Suite 1108 – 1166 Alberni Street
Vancouver, British Columbia
CANADA V6E 3Z3
Ph: 604-398-5384 / Fx: 604-398-5387

October 28, 2015

Introduction

This Management Discussion & Analysis ("MD&A") for Indico Resources Ltd. (the "Company" or "Indico" or "we" or "us") for the three months ended August 31, 2015 has been prepared by management, in accordance with the requirements of National Instrument 51-102, as of October 28, 2015, and compares its financial results for the three months ended August 31, 2015 to the three months ended August 31, 2014. This MD&A provides a detailed analysis of the business of Indico and should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the three months ended August 31, 2015 and the audited consolidated financial statements for the year ended May 31, 2015. The Company reports its financial position, results of operations and cash-flows in accordance with International Financial Reporting Standards. The Company is presently a "Venture Issuer" as defined in NI 51-102.

Caution Regarding Forward Looking Statements

This MD&A contains forward-looking statements and forward-looking information (collectively, "forward-looking statements") within the meaning of applicable Canadian and US securities legislation. These statements relate to future events or the future activities or performance of the Company. All statements, other than statements of historical fact are forward-looking statements. Information concerning mineral resource estimates also may be deemed to be forward-looking statements in that it reflects a prediction of the mineralization that would be encountered if a mineral deposit were developed and mined. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate, plans and similar expressions, or which by their nature refer to future events. These forward looking statements include, but are not limited to, statements concerning:

- the Company's strategies and objectives, both generally and in respect of its specific mineral properties or exploration and evaluation assets;
- the timing of decisions regarding the timing and costs of exploration programs with respect to, and the issuance of the necessary permits and authorizations required for, the Company's exploration programs;
- the Company's estimates of the quality and quantity of the mineralization at its mineral properties;
- the timing and cost of planned exploration programs of the Company and the timing of the receipt of results therefrom;
- the Company's future cash requirements;
- general business and economic conditions;
- the Company's ability to meet its financial obligations as they come due, and to be able to raise the necessary funds to continue operations; and

- the Company's expectation that it will be able to add additional mineral projects of merit to its assets.

Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Inherent in forward looking statements are risks and uncertainties beyond the Company's ability to predict or control, including, but not limited to, risks related to the Company's inability to identify one or more economic deposits on its properties, variations in the nature, quality and quantity of any mineral deposits that may be located, variations in the market price of any mineral products the Company may produce or plan to produce, the Company's inability to obtain any necessary permits, consents or authorizations required for its activities, 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, and other risks identified herein under "Risk Factors".

The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results are likely to differ, and may differ materially, from those expressed or implied by forward looking statements contained in this MD&A. Such statements are based on a number of assumptions which may prove incorrect, including, but not limited to, assumptions about:

- general business and economic conditions;
- the timing of the receipt of regulatory and governmental approvals, permits and authorizations necessary to implement and carry on the Company's planned exploration programs;
- conditions in the financial markets generally;
- the Company's ability to secure the necessary consulting, drilling and related services and supplies on favourable terms;
- the Company's ability to attract and retain key staff;
- the accuracy of the Company's resource estimates (including with respect to size and grade) and the geological, operational and price assumptions on which these are based;
- the nature and location of the Company's mineral exploration projects, and the timing of the ability to commence and complete the planned exploration programs;
- the anticipated terms of the consents, permits and authorizations necessary to carry out the planned exploration programs and the Company's ability to comply with such terms on a cost-effective basis;
- the ongoing relations of the Company with its regulators; and
- that the metallurgy and recovery characteristics of samples from certain of the Company's mineral properties are reflective of the deposit as a whole.

These forward looking statements are made as of the date hereof and the Company does not intend and does not assume any obligation, to update these forward looking statements, except as required by applicable law. For the reasons set forth above, investors should not attribute undue certainty to or place undue reliance on forward-looking statements.

Historical results of operations and trends that may be inferred from the following discussion and analysis may not necessarily indicate future results from operations. In particular, the current state of the global securities markets may cause significant reductions in the price of the Company's securities and render it difficult or impossible for the Company to raise the funds necessary to continue operations. See "Risk Factors – Insufficient Financial Resources/Share Price Volatility".

Current Business Activities

General

Indico Resources Ltd. is a resource exploration company focused in the discovery and exploration of porphyry copper-gold deposits in South America. The Irmin (formerly named "Ocaña") Porphyry Copper-Gold Project (the "Irmin Project") is the Company's primary exploration project and is currently the main focus of exploration activities. In addition, the Company has reviewed multiple additional porphyry exploration projects and is in negotiation to acquire interests in additional porphyry exploration projects.

Highlights of activities during the period and to the date of this MD&A include:

- On June 16, 2015 the Company and Aruntani agreed to a name change for the Ocaña project to the "Acana project", which was subsequently changed to the "Irmin Project".

- On July 23, 2015, the Company closed a non-brokered private placement and raised gross proceeds of $3,000,000 through the issuance of 40,000,000 units at a price of $0.075 per share. Each unit consists of one common share and one-half of one common share purchase warrant. Each full share purchase warrant entitles the holder to purchase one common share at an exercise price of $0.10 until July 23, 2017. In connection with the financing, the Company paid an additional $40,147 in share issuance costs during the period ended August 31, 2015.

- On July 23, 2015, the Company appointed Mr. Luis Alva to the Board of Directors of the Company.

- On August 6, 2015, the Company appointed Mr. Markus J. Willi to the Board of Directors of the Company.

- As well, on August 6, 2015, the Company granted 6,440,000 incentive stock options to its directors, officers and consultants to purchase up to an aggregate of 6,440,000 common shares of the Company at a price of $$0.10 per share, exercisable until August 6, 2020.

- On September 10, 2015, the Company signed the final shareholders agreement with Aruntani with respect to the development of the Irmin Project. Immediate plans will include additional drilling to expand the leachable copper resources and conduct metallurgical testing to complete a PEA on the leachable copper project and form a new company to be named IRMIN S.A.C. for the purpose of the project development. The new company IRMIN S.A.C. will be administered by a board of 5 including 4 Aruntani nominees and 1 Indico nominee. The constitution of the board is a transitory position and is subject to review after 2 years. Supermajority votes are required for the sale and or transfer of shares of IRMIN S.A.C., increases or reductions in share ownership by way of increases or decreases in expenditures and any company reorganization, fusion or dissolution of IRMIN S.A.C. and authorization of any project debt. The companies also agreed on a name change for the project from Acana to Irmin.

- On September 24, 2015, 1,720,000 stock options exercisable at a price of $0.10 per stock option expired unexercised.

