TESORO MINERALS CORP.

MANAGEMENT DISCUSSION & ANALYSIS

For the Nine Months Ended July 31, 2018

Date of This Report

This management discussion and analysis of financial position and results of operations ("MD&A") is prepared as of September 17, 2018 and should be read in conjunction with the audited consolidated financial statements for the year ended October 31, 2017 and the unaudited condensed consolidated interim financial statements for the nine months ended July 31, 2018 of Tesoro Minerals Corp. ("Tesoro" or the "Company") both of which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts included therein and in the following MD&A are expressed in Canadian dollars except where noted.

Caution on Forward-looking Information

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties which could cause actual results to vary considerably from these statements. Management's discussion and analysis may contain forward-looking statements, including statements regarding the business and anticipated financial performance of the Company. These statements are not guarantees of the Company's future performance. Given the uncertainties associated with forward-looking information, readers are cautioned not to put undue reliance on forward-looking information.

Additional information on the Company is available for viewing on SEDAR at www.sedar.com.

Overall Performance

Description of Business

Tesoro Minerals Corp. is a publicly held mineral exploration company that held major land positions in Colombia's leading gold camps. The Company is listed on the TSX Venture Exchange under the symbol "TES" and the Frankfurt Exchange under the symbol "NXP3."

Management and the Board of Directors are focused on creating shareholder value, by ensuring that capital is committed towards exploration, while focusing on, and balancing the costs of operating a public company within a prospective emerging market.

White Gold Corporation ("White Gold")

On July 27, 2011, the Company acquired all the issued and outstanding shares of White Gold, a private Alberta corporation. White Gold, through its wholly-owned subsidiary, Oro Barracuda Ltda., a Colombian corporation, owns a 100% interest in the Tolimo & Quindio, Arboledas Gold Project and Surata Gold Project mineral property claims located in Colombia. The acquisition was completed by an amalgamation agreement with the Company's wholly-owned Alberta subsidiary, 1605139 Alberta Ltd.

Subsequently, the Company ceased exploration of the White Gold properties and wrote down its value to $nil. An environmental insurance provision of $5,669 was recorded in accounts payable and accrued liabilities.

Investment

During the year ended October 31, 2015, the Company entered into a Share Purchase Agreement (the "Agreement") with Oro Exploration Ltd. ("Oro") to sell 100% of the outstanding shares of the Company's 100% owned Colombian subsidiary, Oro Barracuda S.A.S. ("OBSAS").

In January 2016, the Company completed the Agreement and received 550,000 shares of Oro, valued at $27,500, which is 10% of the issued share capital in Oro after the initial private placement of shares. The Company also has the option to participate at the 10% level in future financings of Oro, and retains a Right of First Offer on any mineral property generated by Oro excluding those currently held by OBSAS. The Company has also retained a 1% net smelter royalty ("NSR") on any OBSAS mineral title. Oro has the right to buy back the NSR for $1,000,000 USD.

Results of Operations

Discussion of Operations and Financial Condition

Three months ended July 31, 2018 and July 31, 2017

During the three months ended July 31, 2018, the Company incurred a loss of $105,885 compared to a loss of $141,037 for the comparative period in 2017, a decrease of $35,152. More significant differences in certain categories of expenses are as follows:

- Professional fees for the three months ended July 31, 2018 were $14,458 compared to $553 for the comparative period in 2017, an increase of $13,905. The expense incurred in 2018 was mainly a result of legal expenses incurred for general corporate matters; and

- Property investigation costs for the three months ended July 31, 2018 were $45,529 compared to $103,738 for the comparative period in 2017, a decrease of $58,209, mainly as a result of less costs incurred by the Company to assess mineral exploration properties of merit to replace properties sold or written down in prior years.

