

**Suite 507 – 837 West Hastings Street
Vancouver, British Columbia
CANADA V6C 3N6
Ph: 604-691-7462 / Fx: 604-893-2373**

September 26, 2017

Introduction

This Management Discussion & Analysis (“MD&A”) for Indico Resources Ltd. (the “Company” or “Indico” or “we” or “us”) for the year ended May 31, 2017 has been prepared by management, in accordance with the requirements of National Instrument 51-102, as of September 26, 2017, and compares its financial results for the years ended May 31, 2017 to the year ended May 31, 2016. This MD&A provides a detailed analysis of the business of Indico and should be read in conjunction with the Company’s audited consolidated financial statements for the year ended May 31, 2017 and 2016. 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".

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 year and to the date of this MD&A include:

- On July 29, 2016, Indico Shareholders approved the sale of all of the outstanding common shares of Indico Peru to Aruntani, with such assets being indirectly held by Indico Peru representing all or substantially all of the assets of Indico, for total cash consideration of US\$6 million at the Indico’s annual general and special meeting. Aruntani is a non-arm’s length party by virtue of being a holder of 27.2% of the common shares in the capital of Indico. In addition to the cash consideration, upon closing Aruntani will grant to Indico a 1% NSR royalty.
- On July 29, 2016, David Savage, Henk Van Alphen, Tareq Damerji, Asgari bin Mohd Fuad Stephens resigned as directors of the Company.
- On July 29, 2016, the shareholders of the Company approved the termination of the Project Alliance Agreement for the Development, Construction and Operation of Minerals Extraction & Processing Projects between the Company and Stonehouse Constructions Pte Ltd. (“Stonehouse”) in accordance with the terms of a Settlement and Release Agreement agreed to by the Company and Stonehouse, the terms of which are as follows:
 - Pay to Stonehouse all trade payable, the balance of outstanding loans payable and a payment of US\$350,000 (the “Up Front Payment”);
 - Pay the outstanding directors’ fees to Stonehouse as a reimbursement for Stonehouse having paid such outstanding directors’ fees directly to the applicable nominee directors.
 - and give Stonehouse 10% of the 1% NSR (the “Royalty”) expected to be granted by Aruntani to the Company on closing of the Aruntani Transaction, until such time as payments made pursuant to the Royalty in addition to the Up Front Payment to Stonehouse reach an aggregate of \$1,000,000, at which time all payments pursuant to the Royalty will cease, and Stonehouse will have no further rights to the Royalty or any other payments pursuant to this Agreement.
- During the year ended May 31, 2017, property owners of the Irmin Copper Gold Porphyry Project filed a deed of termination with respect to the Assignment and Mining Option Agreement (the “Agreement”) indicating Indico Peru is in default of the Agreement. The Company does not believe it is in default and filed a retraction against the claim as well as legal proceedings to enforce its ability to exercise the Agreement. In accordance with IFRS 6 and IAS 36, the Company recognized indicators of impairment for the respective exploration and evaluation assets and, property and equipment and accordingly, recognized an impairment charge of \$4,756,252 for financial reporting purposes in the consolidated financial statements.

Irmin Copper Gold Porphyry Project (formerly Ocaña)

General

The Mineral Claims cover 122.55 km² and are located on the northwest extension of the Southern Peru Porphyry Copper Belt (Figures 1 & 2); 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.