Irmin Copper Gold Porphyry Project (formerly Ocaña)

General

The Mineral Claims cover 122.55 km^2 and are located on the northwest extension of the Southern Peru Porphyry Copper Belt (Figure 1); a trend defined in parts by the Toquepala, Quellaveco, Cuajone, and Cerro Verde Mines to the southeast. Recent exploration of the belt has resulted in discovery of the Zafranal copper porphyry deposit, located approximately 75 kilometres to the southeast of the Irmin Project.

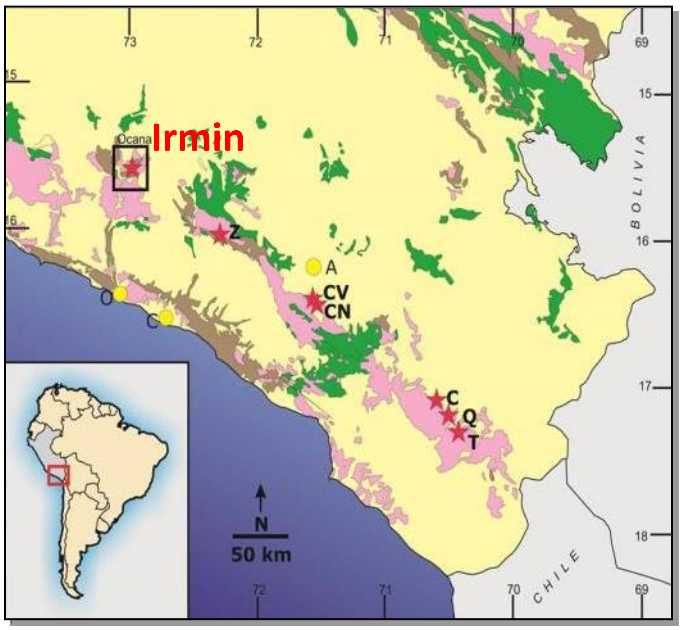

Figure 1: Irmin location within southern Peru.

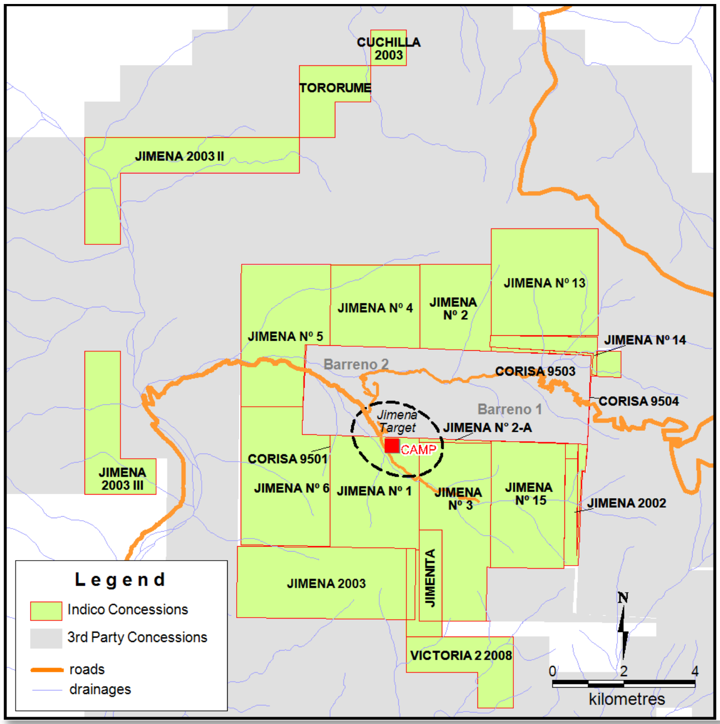

Figure 1: Indico's concessions – Irmin Project.

Property Agreement

On September 14, 2010, the Company entered into an agreement (the "Option Agreement") wherein the Company, through a newly incorporated Peruvian subsidiary, Indico Peru, had been granted the exclusive option to acquire a 100% interest in the Ocaña Copper Gold Porphyry Project (subsequently named Irmin on September 8, 2015) in south-central Peru, by way of an option to acquire 100% of the issued and outstanding shares of Inversiones Minerales S.A.C. ("Inversiones"), which holds an indirect 100% interest in the Ocaña property. Under the terms of the Option Agreement, the Company is to make, at its option, payments of cash and shares over a five-year period ending April 20, 2015. The consideration due pursuant to the agreement is as follows:

(i) Payment of US$17,750,000 over a five-year period as follows:

- US$387,273 on or before November 29, 2010 (Paid);
- US$322,727 on or before April 20, 2011 (Paid);
- US$451,818 on or before April 20, 2012 (Paid);
- US$516,364 on or before April 20, 2013 (Paid);
- US$580,909 on or before April 20, 2014 (Paid); and
- US$15,490,909 on or before April 20, 2015 (amended and extended for five years)

(ii) Issuance of 8,500,000 common shares of the Company over a five-year period as follows:

- 200,000 on or before April 20, 2011 (Issued);
- 300,000 on or before April 20, 2012 (Issued);
- 500,000 on or before April 20, 2013; (Issued)
- 1,000,000 on or before April 20, 2014 (Issued); and
- 6,500,000 on or before April 20, 2015 (Issued in April 2015).

In addition, the consortium that holds the underlying mineral rights at Ocaña will receive a 1% net smelter return royalty ("NSR") on commercial production at the Ocaña Project.

In October 2014, the parties agreed to amend the final payment of US$15.5 million due in April 2015. Under the terms of the amended payment schedule, the Company will pay:

- US$1,500,000 on April 20, 2015 (Paid in May 2015);
- US$2,000,000 on April 20, 2016;
- US$2,000,000 on April 20, 2017;
- US$2,000,000 on April 20, 2018, and
- US$7,990,909 on April 20, 2019.

As part of the amending agreement, Inversiones is to commence construction of the project on or before June 30, 2016 and commence production on or before June 30, 2018. Should Inversiones not start construction of the project by June 30, 2016 it be required to pay a $50,000 penalty and if it fails to commence production on or before June 30, 2018 it will be required to make advance royalty payments on a yearly basis of $300,000 payable from June 30, 2018 onwards. The advanced royalty payments can be discounted from future royalty payments at a rate of 20% per year.

On September 8, 2015 Inversiones entered into an agreement with Aruntani whereby the companies agreed to develop a mining project on the Ocaña properties through the incorporation of Compañia Minera Irmin SAC ("Irmin") a Peruvian corporation. Interest on this entity will be held 70% by Aruntani and 30% by Inversiones. Aruntani will fund Irmin US$18,700,000 representing its 70% investment while Inversiones will transfer its option to acquire the Ocaña properties. To date, Inversiones has spent approximately US$8,000,000 which will represent its 30% investment.