Nine months ended July 31, 2018 and July 31, 2017

During the nine months ended July 31, 2018, the Company incurred a loss of $315,754 compared to a loss of $479,448 for the comparative period in 2017, a decrease of $163,694. More significant differences in certain categories of expenses are as follows:

- Management fees for the nine months ended July 31, 2018 were $nil compared to $37,767 for the comparative period in 2017. The expense incurred in 2017 was mainly a result of payments made to senior management for additional time spent on the activities of the Company whereas no similar payments were made in 2018;

- Professional fees for the nine months ended July 31, 2018 were $23,471 compared to $12,869 for the comparative period in 2017, an increase of $10,602, mainly a result of legal expenses incurred for general corporate matters;

- Property investigation costs for the nine months ended July 31, 2018 were $243,567 compared to $305,326 for the comparative period in 2017, a decrease of $61,759, mainly as a result of less costs incurred by the Company to assess mineral exploration properties of merit to replace properties sold or written down in prior years;

- Shareholder communication and travel expenses for the nine months ended July 31, 2018 were $9,448 compared to $20 263 for the comparative period in 2017, a decrease of $10,815, mainly as a result of decreased corporate travel by Management of the Company; and

- The Company wrote off $70,682 of expired accounts payable and recorded a gain on debt extinguishment for the same amount for the nine months ended July 31, 2018 compared to $nil for the same period in 2017.

Summary of Quarterly Results

The following is a summary of the Company's financial results for the eight most recently completed quarters which have been prepared using accounting policies consistent with IFRS:

Quarterly period ended		Loss for the period		Basic and diluted loss per common share
July 31, 2018	$	(105,885)	$	(0.00)
April 30, 2018	$	(101,801)	$	(0.00)
January 31, 2018	$	(108,068)	$	(0.01)
October 31, 2017	$	(117,031)	$	(0.00)
July 31, 2017	$	(141,037)	$	(0.00)
April 30, 2017	$	(148,137)	$	(0.00)
January 31, 2017	$	(190,274)	$	(0.01)
October 31, 2016	$	(182,505)	$	(0.01)

Liquidity

In management's view, given the uncertainty of the nature of the Company's operations, the most relevant financial information relates primarily to current liquidity, solvency and planned expenditures. The Company's financial success will be dependent upon the acquisition of an existing business or, if the Company focuses on the resource sector, the acquisition of a viable property and the discovery of economically recoverable reserves. Such development may take years to complete and the amount of resulting income, if any, is difficult to determine.

As at July 31, 2018, the Company reported working capital of $220,577 compared to working capital of $227,168 at October 31, 2017. The Company will require additional financing to fund further exploration at its key projects, investigations and/or evaluations of potential new acquisitions and thereafter to fund any extensive development and expansion of such acquisitions. In light of the continually changing financial markets, there is no assurance that funding by equity subscriptions will be possible at the times required or desired by the Company.

Liquidity Risk
The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at July 31, 2018, the Company had a cash balance of $187,294 (October 31, 2017 – $271,694) to settle current liabilities of $37,440 (October 31, 2017 – $117,786).

On December 22, 2016, the Company closed a non-brokered private placement for aggregate gross proceeds of $550,000.

On July 14, 2017, the Company closed a non-brokered private placement for aggregate gross proceeds of $436,450.

On May 11, 2018, the Company closed a non-brokered private placement for aggregate gross proceeds of $336,000.

The Company is planning additional financings in the near term to raise additional working capital to finance its ongoing operations.

Credit Risk
Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and receivables. The carrying value of these instruments represents the Company's maximum exposure to credit risk. The Company believes it has no significant credit risk.

Market Risk
Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. As at July 31, 2018, interest rate risks on cash and on the Company's obligations are not considered significant.

b) Price risk
The Company has no contractual commodity price risk. The Company's ability to continue with its exploration program is also indirectly subject to commodity prices. Commodity price risk is significant to the Company. Much of this is out of the control of management and will be dealt with based on circumstances at any given time.

Commitments

On December 1, 2016, the Company entered into an office rental and services agreement with Bullrun in which Bullrun agreed to provide office rental and administrative services to the Company, including but not limited to, accounting and compliance functions, assistance in connection with quarterly and annual filings, and services usually associated with the position of Corporate Secretary. The initial term of the agreement was for two years beginning December 2016. The term automatically renews for an additional two years unless otherwise terminated by either party with 60 days written notice. For the nine months ended July 31, 2018, the Company paid Bullrun $81,000 (2017 - $69,000) for services rendered.

Capital Resources

During the nine months ended July 31, 2018, the Company successfully closed a non-brokered private placement for aggregate gross proceeds of $336,000.

