ROCHESTER RESOURCES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE NINE MONTHS ENDED FEBRUARY 28, 2019

This discussion and analysis of financial position and results of operation is prepared as at April 29, 2019 and should be read in conjunction with the unaudited condensed consolidated interim financial statements and the accompanying notes for the nine months ended February 28, 2019 of Rochester Resources Ltd. ("Rochester" or the "Company"). The following disclosure and associated financial statements are presented in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included therein and in the following management discussion and analysis ("MD&A") are quoted in Canadian dollars.

Forward-Looking Statements

This MD&A contains certain statements that may constitute "forward-looking statements". Forward-looking statements include but are not limited to, statements regarding future anticipated exploration programs and the timing thereof, and business and financing plans. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward looking statements as a result of various factors, including, but not limited to, the Company's ability to identify one or more economic deposits on its properties, to produce minerals from its properties successfully or profitably, to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies.

Historical results of operations and trends that may be inferred from this MD&A may not necessarily indicate future results from operations. In particular, the current state of the securities markets for junior resource companies may render it difficult or impossible for the Company to raise the funds necessary to continue operations.

All of the Company's public disclosure filings, including its most recent management information circular, material change reports, press releases and other information, may be accessed via www.sedar.com and readers are urged to review these materials.

Company Overview and Going Concern

The Company is a junior natural resource company engaged in the exploration and development of the Mina Real Project located in Mexico. The Company holds 100% undivided interests in the Mina Real and San Francisco Properties. In addition the Company has an agreement to acquire a 70% interest in the Santa Fe Property.

The Company's Mina Real operations continue to be affected by low grades of mineralized material and operational challenges. During the nine months ended February 28, 2019 the Company recorded a net loss of $2,461,135 and, as at February 28, 2019, the Company had an accumulated deficit of $74,049,906 and a working capital deficit of $21,343,407. The Company has been unable to make all concession payments when due and, as at February 28, 2019, has unpaid concession payments of $2,000,718 (included in accounts payable and accrued liabilities). The Company's ability to continue as a going concern is dependent on the ability of the Company to improve its operations and generate positive operating cash flow on a consistent basis, the continued financial support of its directors, shareholders and creditors and from the sale of additional common shares or other equity or debt instruments. See "Financial Condition/Capital Resources".

The Company is a reporting issuer in British Columbia, Alberta and Saskatchewan and trades on the TSX Venture Exchange ("TSXV") under the symbol "RCT", the Frankfurt Stock Exchange Open Market under the trading Symbol "R5IA" and on the Pink OTC Markets under the symbol "RCTFF". The Company's head office is located at #1305 - 1090 West Georgia Street, Vancouver, British Columbia, V6E 3V7.

Property Update

The Company holds a 100% interest in Mina Real which holds a 100% interest in the Mina Real Property, a gold and silver property located in the state of Nayarit, Mexico, east of the state capital city of Tepic. Mina Real also owns 70% of Compania Minera Santa Fe S.A. de C.V. ("Compania Minera") which holds a 100% interest in the Santa Fe gold and silver property located immediately east of the Mina Real Property. Through Mina Real the Company has an agreement to acquire a 70% interest in one concession (the "Santa Fe Property") located near the Mina Real Property. Under the terms of the agreement the Company agreed to implement a program of exploration to determine if the Santa Fe Property can be economically exploited. In addition, if the exploration work is successful, the Company agreed to provide the necessary capital to construct a processing plant capable of processing a minimum of 200 tonnes per day. The Company has conducted limited exploration on the property and is unable to advance the development of the Santa Fe concessions until it resolves its liquidity problems and secures additional financing. The Company is required to pay an ongoing monthly fee of US $10,000 to the 30% concession owners of the Santa Fe Property.

On October 23, 2015 the Company filed, on SEDAR, a National Instrument 43-101 technical report on the Mina Real, Santa Fe and San Francisco Properties. The report is available for viewing at www.sedar.com. The following commentary on the properties is from this technical report.

The Mina Real Property consists of eight mining concessions and one mineral claim encompassing a total area of 21,367.42 hectares. The contiguous Santa Fe Property consists of one mining concession totaling 3,852.66 hectares. The San Francisco Property consists of twelve mining concessions encompassing 18,125.05 hectares.