The $18,700,000 funded by Aruntani will be used to pay the remaining option payments Inversiones is required to make to the Property's optionors, which amount to approximately US$7 million on scheduled payments over the next four years, acquire the land surface of the property, perform mineral reserves evaluation, perform and modify environmental studies, prepare a pre-feasibility study, perform drilling, and commence the project construction program.

Once both entities have contributed their respective investments, any further funding must be contributed according to the entities' interest percentage. Under the agreement, Aruntani will have four out of five of Irmin directors and will be responsible for managing the project. However, in order to enter into an agreement to sell the properties, enter into debt or modify Irmin's capital structure, 100% shareholder approval will be required. The companies also agreed on a name change for the project from Ocaña to Acana in June 2015 and then subsequently to Irmin in September 2015.

Exploration Activities

During the period ended August 31, 2015 and to the date of this MD&A, the road construction under the supervision and management of Aruntani of approximately 28 kilometers has advanced significantly and is 90% complete and will allow year round access to the site on a road with adequate grades and widths to be used for most vehicles including trucks which will allow for passage of drilling equipment and in the future earth moving and construction equipment.

A dedicated metallurgical laboratory is to be relocated from another Aruntani site to be used for ongoing metallurgical testwork now and through to production. The advantages of site metallurgical testwork are the use of local water, conducting testwork in the sites unique ambient temperature ranges and altitude and general climatic conditions to give a much better assessment of the copper recoveries in the leachable ore types.

Supergene Resource Estimation

In July, 2014 (NR-08) Indico announced the maiden independent resource estimate for the supergene portion of the Irmin porphyry deposit. Table 1 lists the estimated resources following Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") classification definitions at the cut-off grade of 0.1% recoverable (acid and cyanide soluble) copper. The recoverable copper cut-off, using sequential copper leach analysis, is used because it reflects a more conservative estimate of economically extractable material.

Table 1: Ocaña Supergene Resources at 0.1% Recoverable Copper Cut-off

Classification	Millions of Tonnes	Total Cu %
Indicated	13.7	0.46
Inferred	36.1	0.34

Highlights of the mineral resource estimate are:

- Indicated mineral resource of 139 million pounds (63,000 tonnes) of total copper grading 0.46% Cu
- Inferred mineral resource 270 million pounds (122,000 tonnes) of total copper grading 0.34% Cu
- Supergene mineralization remains open to the south and east, with significant potential to increase resources

Table 2 below summarizes the resource estimate in over a range of recoverable copper (Rec Cu%) cut-off grades.

Table 2: Grade and Tonnages of Indicated1 and Inferred2 Resources.

Indicated			Inferred	
Rec Cu% Cut-off	**Cumulative Tonnes (millions)**	**Tot Cu %**	**Cumulative Tonnes (millions)**	**Tot Cu %**
0.10	13.7	0.46	36.1	0.34
0.20	12.7	0.47	30.0	0.39
0.30	8.2	0.52	17.1	0.44
0.40	4.2	0.61	7.1	0.52

[1]*An Indicated Mineral Resource is that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.*

[2]*An Inferred Mineral Resource is that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited*

sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. Due to the uncertainty that may be attached to Inferred Mineral Resources, it cannot be assumed that all or any part of an Inferred Mineral Resource will be upgraded to an Indicated or Measured Mineral Resource as a result of continued exploration. Confidence in the estimate is insufficient to allow the meaningful application of technical and economic parameters or to enable an evaluation of economic viability worthy of public disclosure.

Recoverable copper cut-off grades are based on sequential copper leach tests on sample pulps by Acme Laboratories in Santiago, Chile. Based on average soluble copper recoveries of 77%, together with sulphuric acid consumption tests that indicate low acid consumption, we believe the supergene mineralization should be amenable to low-cost, SX/EW heap-leach processing. Metallurgical samples have been dispatched to SGS Laboratories in Arizona, where they will undergo column leach testing under the direction of veteran metallurgist Joseph Keane.

The resource estimate was completed by Marek Mroczek, P.Geo. of Mining Plus Canada Consultants Ltd. ("Mining Plus"), an Independent Qualified Person as defined by National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101") in accordance with CIM Standards on Mineral Resources and Mineral Reserves. Estimation methods are summarized below and additional details of the estimation methods and procedures is available as a NI 43-101 technical report co-authored by Mining Plus and filed on SEDAR (www.sedar.com) in August.

The resources estimate is based on results from 9,928 metres of drilling in 57 diamond drill holes. Quality control data generated during the various drill programs conducted at Indico Resources were independently verified by Mining Plus as part of the project review. The resource model consists of a detailed three dimensional deposit model interpreted for cut off 0.1% recoverable copper, different mineralogical zones and lithology. The interpreted three dimensional deposit model was used to estimate total copper and recoverable copper grades. The recoverable copper grade is based on sequential leaching lab analyses and consists of sum cyanide leachable copper and acid soluble copper. All recoverable copper values exceeding total copper were capped to the total copper values. The block model grades were estimated by ordinary kriging in cells measuring 15 x 10 x 6 metres. In total 1,278 assays for total copper and recoverable copper were composited to 872 composites of 2 metre length. The basic statistics analyses showed that capping of high assay values was not necessary.

Moving Forward

Prior to commencing the Preliminary Economic Assessment (PEA) report, Indico intends to try to increase the resource estimate with 3000 metres of further drilling. Two targets of interest for on-going drilling are 1) the eastern extension of the shallow, flat-lying supergene blanket that is part copper oxide and part copper sulphide (chalcocite), and is amenable to low-cost, acid heap-leaching, based on sequential copper leach tests on core samples; and 2) higher-grade portions of the hypogene copper-gold-molybdenum mineralization within the central and eastern portions of the breccia that underlies most of the mineralized area.

Two of the strongest intersections from Phase 3 drilling occur at the eastern end of the southern ridge: hole OCA13-28 with 36.2m of 0.68% total copper, and hole OCA13-27 with 92.9m of 0.34% copper, including 31.5m of 0.69% copper (Figures 3 & 4). The latter intercept is at the edge of the drilling and open to the east under the area where the four deep hypogene holes are still planned (Figure 3). If the deep holes targeting the eastern hypogene extents are successful, additional short infill holes are planned that may significantly extend the supergene mineralization to the east. The results from hole OCA13-27 suggest that this area has good potential for increasing both tonnage and grade of the supergene mineralization, potentially significantly increasing the current resource estimate.

While the expansion of the hypogene mineralization will not affect the PEA, it will have implications in any future discussions with the owners of the adjacent property.

Recoverable copper cut-off grades are based on sequential copper leach tests on sample pulps by Acme Laboratories in Santiago, Chile. Based on average soluble copper recoveries of 77%, together with sulphuric acid consumption tests that indicate low acid consumption, we believe the supergene mineralization should be amenable to low-cost, SX/EW heap-leach processing. Metallurgical samples (750 kg) are now at SGS Laboratories in Arizona, awaiting column leach testing under the direction of veteran metallurgist Joseph Keane. Results from these tests will be used in the PEA.

