or for other reasons. Should such liabilities arise, they could reduce or eliminate future profitability and result in increased costs, have a material adverse effect on the Company's results and a decline in the value of the securities of the Company. Some work is carried out through independent consultants and the Company requires that all consultants carry their own insurance to cover any potential liabilities as a result of their work on a project.

Environmental Risks and Hazards

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

Conflicts of Interest

The Company's directors and officers may serve as directors or officers of other companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with the laws of British Columbia, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

OUTSTANDING SHARE DATA

As at the date of this MD&A, the Company had 121,828,903 common shares issued and outstanding. There were also 7,070,000 options and 34,353,941 share purchase warrants outstanding with expiry dates ranging from March 6, 2020 to April 16, 2029.