The terrain on the properties is rugged and steep with deeply incised valleys. Elevations range from 800 to 1,600 meters above sea level. The climate is sub-tropical and characterized by a dry and a wet season.

At present there is no Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") or 43-101 compliant Resources or Reserves for the Mina Real Property, the Santa Fe Property or the San Francisco Property.

The Company has been processing mineralized material since 2007 when it commissioned a 200 tonne per day cyanidation plant.

The Company has conducted mining operations without defined mineral resources and the production decision was not based on a feasibility study of mineral reserves that has demonstrated technical or economic viability.

Impairment

The Mina Real operations continue to be affected by low grades of mineralized material, the difficulty in identification of sufficient working faces to provide consistent volumes of mineralized material and operational challenges resulting in low recoveries. The Company recorded impairment charges as follows:

Property, Plant and Equipment

During fiscal 2015 management assessed whether there were any indications of impairment of the Company's Mina Real operations in property, plant and equipment as required by IAS 36. In light of the continued large net loss from operations, negative cash flow from operations and the low trading value of the Company's common shares, management concluded there were indications of impairment. The Company applied a value in use method that took into account the Company's financial position and results of operations and operational issues among other factors in determining an estimated recoverable amount. This method indicated that an impairment provision of $4,000,000 was appropriate in fiscal 2015. Due to further declines from operations the Company recorded a further impairment charge of $5,875,572 in fiscal 2016 and $152,447 in fiscal 2017. In fiscal 2018 the Company recorded an impairment charge of $3,170,551 to reduce the carrying value, after consideration of the offsetting provision for site restoration, to $nil.

Exploration and Evaluation Assets

During fiscal 2016 the Company accessed whether an impairment was required with respect to the Santa Fe Property as required by IFRS 6. In making the assessment management considered the Company's financial situation and its inability to implement an exploration work program. As a result, during fiscal 2016 the Company recorded an impairment charge of $2,509,754 to reduce the carrying value of exploration and evaluation assets to $nil. All subsequent costs incurred were initially capitalized and then impaired to $nil, resulting in impairment charges of $310,243 in fiscal 2017, $236,198 in fiscal 2018 and $170,961 during the nine months ended February 28, 2019.

Operations

A mining study to establish the technical feasibility and economic viability of the Mina Real Property has not been completed nor does the project host a mineral resource. As a result there is increased uncertainty and risk of economic and technical failure.

Mill operating statistics for the three months ended February 28, 2019 ("Q3"), the three months ended November 30, 2018 ("Q2"), the three months ended August 31, 2018 ("Q1") the nine months (accumulated) ended February 28, 2019 (the "2019 Period) and the nine months (accumulated) ended February 28, 2018 (the "2018 Period") are provided in the table below:

RESULTS	Q3 (Dec 1/18 - Feb 28/19)	Q2 (Sep 1/18 - Nov 30/18)	Q1 (Jun 1/18 - Aug 31/18)	2019 Period (Jun 1/18 - Feb 28/19)	2018 Period (Jun 1/17 - Feb 28/18)
Tonnes Processed	9,176 tonnes	12,056 tonnes	13,607 tonnes	34,839 tonnes	34,117 tonnes
Gold Grade	1.91 g/t	2.26 g/t	2.48 g/t	2.25 g/t	2.83 g/t
Silver Grade	259.93 g/t	214.28 g/t	142.36 g/t	198.21 g/t	160.06 g/t
Gold Recovery	94.02 %	94.93 %	95.20 %	94.80 %	95.76 %
Silver Recovery	42.16 %	34.88 %	47.74 %	41.82 %	53.28 %
Gold Produced	531 ounces	832 ounces	1,035 ounces	2,398 ounces	2,974 ounces
Gold Sold	523 ounces	820 ounces	1,019 ounces	2,362 ounces	2,929.15 ounces
Silver Produced	32,409 ounces	28,974 ounces	29,730 ounces	91,113 ounces	93,550 ounces
Silver Sold	31,437 ounces	28,104 ounces	28,838 ounces	88,380 ounces	90,743.52 ounces
Gold Equivalent Produced	918 ounces	1,177 ounces	1,413 ounces	3,508 ounces	4,198 ounces
Developed Meters	427 meters	544 meters	632 meters	1,603 meters	1,689 meters
Samples Taken	3,640 samples	3,408 samples	3,513 samples	10,561 samples	12,551 samples
Diamond Drilling Meters	0 meters	0 meters	0 meters	0 meters	0 meters
Access Road Kilometers	0 kilometers	0 kilometers	0 kilometers	0 kilometers	0 kilometers