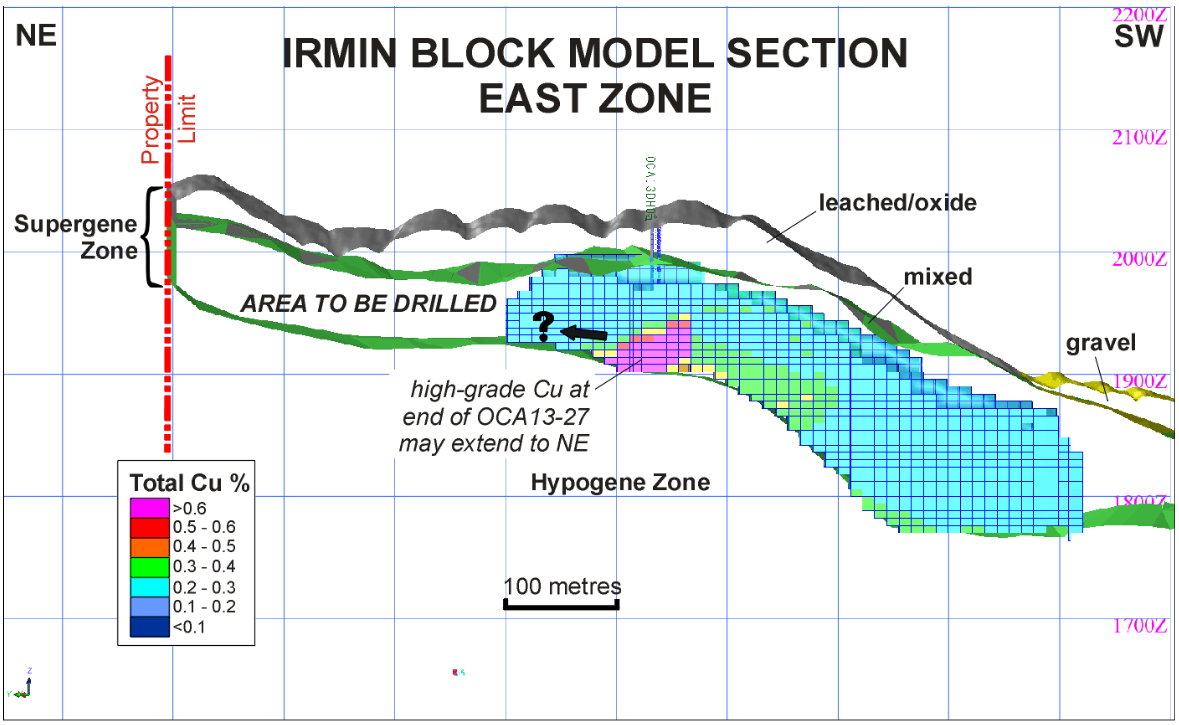

Figure 2: Cross section across the eastern area showing high grade zone at the end of hole OCA13-27, open for expansion to the northeast.

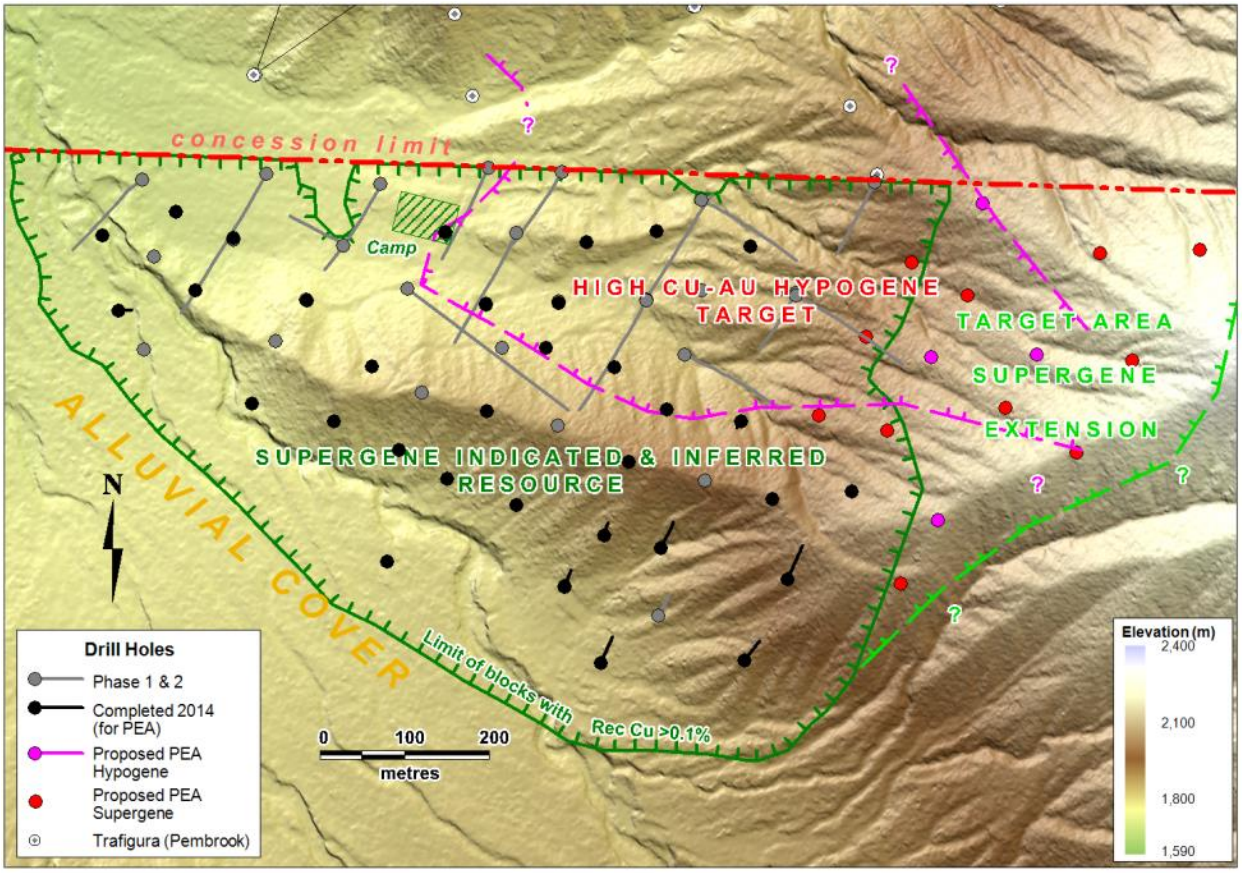

Figure 3. Map showing area where both high-grade hypogene and supergene extensions are to be drilled before beginning the PEA.