During the nine months ended July 31, 2017, the Company successfully closed non-brokered private placements for aggregate gross proceeds of $986,450.

Off Balance Sheet Arrangements

As at July 31, 2018 and October 31, 2017, the Company had no off-balance sheet arrangements.

Transactions with Related Parties

Transactions with related parties and key management personnel are as follows:

	Nature of Transactions	Three months ended July 31, 2018	Three months ended July 31, 2017	Nine months ended July 31, 2018	Nine months ended July 31, 2017
Key management personnel:					
CEO	Management	$ -	$ -	$ -	$ 4,167
CFO	Management	-	-	-	33,600
		$ -	$ -	$ -	$ 37,767

Proposed Transactions

Except for those disclosed herein, as at the date of this MD&A there are no proposed transactions that the board of directors, or senior management who believe that confirmation of the decision by the board is probable, has decided to proceed with.

Critical Accounting Estimates

The preparation of financial statements in conformity with IFRS requires estimates and assumptions that affect the amounts reported in financial statements.

Significant accounting judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements include, but are not limited to determination of functional currency of the Company and its wholly-owned subsidiaries; and the going concern assumption:

As at July 31, 2018, the Company has not yet achieved profitable operations, has an accumulated deficit of $40,344,009 (October 31, 2017 – $40,028,255), and has incurred losses since inception. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company’s ability to continue as a going concern. The continuing operations of the Company are dependent upon obtaining necessary financing to meet the Company’s commitments as they come due and to finance future exploration and development of potential business acquisitions, economically recoverable reserves, securing and maintaining title and beneficial interest in the properties and upon future profitable production. Failure to continue as a going concern would require that assets and liabilities be recorded at their liquidation values, which might differ significantly from their carrying values. The financial statements do not include adjustments that would be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

Outlook

Exploration Update and Objectives
The Company’s business model has been to research, evaluate, acquire properties, add value through exploration, and undertake business decisions to develop projects to production through joint venture or sale of assets.

Outstanding Share Data
As July 31, 2018 and the date of this MD&A, the Company has:

- 61,784,549 common shares issued and outstanding;
- 28,645,000 warrants outstanding; and
- 1,366,400 Agents’ warrants outstanding.

On December 22, 2016, the Company closed a non-brokered private placement for aggregate proceeds of $550,000. The Company issued 11,000,000 common shares at a price of $0.05 per common share. In connection with the private placement, the Company paid fees of $11,372 which were recorded as share issue costs.

On July 14, 2017, the Company closed a non-brokered private placement for aggregate gross proceeds of $436,450. The Company issued 8,729,000 common shares at a price of $0.05 per common share. In connection with the private placement, the Company paid a finder’s fee in respect of purchasers introduced to the Company, which consisted of an issuance of an additional 523,740 common shares with a fair value of $26,187 which was recorded as share issue costs. The Company also paid fees of $35,114 which were also recorded as share issue costs.

On May 11, 2018, the Company successfully closed a non-brokered private placement for aggregate gross proceeds of $336,000. The Company issued 5,600,000 units at $0.06 per unit. Each unit consists of one common share (a "Share") and one transferable common share purchase warrant (a “Warrant”). Each Warrant will entitle the holder to purchase one additional Share at a price of $0.12 per Share for a period of two years from the date of closing. In connection with the private placement, the Company paid a finder's fee in respect of purchasers introduced to the Company, which consisted of a cash payment of $20,160 which was recorded as share issue costs. The Company also paid fees of $6,677 which were also recorded as share issue costs.

On June 21, 2018, the Company cancelled 300,000 common shares. An amount of $188,857, the net carrying value of the shares at the time of cancellation, was recorded as a reduction of share capital and an increase in reserves.

Disclosure Controls and Procedures

Pursuant to Multilateral Instrument 52-511 (adopted by the British Columbia Securities Commission on November 23, 2007), the officers of the Company are no longer required to certify the effectiveness of disclosure controls and procedures used by the Company, as was required in previous filings under National Instrument 52-109. Accordingly, the new forms of certificate to be signed by the Company's Chief Executive Officer and Chief Financial Officer contain the following Note to Reader:

In contrast to the certificate required under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings (NI 52-109), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation. Additional information relating to the Company is on SEDAR at www.sedar.com.