Q3 Compared to Q2

Production of gold during Q3 was 36.2% lower than production during Q2 (531 ounces compared to 832 ounces). Silver production during Q3 was 11.9% higher than Q2 (32,409 ounces compared to 28,974 ounces). The gold equivalent production in Q3 was 22% lower than Q2 (918 ounces compared to 1,177 ounces). Total tonnes processed in Q3 were 2,880 tonnes lower than the total tonnes processed in Q2 (9,176 tonnes as compared to 12,056 tonnes). In Q3 gold recoveries were slightly lower than Q2 (94.02% compared to 94.93%) and silver recoveries were modestly higher (42.16% compared to 34.88%).

The decreases in production for Q3 were a direct result of the combination of less tonnes processed and lower grades and recoveries of gold, although the silver grades and recoveries were higher in Q3 The higher silver grades are a result of the majority of material processed came from the higher grade Florida NW area.

2019 Period Compared to 2018 Period

During the 2019 period the Company produced 2,398 ounces of gold and 91,113 ounces of silver compared to 2,974 ounces of gold and 93,550 ounces of silver during the 2018 period. The gold equivalent produced during the 2019 period was 3,508 ounces as compared to 4,198 ounces during the 2018 period. The decreases in production were a result of lower grades and recoveries in gold and, although silver grades were higher during the 2019 period, silver recoveries were substantially lower in the 2019 period. Total tonnes processed in the 2019 period were 34,839 as compared to 34,117 in the 2018 period reflecting a wetter rainy season in the 2018 period that did not allow operations in the Macedo area during Q1 and unstable ground conditions in the Florida NW area during Q2 of the 2018 period.

Drifting

The allocation for drifting amongst areas during each of Q3, Q2, Q1, the 2019 period and the 2018 period is as follows:

Area	**Q3** (meters)	**%**	**Q2** (meters)	**%**	**Q1** (meters)	**%**	**2019 Period** (meters)	**%**	**2018 Period** (meters)	**%**
Tajos Cuates	17	4%	23	4%	7	0%	47	3%	0	0%
Florida NW	162	38%	0	0%	152	24%	314	19%	42	3%
Florida SE Project	0	0%	190	35%	141	23%	331	21%	914	54%
San Francisco Project	248	58%	331	61%	332	53%	911	57%	732	43%
TOTAL DRIFTING	**427**	**100%**	**544**	**100%**	**632**	**100%**	**1,603**	**100%**	**1,688**	**100%**

Distribution of the development during each of Q3, Q2, Q1, the 2019 period and the 2018 period, by activity, is as follows:

Type of Drifting	**Q3** (meters)	**%**	**Q2** (meters)	**%**	**Q1** (meters)	**%**	**2019 Period** (meters)	**%**	**2018 Period** (meters)	**%**
Exploration	172	40%	204	37%	113	18%	489	31%	296	18%
Stope Preparation	255	60%	340	63%	519	82%	1,114	69%	1,304	77%
Projects and Infrastructure	0	0%	0	0%	0	0%	0	0%	88	5%
TOTAL DRIFTING	**427**	**100%**	**544**	**100%**	**632**	**100%**	**1,603**	**100%**	**1,688**	**100%**

Exploration and Development Activities

The Company has ongoing exploration and development programs at the Mina Real Project to identify additional mineralized material to provide mill feed for operations. Due to the unstable ground conditions at Florida NW the exploration and development work is slow. The Company continues to work to advance development of working faces however its efforts are curtailed due to a lack of available capital equipment, particularly compressors and scoop trams. Poor operating results have resulted in diminished working capital to fund work programs. The Company remains in a precarious position as it has to identify better quality mineralized material but its ability to do so is hampered by a lack of capital.