Qualified Person

John Drobe, P.Geo., Indico's Chief Operating Officer, a qualified person as defined by NI 43-101, has reviewed the scientific and technical information that forms the basis for all public disclosures. Mr. Drobe is not independent of the Company as he is an officer.

Risk Factors

The Company is in the business of acquiring, exploring and, if warranted, developing and exploiting natural resource properties. Due to the nature of the Company's proposed business and the present stage of exploration of its resource properties, the following risk factors, among others, will apply:

Resource Industry is Intensely Competitive: The Company's business is the acquisition, exploration and development of resource properties. The resource industry is intensely competitive and the Company will compete with other companies that have far greater resources.

Resource Exploration and Development is Generally a Speculative Business: Resource exploration and development is a speculative business and involves a high degree of risk, including, among other things, unprofitable efforts resulting not only from the failure to discover resource deposits but from finding resource deposits which, though present, are insufficient in size to return a profit from production. The marketability of natural resources that may be acquired or discovered by the Company will be affected by numerous factors beyond the control of the Company. These factors include market fluctuations, the proximity and capacity of natural resource markets, government regulations, including regulations relating to prices, taxes, royalties, land use, importing and exporting of resources and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

Fluctuation of Prices: Even if commercial quantities of resource deposits are discovered by the Company, there is no guarantee that a profitable market will exist for the sale of the product produced. Factors beyond the control of the Company may affect the marketability of any substances discovered. Commodity prices have experienced significant movement over short periods of time, and are affected by numerous factors beyond the control of the Company, including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production due to improved exploration and production methods. The supply of commodities is affected by various factors, including political events, economic conditions and production costs in major producing regions. There can be no assurance that the price of any commodities will be such that any of the properties in which the Company has, or has the right to acquire, an interest may be mined at a profit.

Permits and Licenses: The operations of the Company will require consents, approvals, licenses and/or permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary consents, approvals, licenses and permits that may be required to carry out exploration, development and production operations at its projects.

Acquisition of Mineral Claims under Agreements: The agreements pursuant to which the Company has the right to acquire or maintain interests in a number of its properties provide that the Company must make a series of cash payments and/or share issuances over certain time periods, expend certain minimum amounts on the exploration of the properties or contribute its share of ongoing expenditures. Failure by the Company to make such payments, issue such shares or make such expenditures in a timely fashion may result in the Company losing its interest in such properties. There can be no assurance that the Company will have, or be able to obtain, the necessary financial resources to be able to maintain all of its property agreements in good standing, or to be able to comply with all of its obligations thereunder, with the result that the Company could forfeit its interest in one or more of its mineral properties.

No Assurance of Profitability: The Company has no history of earnings and due to the nature of its business there can be no assurance that the Company will ever be profitable. The Company has not paid dividends on its shares since incorporation and does not anticipate doing so in the foreseeable future. The only present source of funds available to the Company is from the sale of its common shares or, possibly, from the sale or optioning of a portion of its interest in its resource properties. Even if the results of exploration are encouraging, the Company may not have sufficient funds to conduct the further exploration that may be necessary to determine whether or not a commercial deposit exists. While the Company may generate additional working capital through further equity offerings or through the sale or possible syndication of its properties, there can be no assurance that any such funds will be available on favourable terms, or at all. At present, it is impossible to determine what amounts of additional funds, if any, may be required. Failure to raise such additional capital could put the continued viability of the Company at risk.

Uninsured or Uninsurable Risks: The Company may become subject to liability for pollution or hazards against which it cannot insure or against which it may elect not to insure where premium costs are disproportionate to the Company's perception of the relevant risks. The payment of such insurance premiums and of such liabilities would reduce the funds available for exploration and production activities.

Government Regulation: Any exploration, development or production operations carried on by the Company will be subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, resource taxes and labour standards. In addition, the profitability of any commodity is affected by the market for those commodities which is influenced by many factors including changing production costs, the supply and demand, and the rate of inflation, the inventory of commodity producing corporations, the political environment and changes in international investment patterns.

Recent market events and conditions: Since 2008, the U.S. credit markets have experienced serious disruption due to a deterioration in residential property values, defaults and delinquencies in the residential mortgage market (particularly, sub-prime and non-prime mortgages) and a decline in the credit quality of mortgage backed securities. These problems have led to a slow-down in residential housing market transactions, declining housing prices, delinquencies in non-mortgage consumer credit and a general decline in consumer confidence. These conditions caused a loss of confidence in the broader U.S. and global credit and financial markets and resulting in the collapse of, and government intervention in, major banks, financial institutions and insurers and creating a climate of greater volatility, less liquidity, widening of credit spreads, a lack of price transparency, increased credit losses and tighter credit conditions. Notwithstanding various actions by the U.S. and foreign governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions caused the broader credit markets to further deteriorate and stock markets to decline substantially. In addition, general economic indicators have deteriorated, including declining consumer sentiment, increased unemployment and declining economic growth and uncertainty about corporate earnings.

While these conditions appear to have improved slightly over the last two years, unprecedented disruptions in the credit and financial markets have had a significant material adverse impact on a number of financial institutions and have limited access to capital and credit for many companies. These disruptions could, among other things, make it more difficult for the Company to obtain, or increase its cost of obtaining, capital and financing for its operations. The Company's access to additional capital may not be available on terms acceptable to it or at all.

General economic conditions: The recent unprecedented events in global financial markets have had a profound impact on the global economy. Many industries, including the gold and base metal mining industry, are impacted by these market conditions. Some of the key impacts of the current financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets, and a lack of market liquidity. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates, and tax rates may adversely affect the Company's growth and profitability. Specifically:

- The global credit/liquidity crisis could impact the cost and availability of financing and the Company's overall liquidity
- the volatility of gold and other base metal prices may impact the Company's future revenues, profits and cash flow
- volatile energy prices, commodity and consumables prices and currency exchange rates impact potential production costs
- the devaluation and volatility of global stock markets impacts the valuation of the Company's common shares, which may impact the Company's ability to raise funds through the issuance of equity securities

These factors could have a material adverse effect on the Company's financial condition and results of operations.

Exploration and Mining Risks: Fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the operation of mines and the conduct of exploration programs. Substantial expenditures are required to establish reserves through drilling, to develop metallurgical processes, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. The economics of developing mineral properties is affected by many factors including the cost of operations, variations of the grade of ore mined, fluctuations in the price of gold or other minerals produced, costs of processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. In addition, the grade of mineralization ultimately mined may differ from that indicated by drilling results and such differences could be material. Short term factors, such as the need for orderly development of ore bodies or the processing of new or different grades, may have an adverse effect on mining operations and on the results of operations. There can be no assurance that minerals recovered in small scale laboratory tests will be duplicated in large scale tests under on-site conditions or in production scale operations. Material changes in geological resources, grades, stripping ratios or recovery rates may affect the economic viability of projects.