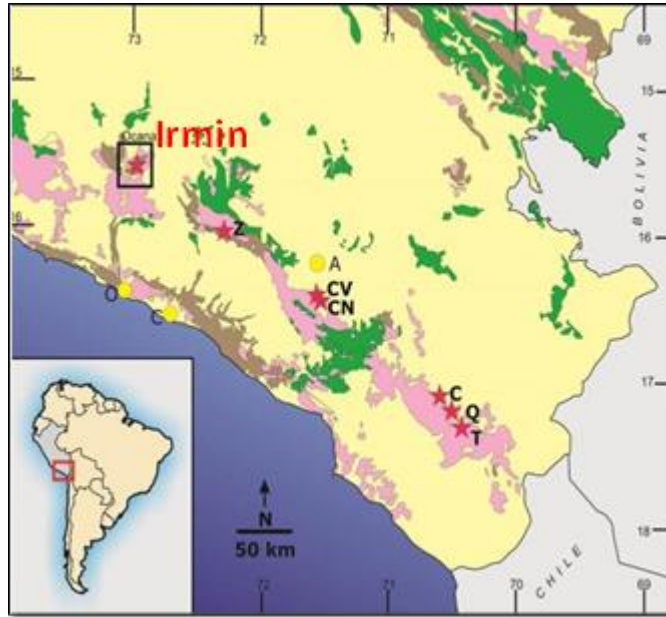


Figure 1: Irmin location within southern Peru.

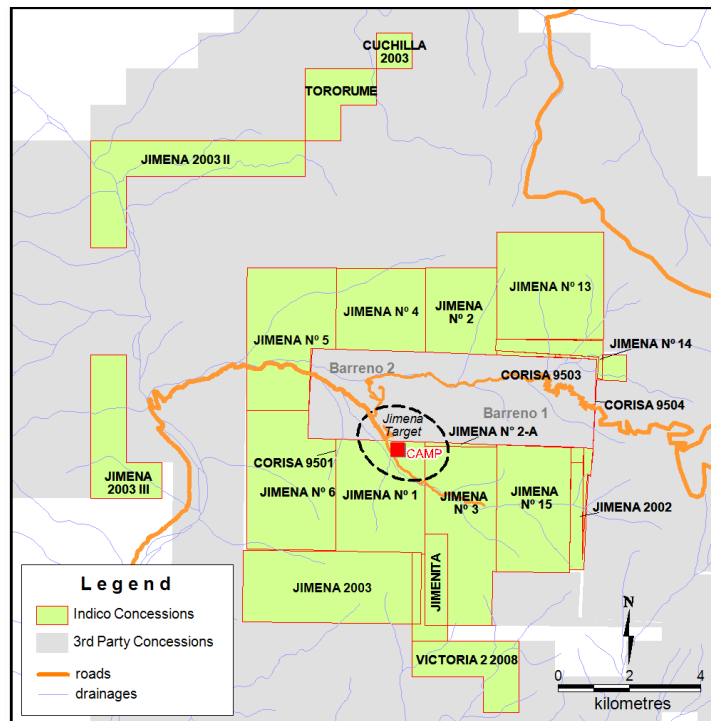


Figure 2: Indico's concessions – Irmin Project.

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.

In October 2014, the parties agreed to amend the final payment of US\$15.5 million due in April 2015. 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 Compañía 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 represents its 30% investment.

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.

On May 20, 2016, the Company entered into a LOI for the Transaction with Aruntani. As part of the Transaction, Aruntani will acquire the Company’s legal and beneficial right, title and interest in the Irmin Property, including any interest held pursuant to the Joint Venture Agreement. As consideration of the acquisition of all shares of Indico Peru, Aruntani will pay the Company US\$6,000,000 in cash and will grant the Company a 1% Net Smelter Return royalty over the Irmin Property. This was approved by the Indico shareholders on July 29, 2016. The Company has obtained the Peruvian tax clearance certificate which is valid until May 12, 2017.

Pursuant to the Option Agreement executed between Indico and the owners of all of the shares of Inversiones, the latter have granted Indico the exclusive option to acquire all of the issued and outstanding shares of Inversiones.

During the year ended May 31, 2017, property owners of the Irmin property filed a deed of termination with respect to the Assignment and Mining Option Agreement (the “Agreement”) indicating Indico Peru is in default of the Agreement. The Company does not believe it is in default and filed a retraction against the claim as well as commenced legal proceedings to enforce its ability to exercise the Agreement. Inversiones has informed the owners that the April 20, 2017 option payment is being withheld pending settlement of this dissent. Indico agrees with the approach of Inversiones.

Exploration and Construction Activities

During the year ended May 31, 2017 and to the date of this MD&A, road construction has been completed. This new access allows passage of drilling equipment and, in the future, earth-moving and construction equipment. Additionally the road to the Rio Ocoña was improved in terms of vehicle access to the water, which is a critical supply for work to be developed at the project site.