Operations

Total production volume during Q3 from the various working faces was 10,143 wet tonnes (Q2 - 10,855 wet tonnes). Of this production 20% (Q2 - 35%) came from Florida NW, 23% (Q2 - 4%) from Tajos Cuates and the remaining 57% (Q2 - 61%) from the San Francisco Project.

Mill Area

The lack of available working capital continues to impede the Company’s ability to complete its capital works programs. Work on the 10´ x 10´ mill remains on standby and there is no time line for completion.

Selected Financial Data

The following selected financial information is derived from the unaudited condensed consolidated interim financial statements of the Company.

	Fiscal 2019			**Fiscal 2018**				**Fiscal 2017**
Three Month Period Ending	**Feb 28/19 $**	**Nov 30/18 $**	**Aug 31/18 $**	**May 31/18 $**	**Feb 28/18 $**	**Nov 30/17 $**	**Aug 31/17 $**	**May 31/17 $**
Operations:								
Revenues	1,468,279	1,852,401	2,168,312	2,312,690	2,172,788	2,007,023	2,151,602	1,461,926
Cost of sales	(1,646,299)	(2,204,829)	(2,141,215)	(1,960,415)	(1,659,910)	(1,769,115)	(1,881,477)	(1,991,896)
Depletion and amortization	Nil	Nil	(74,846)	(163,400)	(165,840)	(150,250)	(169,491)	(177,276)

	Fiscal 2019			Fiscal 2018				Fiscal 2017
Three Month Period Ending	**Feb 28/19 $**	**Nov 30/18 $**	**Aug 31/18 $**	**May 31/18 $**	**Feb 28/18 $**	**Nov 30/17 $**	**Aug 31/17 $**	**May 31/17 $**
Provision for site restoration	(20,212)	(19,529)	(20,008)	(28,252)	(17,833)	(23,462)	(24,203)	(17,409)
Income (expenses), excluding impairment	(593,231)	(309,542)	(749,455)	(406,365)	(207,682)	(577,581)	183,089	(954,070)
Impairment of exploration and evaluation assets	(38,306)	(65,654)	(67,001)	(27,161)	(89,914)	(54,684)	(64,439)	(63,537)
Adjustment to impairment of property, plant and equipment	Nil	Nil	Nil	(3,170,551)	Nil	Nil	Nil	(63,287)
Comprehensive income (loss)	(829,769)	(747,153)	(884,213)	(3,443,454)	31,609	(568,069)	195,081	(1,805,549)
Basic and diluted income (loss) per share	(0.04)	(0.04)	(0.04)	(0.16)	0.00	(0.03)	0.01	(0.09)
Statement of Financial Position:								
Working capital (deficit)	(21,343,407)	(20,506,658)	(19,601,021)	(18,843,236)	(18,864,278)	(18,878,222)	(18,536,623)	(18,852,537)
Total assets	2,344,698	2,740,460	3,234,361	3,421,720	6,984,802	6,726,366	7,037,519	6,912,446
Provision for site restoration	(901,984)	(908,964)	(1,066,710)	(1,014,530)	(1,259,487)	(1,385,126)	(1,365,221)	(1,413,879)

Results of Operations

Three Months Ended February 28, 2019 Compared to Three Months Ended November 30, 2018

During the three months ended February 28, 2019 ("Q3") the Company reported a loss of $829,769 compared to a loss of $747,153 for the three months ended November 30, 2018 ("Q2"), an increase in loss of $82,616. The fluctuation was primarily attributable to the recognition of a foreign exchange gain of $176,358 in Q2 compared to a foreign exchange loss of $230,261 in Q3 due to the fluctuation of the US dollar and Mexican peso exchange rates. The loss in foreign exchange was partially offset by the operating loss decreasing from $371,957 in Q2 to $198,232 in Q3. Direct operating cost of sales decreased from $1,873 per processed ounce in Q2 to $1,795 per processed ounce in Q3 due to poor silver recoveries and unexpected costs during Q2.