Environmental Matters: Existing and possible future environmental legislation, regulations and actions could cause significant expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted and which may well be beyond the capacity of the Company to fund. The Company's right to exploit any resource property is and will continue to be subject to various reporting requirements and to obtaining certain government approvals and there can be no assurance that such approvals, including environment approvals, will be obtained without inordinate delay or at all.

Insufficient Financial Resources: The Company does not presently have sufficient financial resources to undertake by itself the exploration and development of all of any significant exploration and development programs. The development of the Company's properties will therefore depend upon the Company's ability to obtain financing through the joint venturing of projects, private placement financing, public financing or other means. There can be no assurance that the Company will be successful in obtaining the required financing. Failure to raise the required funds could result in the Company losing, or being required to dispose of, its interest in its properties. In particular, failure by the Company to raise the funding necessary to maintain in good standing the various option agreements it has entered into could result in the loss of the rights of the Company to such properties.

Financing 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 or to fulfill its obligations under any applicable agreements. There can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects with the possible loss of such properties.

Dilution to the Company's existing shareholders: The Company will require additional equity financing be raised in the future. The Company may issue securities on less than favourable terms to raise sufficient capital to fund its business plan. Any transaction involving the issuance of equity securities or securities convertible into common shares would result in dilution, possibly substantial, to present and prospective holders of common shares.

Increased costs: Management anticipates that costs at the Company's projects will frequently be subject to variation from one year to the next due to a number of factors, such as the results of ongoing exploration activities (positive or negative), changes in the nature of mineralization encountered, and revisions to exploration programs, if any, in response to the foregoing. In addition, exploration program costs are affected by the price of commodities such as fuel, rubber and electricity and the availability (or otherwise) of consultants and drilling contractors. Increases in the prices of such commodities or a scarcity of consultants or drilling contractors could render the costs of exploration programs to increase significantly over those budgeted. A material increase in costs for any significant exploration programs could have a significant effect on the Company's operating funds and ability to continue its planned exploration programs.

Dependence Upon Others and Key Personnel: The success of the Company's operations will depend upon numerous factors, many of which are beyond the Company's control, including (i) the ability to design and carry out appropriate exploration programs on its resource properties; (ii) the ability to produce resources from any resource deposits that may be located; (iii) the ability to attract and retain additional key personnel in exploration, marketing, mine development and finance; and (iv) the ability and the operating resources to develop and maintain the properties held by the Company. These and other factors will require the use of outside suppliers as well as the talents and efforts of the Company and its consultants and employees. There can be no assurance of success with any or all of these factors on which the Company's operations will depend, or that the Company will be successful in finding and retaining the necessary employees, personnel and/or consultants in order to be able to successfully carry out such activities. This is especially true as the competition for qualified geological, technical personnel and consultants is particularly intense in the current marketplace.

Price Fluctuations and Share Price Volatility: In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered exploration stage companies, have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual and extreme fluctuations in price will not occur.

Surface Rights and Access: Although the Company acquires the rights to some or all of the resources in the ground subject to the tenures that it acquires, or has a right to acquire, in most cases it does not thereby acquire any rights to, or ownership of, the surface to the areas covered by its resource tenures. In such cases, applicable laws usually provide for rights of access to the surface for the purpose of carrying on exploration activities, however, the enforcement of such rights can be costly and time consuming. In areas where there are no existing surface rights holders, this does not usually cause a problem, as there are no impediments to surface access. However, in areas where there are local populations or land owners, it is necessary, as a practical matter, to negotiate surface access. There can be no guarantee that, despite having the right at law to access the surface and carry on exploration activities, the Company will be able to negotiate a satisfactory agreement with any such existing landowners/occupiers for such access, and therefore it may be unable to carry out exploration activities. In addition, in circumstances where such access is denied, or no agreement can be reached, the Company may need to rely on the assistance of local officials or the courts in such jurisdiction

Title: Although the Company has taken steps to verify the title to the resource properties in which it has or has a right to acquire an interest in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee title (whether of the Company or of any underlying vendor(s) from whom the Company may be acquiring its interest). Title to resource properties may be subject to unregistered prior agreements or transfers, and may also be affected by undetected defects or the rights of indigenous peoples.

The Company may be a "passive foreign investment company" under the U.S. Internal Revenue Code, which may result in material adverse U.S. federal income tax consequences to investors in Common Shares that are U.S. taxpayers: Investors in the Company's common shares that are U.S. taxpayers should be aware that the Company expects it will be in the current year, a "passive foreign investment company" under Section 1297(a) of the U.S. Internal Revenue Code (a "PFIC"). If the Company is or becomes a PFIC, generally any gain recognized on the sale of its common shares and any "excess distributions" (as specifically defined) paid on its common shares must be rateably allocated to each day in a U.S. taxpayer's holding period for the common shares. The amount of any such gain or excess distribution allocated to prior years of such U.S. taxpayer's holding period for the common shares generally will be subject to U.S. federal income tax at the highest tax applicable to ordinary income in each such prior year, and the U.S. taxpayer may be required to pay interest on the resulting tax liability for each such prior year, calculated as if such tax liability had been due in each such prior year.

Alternatively, a U.S. taxpayer that makes a "qualified electing fund" (a "QEF") election with respect to the Company generally will be subject to U.S. federal income tax on such U.S. taxpayer's pro rata share of the Company's "net capital gain" and "ordinary earnings" (as specifically defined and calculated under U.S. federal income tax rules), regardless of whether such amounts are actually distributed by the Company. U.S. taxpayers should be aware, however, that there can be no assurance that the Company will satisfy record keeping requirements under the QEF rules or that the Company will supply U.S. taxpayers with required information under the QEF rules, in event that the Company is a PFIC and a U.S. taxpayer wishes to make a QEF election. As a second alternative, a U.S. taxpayer may make a "mark-to-market election" if the Company is a PFIC and its common shares are "marketable stock" (as specifically defined). A U.S. taxpayer that makes a mark-to-market election generally will include in gross income, for each taxable year in which the Company is a PFIC, an amount equal to the excess, if any, of (a) the fair market value of the common shares as of the close of such taxable year over (b) such U.S. taxpayer's adjusted tax basis in the common shares.

The above paragraphs contain only a brief summary of certain U.S. federal income tax considerations. Investors should consult their own tax advisor regarding the PFIC rules and other U.S. federal income tax consequences of the acquisition, ownership, and disposition of common shares of the Company.