The Company has reviewed the Semi-Detailed Environment Impact Statement and has decided to update it and is currently preparing the technical documentation.

Work has continued on the platform for the dedicated metallurgical laboratory that is to be relocated from another Aruntani site, and the platform for an onsite assay laboratory is now ready. The advantages of onsite metallurgical testwork are the use of local water for conducting testwork in the site's unique altitude and ambient climatic conditions to give a much better assessment of the copper recoveries in the leachable ore types.

During the late 2016 and early 2017, was a period of unusually high rains in the mountains of Peru primarily due to the effects of a phenomena known as El Nino. This resulted in localized landslides which resulted in road and bridge damage throughout the country. In some areas the problem persisted until mid April. During this period the project had been on care and maintenance. Aruntani has not reported any expenditures or activities for the current period.

Robert Baxter, P.Geo., Indico's President and Chief Executive 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. Baxter 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:

Additional Financing Requirements: The Company has generated funds through private placement financings, exercise of outstanding warrants and options. During the year ended May 31, 2017, no warrants or options were exercised. In addition, during the year ended May 31, 2017, the Company did no close any private placements.

Although under the Agreement, Aruntani will fund the continued expenditures related to the Irmin property and under the Transaction, if approved, Aruntani will pay the Company US\$6,000,000, the Company still needs to obtain additional financings for the Company's future operating expenditures and future potential property acquisitions. 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 operational requirements, exploration and development of its future 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.

Insufficient Financial Resources: The Agreement with Aruntani provides the Company sufficient financial resources to undertake the exploration and development of all significant exploration and development programs. However, the Company does not have sufficient financial resources to fund its operating expenditures and future potential property acquisitions and therefore depend upon the Company's ability to obtain financing through private placement financing, public financing or other means. There can be no assurance that the Company will be successful in obtaining the required financing. In particular, failure by the Company to raise the funding necessary to maintain operational requirements, exploration and development of its future projects or to fulfill its obligations under any applicable agreements could result in the Company losing, or being required to dispose of, its interests in the Irmin project.

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.

Global Financial Conditions: Market events and conditions, including disruptions in the Canadian, United States and international credit markets and other financial systems and the continued volatility of the Canadian, United States and global economic conditions, could, among other things, impede access to capital or increase the cost of capital, which would have an adverse effect on the Company's ability to fund its working capital and other capital requirements. 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 continue to be volatile and unpredictable. In addition, general economic indicators have deteriorated, including declining consumer sentiment, increased unemployment and declining economic growth and uncertainty about corporate earnings. These disruptions in the current credit and financial markets have had, and could continue to have a material adverse impact on a number of financial institutions and have limited access to capital and credit for many companies, particularly junior resource exploration companies such as the Company. 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 the Company or at all.

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

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 or Aruntani 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. Delays or failure to obtain such licenses and permits or a failure to comply with the terms of any such licenses and permits that the Company does obtain, could have a material adverse effect on the Company.

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.

Worldwide securities markets, particularly those in the United States and Canada, have continued to experience a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered exploration or development stage companies, have experienced unprecedented declines in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. Most significantly, the share prices of junior natural resource companies have experienced an unprecedented decline in value and there has been a significant decline in the number of buyers willing to purchase such securities. In addition, significantly higher redemptions by holders of mutual funds has forced many of such funds (including those holding the Company's securities) to sell such securities at any price. As a consequence, despite the Company's past success in securing significant equity financing, market forces may render it difficult or impossible for the Company to secure places to purchase new share issues at a price which will not lead to severe dilution to existing shareholders, or at all. Therefore, there can be no assurance that significant fluctuations in the trading price of the Company's common shares will not occur, or that such fluctuations will not materially adversely impact on the Company's ability to raise equity funding without significant dilution to its existing shareholders, or at all.

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.