Nine Months Ended February 28, 2019 Compared to Nine Months Ended February 28, 2018

During the nine months ended February 28, 2019 (the "2019 period") the Company recorded a loss of $2,461,135 compared to a loss of $341,379 for the nine months ended February 28, 2018 (the "2018 period"), an increase in loss of $2,119,756. The fluctuation was primarily attributed to:

(i) the recognition of a foreign exchange loss of $374,867 in the 2019 period compared to a foreign exchange gain of $707,125 in 2018 period due to the fluctuation of the US dollar and Mexican peso exchange rates;

(ii) the increase in costs of sales from $5,310,502 in the 2018 period to $5,992,343 in the 2019 period and a decrease in revenue from $6,331,413 during the 2018 period to $5,488,992 during the 2019 period due to poor silver recoveries and unexpected costs during the 2019 period; and

(iii) decrease in depletion and amortization from $485,581 during the 2018 period to $74,846 during the 2019 period. The decrease is due to the recognition of impairment of property, plant and equipment during fiscal 2018.

Production

During the 2019 period the Company sold 3,446 equivalent ounces of gold and realized revenues of $1,593 per equivalent ounce as compared to the sale of 4,117 equivalent ounces of gold and realized revenues of $1,538 per equivalent ounce during the 2018 period.

The Company's cost of operations per equivalent ounce of gold sold during the 2019 period was $1,778 as compared to $1,424 during the 2018 period.

Direct operating cost of sales for the 2019 period and 2018 period comprise the following:

	2019 $	2018 $
Mine costs	1,917,855	1,822,626
Mill costs	1,784,989	1,472,680
Service department costs	2,289,499	2,015,196
	5,992,343	5,310,502

General and administrative expenses for the 2019 period and 2018 period are as follows:

	2019 $	2018 $
Accounting and administrative	40,850	42,000
Audit	33,960	49,711
Directors and officers compensation	141,132	188,465
Legal	11,353	9,221
Office	62,961	55,605
Professional fees	2,208	814
Regulatory fees	6,002	6,503
Salaries and benefits	172,645	180,016
Shareholder costs	2,210	82
Transfer agent fees	4,773	6,171
Travel	9,025	7,601
	487,119	546,189

General and administrative expenses of $487,119 were reported for the 2019 period, compared to $546,189 during the 2018 period a decrease of $59,070. The primary reason for the decrease was the $47,333 decrease in directors and officer compensation during the 2019 period. Effective December 1, 2018 certain officers and directors agreed to terminate accruing their compensation.

Exploration and Evaluation Assets

During the 2019 period the Company incurred additions, net of recoveries, of $170,961 (2018 - $209,307) on exploration and evaluation assets for the Santa Fe property, mainly for payments of ongoing monthly fees of US $10,000 to the 30% concession owners and annual mineral concession payments. The Company recorded an offsetting impairment charge of $170,961 (fiscal 2018 - $236,198) to reflect management's determination to fully impair the Santa Fe property.

Property, Plant and Equipment

	Mineral Properties $	Land $	Buildings $	Mill and Mine Equipment $	Total $
Cost:					
Balance, May 31, 2017	33,934,944	2,692,313	3,679,314	6,236,297	46,542,868
Additions	-	-	-	5,726	5,726
Changes due to revision	-	-	(162,080)	(198,097)	(360,177)
Balance, May 31, 2018	33,934,944	2,692,313	3,517,234	6,043,926	46,188,417
Additions	-	-	-	1,336	1,336
Balance, February 28, 2019	33,934,944	2,692,313	3,517,234	6,045,262	46,189,753

	Mineral Properties $	Land $	Buildings $	Mill and Mine Equipment $	Total $
Accumulated depletion, amortization and impairment:					
Balance, May 31, 2017	(33,934,944)	(2,692,313)	(1,343,636)	(3,383,462)	(41,354,355)
Depletion and amortization		-	(214,699)	(434,282)	(648,981)
Impairment		-	(1,426,748)	(1,743,803)	(3,170,551)
Balance, May 31, 2018	(33,934,944)	(2,692,313)	(2,985,083)	(5,561,547)	(45,173,887)
Depletion and amortization	-	-	(26,608)	(48,238)	(74,846)
Balance, February 28, 2019	(33,934,944)	(2,692,313)	(3,011,691)	(5,609,785)	(45,248,733)
Carrying value:					
Balance, May 31, 2018	-	-	532,151	482,379	1,014,530
Balance, February 28, 2019	-	-	505,543	435,477	941,020

Exploration, development and production activities conducted during the 2019 period are described in "Property Update" in this MD&A.