SELECTED FINANCIAL INFORMATION

SELECTED ANNUAL INFORMATION

The Company's unaudited condensed interim consolidated financial statements for the first quarter ended August 31, 2015 and 2014 (the "Interim Financial Statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements including International Accounting Standard ("IAS") 34 *"Interim Financial Reporting"*. The following selected financial information for the years ended May 31, 2015 and May 31, 2014 is taken from the Company's audited consolidated financial statements for the year ended May 31, 2015 (the "Financial Statements"). The information for the year ended May 31, 2013 is taken from the audited consolidated financial statements for the year ended May 31, 2014. This information should be read in conjunction with those statements. Selected annual financial information appears below.

	Years Ended May 31		
	2015	**2014**	**2013**
Statement of Operations			
Total revenues (interest)	$ -	$ 17	$ 3,529
Loss before other items	$ (2,665,002)	$ (3,284,525)	$ (4,208,138)
Net loss for the year	$ (2,741,140)	$ (3,312,541)	$ (4,189,215)
Weighted average common shares outstanding	101,159,653	80,148,789	48,072,163
Basic and diluted loss per common share	$ (0.03)	$ (0.04)	$ (0.09)
Statement of Financial Position			
Total assets	$ 4,874,246	$ 2,623,069	$ 2,111,053
Long term liabilities	$ -	$ -	$ -
Working capital (deficit)	$ (2,494,138)	$ (827,134)	$ (1,244,217)

QUARTERLY FINANCIAL INFORMATION

	Three Months Ended			
	August 31, 2015	**May 31, 2015**	**February 28, 2015**	**November 30, 2014**
Total revenues (interest)	$ -	$ -	$ -	$ -
Loss before other items	$ (864,456)	$ (1,198,874)	$ (349,445)	$ (352,297)
Write-off of exploration and evaluation assets	$ -	$ -	$ -	$ -
Net loss for the period	$ (927,050)	$ (1,194,341)	$ (406,016)	$ (377,367)
Basic and diluted loss per common share	$ (0.01)	$ (0.01)	$ (0.00)	$ (0.00)
Total assets	$ 4,821,335	$ 4,874,246	$ 2,856,172	$ 2,872,578
Working capital (deficit)	$ (2,963,294)	$ (2,494,138)	$ (2,495,762)	$ (2,094,368)

	Three Months Ended			
	August 31, 2014	**May 31, 2014**	**February 28, 2014**	**November 30, 2013**
Total revenues (interest)	$ -	$ -	$ 17	$ -
Loss before other items	$ (764,386)	$ (664,434)	$ (1,500,377)	$ (439,562)
Write-off of exploration and evaluation assets	$ -	$ -	$ -	$ -
Net loss for the period	$ (763,416)	$ (662,699)	$ (1,523,184)	$ (442,791)
Basic and diluted loss per common share	$ (0.01)	$ (0.01)	$ (0.02)	$ (0.01)
Total assets	$ 2,897,730	$ 2,623,069	$ 2,659,237	$ 2,115,485
Working capital (deficit)	$ (1,721,711)	$ (827,134)	$ 210,476	$ (853,450)

RESULTS OF OPERATIONS

Three months ended August 31, 2015 Compared to Three months ended August 31, 2014

For the three months ended August 31, 2015, the Company had a net loss of $927,050 as compared to a net loss of $763,416 in the comparative period of the prior year. The increase in net loss of $163,634 in the three month period of the current year was due to a combination of factors discussed below.

Exploration and evaluation expenditures of $117,223 incurred in the current period compared to $328,124 in the comparative period of the prior year. The exploration activities of the Company decreased mainly due to less funding available in the current period compared with the comparative period of the prior year. This decrease was offset by an increase in share-based payments of $19,156 in the current period compared to $nil in the prior period.

Consulting fees of $658,646 (2014 - $171,343) increased mainly due to an increase in share-based payments of $471,230 in the current period compared to $nil in the prior period.

Finance costs of $nil (2014 - $183,333) incurred due to the fair value of 1,833,333 shares issued to the Chief Executive Office as consideration for advancing the loan of $550,000 to the Company in the comparative period of the prior year.

Investor relations expenses of $1,525 (2014 - $19,735), office expenses of $27,179 (2014 - $29,513), and travel expenses of $7,841 (2014 - $14,427) decreased mainly due to less activities in the current period compared with the comparative period of the prior year and a decrease in share-based payments recorded in investor relations expenses of $nil in the current period compared to $446 in the prior period.

Professional fees of $43,419 (2014 - $16,495) and listing and filing fees of $8,551 (2014 - $1,178) increased mainly due to the Aruntani Agreement during the current period compared with the comparative period of the prior year and an increase in share-based payments recorded in Professional Fees of $3,064 in the current period compared to $nil in the prior period.

Other item amounted to a loss of $62,594 compared to a gain of $970 in the prior period. There was an increase in foreign exchange loss to $62,594 (2014 – gain of $970) which is the result of factors outside of the Company's control.

Share-based Payment Charges

Share-based payment charges for the three months ended August 31, 2015 was $493,450 (2014 - $446). They were allocated as follows:

For the three months ended August 31,		**2015**		**2014**
Consulting fees	$	471,230	$	-
Exploration and evaluation expenditures - Geological		19,156		-
Investor relations		-		446
Professional fees		3,064		-
	$	493,450	$	446

LIQUIDITY AND CAPITAL RESOURCES

The Company has no revenue generating operations from which it can internally generate funds. To date, the Company's ongoing operations have been predominantly financed by the sale of its equity securities by way of private placements and the subsequent exercise of share purchase warrants issued in connection with such private placements as well as loans and convertible debentures. However, the exercise of warrants/options is dependent primarily on the market price and overall market liquidity of the Company's securities at or near the expiry date of such warrants/options (over which the Company has no control) and therefore there can be no guarantee that any existing warrants/options will be exercised. When acquiring an interest in mineral properties through purchase or option the Company will sometimes issue common shares to the vendor or optionee of the property as partial or full consideration for the property interest in order to conserve its cash.

At the present time the Company is instituting additional cost saving measures and reductions in staff or consultants in response to current conditions in the equity or credit markets. The Company also anticipates that the current slow-down in the junior resource exploration sector may also serve to reduce the cost of external services such as drilling, helicopter support and expediting, as the Company looks forward to acquiring additional resource interests.

The Company expects that it will operate at a loss for the foreseeable future, and that it will require additional financing to fund to the acquisition of a resource property and to continue its operations (including general and administrative expenses) beyond 2015. Additional financing will be required for the Company to maintain its existing level of operations and / or acquire, explore or develop any resource property.

As at August 31, 2015, the Company reported cash of $18,071 compared to $73,913 as at May 31, 2015. The Company had a working capital deficit of $2,963,294 as at August 31, 2015 compared to working capital deficit $2,494,138 as at May 31, 2015. The decrease in working capital was the result of cash used in operating activities of $16,539 and cash used for share issuance costs of $40,147 offset by cash received from issuance of loans of $6,612 which resulted in a net cash decrease of $55,842. The Company has not entered into any long-term lease commitments nor is the Company subject to any mineral property commitments other than those outlined under note 4 in the Company's unaudited condensed interim consolidated financial statements for the three months ended August 31, 2015.