Financing / Advances

During the 2019 and 2018 periods the Company did not conduct any financings and is reliant on advances from its senior officers for working capital. During the 2019 period the Company received advances totalling $112,816 (2018 - $475,031) and repaid $nil (2018 - $32,204).

Financial Condition / Capital Resources

During the 2019 period the Company recorded a net loss of $2,461,135 and, as at February 28, 2019, the Company had an accumulated deficit of $74,049,906 and a working capital deficit of $21,343,407. The Company's Mina Real operations continue to be affected by low grades of mineralized material and operational challenges. Although the Company improved its results in fiscal 2018 it continues to have negative cash flows from operations and has been unable to make all concessions payments when due in the current and prior years for the Mina Real, San Francisco and Santa Fe properties. The Company's ongoing operations are dependent on extracting ore from the Mina Real and San Francisco properties and, therefore, on the Company's ability to preserve its interest in the underlying mineral property interests. In the immediate term, the Company's ability to continue as a going concern is dependent upon its ability to improve its operations to generate positive operating cash flow from the Mina Real and Santa Fe properties on a consistent basis, to raise additional capital to fund its ongoing business operations and exploration projects and repay indebtedness as they come due. Additional capital may be sought from existing shareholders and creditors and from the sale of additional common shares or other equity or debt instruments. There is no assurance such additional capital will be available to the Company on acceptable terms or at all. In the longer term the discovery of economically recoverable reserves, the achievement of profitable operations and the ability of the Company to obtain financing to support its ongoing exploration programs and mining operations. Whether the Company can generate positive cash flow on a consistent basis and, ultimately, achieve profitability is uncertain. These uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Proposed Transactions

The Company has no proposed transactions.

Changes in Accounting Policies

There are no changes in accounting policies other than the adoption of IFRS 9 - *Financial Instruments* ("IFRS 9").

Effective June 1, 2018, the Company adopted IFRS 9 using the modified retrospective approach. IFRS 9 did not impact the Company's classification and measurement of financial assets and liabilities. The standard did not have an impact on the carrying amounts of the Company's financial instruments at the transition date. IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value. The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments for principal and interest.

Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9.

A detailed summary of the Company's other significant accounting policies and accounting standards and interpretations issued but not yet effective, is included in Note 3 to the May 31, 2018 audited annual consolidated financial statements.

Related Party Disclosures

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Certain of these entities transacted with the Company during the reporting period.

(a) *Transactions with Key Management Personnel*

On March 14, 2018, Mr. Nick DeMare was appointed as the CEO of the Company replacing Mr. Eduardo Luna. Mr. Luna assumed Mr. DeMare's previous role as Chairman. During the 2019 and 2018 periods the following amounts were incurred with respect to Messrs. Luna and DeMare and the Company's Chief Financial Officer, Mr. Jose Manuel Silva:

	2019 **$**	**2018** **$**
Management fees - Mr. Luna	66,000	99,000
Professional fees - Mr. DeMare	24,360	27,360
Professional fees - Mr. Silva	17,772	17,105
	108,132	143,465

As at February 28, 2019, $1,098,661 (May 31, 2018 - $989,402) remained unpaid.

(b) *Transactions with Other Related Parties*

(i) During the 2019 and 2018 periods the following amounts were incurred with respect to the Company's non-executive directors (Messrs. Joseph Keane, Marc Cernovitch, Simon Tam and Michael Magrum) and the Company's Corporate Secretary (Mr. Harvey Lim):

	2019 **$**	**2018** **$**
Professional fees - Mr. Keane	6,000	9,000
Professional fees - Mr. Cernovitch	6,000	9,000
Professional fees - Mr. Tam	6,000	9,000
Professional fees - Mr. Magrum	6,000	9,000
Professional fees - Mr. Lim	9,000	9,000
	33,000	45,000

As at February 28, 2019, $371,250 (May 31, 2018 - $338,250) remained unpaid.

(ii) During the 2018 period the Company incurred a total of $40,850 (2018 - $42,000) to Chase Management Ltd. ("Chase"), a private corporation owned by Mr. DeMare, for accounting and administration services provided by Chase personnel, excluding Mr. DeMare's services. As at February 28, 2019 $53,940 (May 31, 2018 - $37,092) remained unpaid.

(c) The Company has received ongoing advances which bear interest at a rate of 9% per annum and have no fixed terms of repayment. During the 2019 period the Company recognized $84,090 (2018 - $83,626) of interest expense. As at February 28, 2019 $687,753 (May 31, 2018 - $599,803) of interest remained unpaid.

As at February 28, 2019, $1,249,421 of the principal was outstanding of which $903,045 is due to Mr. Luna and $346,376 is due to private corporations controlled or affiliated with Mr. DeMare.

(d) The Company has also received ongoing advances which bear interest at a rate of 12% per annum and have no fixed terms of repayment. During the 2019 period the Company received advances totaling $112,816 (2018 - $475,031). In addition the Company recognized $322,047 (2018 - $292,953) of interest expense. As at February 28, 2019 $ 1,804,654 (May 31, 2018 - $1,458,207) of interest remained unpaid.

As at February 28, 2019 a total of $3,692,216 of principal was outstanding of which a total of $3,679,858 are due to Mr. Luna ($3,321,746), Mr. Keane ($26,338) and private corporations controlled or affiliated with Mr. DeMare ($331,774).

(e) During fiscal 2013 the Company completed a secured debenture financing of $950,000 of which a total of $677,000 of the debentures were issued to Mr. Luna ($577,000), Mr. Magrum ($50,000) and Mr. Keane ($50,000). On December 31, 2014 the debentures matured and are considered to be due and payable, with interest accruing until repayment. The debenture holders have not demanded repayment of principal or accrued interest. During the 2019 period the Company repaid $13,899 (2018 - $4,814) and recorded $139,684 (2018 - $142,110) of interest expense. As at February 28, 2019, $1,116,406 (May 31, 2018 - $990,619) of interest remained unpaid.

(f) A total of $3,631,000 principal amounts are due to E-Energy Ventures Inc. (“E-Energy”) and United Coal Holdings Ltd. (“United Coal”) which are secured by the assets of the Company and interest is calculated at 9% per annum on the declining balance at the end of the month. During the 2019 period the Company recorded $244,421 (2018 - $244,421) of interest. As at February 28, 2019 principal totalling $3,631,000 (May 31, 2018 - $3,631,000) and interest payable of $2,072,154 (May 31, 2018 - $1,827,733) remained outstanding. Neither E-Energy nor United Coal has demanded payment of the amounts in arrears. The Company, E-Energy and United Coal are related by way of a common director, Mr. Simon Tam.

Risks and Uncertainties

The Company advises that it did not base its production decision on a feasibility study of mineral reserves, demonstrating economic and technical viability, and, as a result, there may be an increased uncertainty of achieving any particular level of recovery of minerals or the cost of such recovery, including increased risks associated with developing a commercially mineable deposit. Historically, projects which proceed without a feasibility study have a much higher risk of economic and technical failure.

The Company competes with other mining companies, some of which have greater financial resources and technical facilities, for the acquisition of mineral concessions, claims and other interests, as well as for the recruitment and retention of qualified employees.

The Company is in compliance in all material regulations applicable to its exploration activities. Existing and possible future environmental legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted. Before production can commence on any properties, the Company must obtain regulatory and environmental approvals. There is no assurance that such approvals can be obtained on a timely basis or at all. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations.

The Company’s activities are conducted in Mexico. Consequently, the Company is subject to certain risks, including currency fluctuations and possible political or economic instability which may result in the impairment or loss of mining title or other mineral rights, and mineral exploration and mining activities may be affected in varying degrees by political stability and governmental regulations relating to the mining industry.

Outstanding Share Data

The Company's authorized share capital is unlimited common shares without par value. As at April 29, 2019, there were 20,850,882 issued and outstanding common shares.