The Company currently has no further funding commitments or arrangements for additional financing at this time (other than the potential exercise of options and warrants) and there is no assurance that the Company will be able to obtain additional financing on acceptable terms, if at all. There is significant uncertainty that the Company will be able to secure any additional financing in the current equity markets - see "Risk Factors - Insufficient Financial Resources/Share Price Volatility". The quantity of funds to be raised and the terms of any proposed equity financing that may be undertaken will be negotiated by management as opportunities to raise funds arise. Specific plans related to the use of proceeds will be devised once financing has been completed and management knows what funds will be available for these purposes.

The Company has no exposure to any asset-backed commercial paper. Other than cash held by its subsidiary for their immediate operating needs in Peru, the majority of the Company's cash reserves are on deposit with a major Canadian chartered bank. The Company does not believe that the credit, liquidity or market risks with respect thereto have increased as a result of the current market conditions. However, in order to achieve greater security for the preservation of its capital, the Company has, of necessity, been required to accept lower rates of interest which has also lowered its potential interest income.

OFF–BALANCE SHEET ARRANGEMENTS

The Company has not entered into any significant off-balance sheet arrangements or commitments.

RELATED PARTY TRANSACTIONS

During the three months ended August 31, 2015, the Company entered into the following transactions with related parties and paid or accrued the following amounts, excluding share-based payment charges in connection therewith:

Name	Relationship	Purpose of transaction	Amount
Brian Kerzner	Director of the Company	Director's fees	$ 2,500
David Savage	Director of the Company	Director's fees	$ 2,500
Robert Parsons	Director of the Company	Director's fees	$ 2,500
Henk Van Alphen	Director of the Company	Director's fees	$ 2,500
Tareq Damerji	Director of the Company	Director's fees	$ 2,500
Asgari bin Mohd Fuad Stephens	Director of the Company	Director's fees	$ 2,500
Luis Alva	Director of the Company	Director's fees	$ 1,087
Markus Willi	Director of the Company	Director's fees	$ 707
Robert Baxter	President, CEO and Director of the Company	Consulting	$ 60,000
John Drobe	COO of the Company	Geological consulting	$ 323
Blue Pegasus Consulting Inc.	Company controlled by the CFO of the Company	Consulting	$ 15,000
Bayswater Consulting Ltd.	Company controlled by the Corporate Secretary of the Company	Consulting	$ 9,000

During three months ended August 31, 2015 and to the date of this MD&A, the following stock options were granted to insiders:

Name	Relationship	Grant Date	Number Granted	Exercise Price
Robert Baxter	CEO of the Company	August 6, 2015	500,000	$ 0.10
John Drobe	COO of the Company	August 6, 2015	250,000	$ 0.10
Peggy Wu	CFO of the Company	August 6, 2015	200,000	$ 0.10
Erin Walmesley	Corporate Secretary of the Company	August 6, 2015	200,000	$ 0.10
Asgari bin Mohd Fuad Stephens	Director of the Company	August 6, 2015	300,000	$ 0.10
Brian Kerzner	Director of the Company	August 6, 2015	500,000	$ 0.10
David Savage	Director of the Company	August 6, 2015	700,000	$ 0.10
Henk Van Alphen	Director of the Company	August 6, 2015	300,000	$ 0.10
Luis Alva	Director of the Company – appointed on July 23, 2015	August 6, 2015	750,000	$ 0.10
Markus Willi	Director of the Company – appointed on June 11, 2015	August 6, 2015	750,000	$ 0.10
Robert Parsons	Director of the Company	August 6, 2015	300,000	$ 0.10
Tareq Damerji	Director of the Company	August 6, 2015	300,000	$ 0.10

PROPOSED TRANSACTIONS

As at the date of this MD&A there are no proposed transactions where the Board of Directors or senior management believes that confirmation of the decision by the Board is probable or with which the Board and senior management have decided to proceed.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting year. Areas requiring the use of estimates in the preparation of the Company's consolidated financial statements the carrying value and the recoverability of the exploration ad evaluation assets included in the Consolidated Statement of Financial Position, the assumptions used to determine the fair value of share-based payments in the Consolidated Statement of Comprehensive Loss, and the estimated amounts of reclamation and environmental obligations. Management believes the estimates used are reasonable; however, actual results could differ materially from those estimates and, if so, would impact future results of operations and cash flows.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Please refer to note 2 of the Financial Statements for a comprehensive list of the accounting policies not yet adopted during the current period.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The carrying values of cash, accounts payable and accrued liabilities, loans payable and amounts due to related parties approximate their fair values due to the short-term maturity of these financial instruments.

The Company's cash at August 31, 2015 were $18,071 of which $1,137 was held in US dollars and $1,622 was held in Peruvian soles.

The Company's accounts receivable and payables at August 31, 2015 were normal course business items that are settled on a regular basis.

The Company's risk exposure on the Company's financial instruments is not significant.

MATERIAL PROCEEDINGS

The Company is not a party to any material proceedings.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Disclosure controls and procedures are controls and other procedures that are designed to provide reasonable assurance that all relevant information required to be disclosed in the Company's reports filed or submitted as part of the Company's continuous disclosure requirements is gathered and reported to senior management, including the Company's Chief Executive Officer and Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure and such information can be recorded, processed, summarized and reported within the time periods specified by applicable regulatory authorities.

Management of the Company, with the participation of the Chief Executive Officer and the Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures as at August 31, 2015 as required by Canadian securities laws. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that, as of August 31, 2015, the disclosure controls and procedures were effective. However, Management and the Board recognize that no matter how well designed the Company's control systems are, such controls can only provide reasonable assurance, not absolute assurance, of detecting, preventing and deterring errors.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There have not been any changes in the Company's internal control over financial reporting or any other factors during the three months ended August 31, 2015, that have materially affected, or are reasonably likely to materially affect our internal control over financial reporting.

DISCLOSURE OF OUTSTANDING SHARE DATA (As at October 28, 2015)

Authorized

Unlimited number of voting common shares without par value.

Issued

Issued Common Shares	Value
147,003,489	$ 30,689,500

Incentive Stock Options Outstanding:

Number	Exercise Price	Expiry Date
6,440,000	$ 0.10	August 6, 2020
6,440,000		

Share Purchase Warrants Outstanding:

Number	Exercise Price	Expiry Date
26,762,000	$ 0.15	December 31, 2016
527,240*	$ 0.15	December 31, 2016
20,000,000	$ 0.10	July 23, 2017
47,289,240		

*Agent's warrants

ADDITIONAL INFORMATION

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