Foreign Countries and Political Risk: The Irmin property is located in Peru, where mineral exploration and mining activities may be affected in varying degrees by political instability, expropriation of property and changes in government regulations such as tax laws, business laws, environmental laws and mining laws, affecting the Company's business in that country. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may adversely affect its business, or if significant enough, may make it impossible to continue to operate in that country. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, foreign exchange restrictions, export controls, income taxes, and expropriation of property, environmental legislation and mine safety.

The Company currently has one property interest in Peru: Irmin project. The status of Peru as a developing country may make it more difficult to obtain any required exploration financing for projects. The effect of all of these factors cannot be accurately predicted. There is the risk of political violence and increased social tension in Peru as a result of the increased civil unrest, crime and labour unrest. Roadblocks by members of the local communities, unemployed people and unions can occur on most national and provincial routes without notice.

Any limitation on the transfer of cash or other assets between the parent corporation of such entities, or among such entities, could restrict the Company's ability to fund its operations efficiently. Any such limitations, or the perception that such limitations may exist now or in the future, could have an adverse impact on the Company's valuation and stock price.

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.

Currency Fluctuations: The Company presently maintains its accounts in Canadian dollars. Due to the nature of its operations in Peru, the Company also maintains accounts in U.S. dollars and Peruvian Nuevo soles. The Company's operations in Peru and its proposed exploration expenditures in such countries are denominated in either local currencies or U.S. dollars, making it subject to foreign currency fluctuations. Such fluctuations are out of the Company's control and may materially affect the Company's financial position and results.

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.

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.

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.

Regulatory Requirements: As stated above, the activities of the Company are subject to extensive regulations governing various matters, including environmental protection, management and use of toxic substances and explosives, management of natural resources, exploration, development of mines, production and post-closure reclamation, exports, price controls, taxation, regulations concerning business dealings with indigenous peoples, labour standards on occupational health and safety, including mine safety, and historic and cultural preservation. Failure to comply with applicable laws and regulations may result in civil or criminal fines or penalties, enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions, any of which could result in the Company incurring significant expenditures. The Company may also be required to compensate those suffering loss or damage by reason of a breach of such laws, regulations or permitting requirements. It is also possible that future laws and regulations, or more stringent enforcement of current laws and regulations by governmental authorities, could cause additional expense, capital expenditures, restrictions on or suspension of the Company's operations and delays in the exploration and development of the Company's properties.

Uncertainty of Resource Estimate/Reserves: Unless otherwise indicated, mineralization figures presented in the Company's filings with securities regulatory authorities, press releases and other public statements that may be made from time to time are based upon estimates made by Company personnel and independent geologists. These estimates are imprecise and depend upon geological interpretation and statistical inferences drawn from drilling and sampling analysis, which may prove to be unreliable. There can be no assurance that:

- these estimates will be accurate;
- reserves, resource or other mineralization figures will be accurate; or
- this mineralization could be mined or processed profitably.

Because the Company has not commenced production at all of its properties, and has not defined or delineated any proven or probable reserves on any of its properties, mineralization estimates for the Company's properties may require adjustments or downward revisions based upon further exploration or development work or actual production experience. In addition, the grade of mineralized material ultimately mined, if any, may differ from that indicated by drilling results. There can be no assurance

that minerals recovered in small-scale tests will be duplicated in large-scale tests under on-site conditions or in production scale. The resource estimates contained in the Company's filings with securities regulatory authorities, press releases and other public statements that may be made from time to time have been determined and valued based on assumed future prices, cut-off grades and operating costs that may prove to be inaccurate. Extended declines in market prices for zinc, silver, copper, iron or other metals may render portions of the Company's mineralization uneconomic and result in reduced reported mineralization. Any material reductions in estimates of mineralization, or of the Company's ability to extract this mineralization, could have a material adverse effect on the Company's results of operations or financial condition. The Company has not established the presence of any proven or probable reserves at any of its mineral properties. There can be no assurance that subsequent testing or future studies will establish any proven or probable reserves at the Company's properties. The failure to establish proven or probable reserves could restrict the Company's ability to successfully implement its strategies for long-term growth.

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.

SELECTED FINANCIAL INFORMATION

SELECTED ANNUAL INFORMATION

The Company's consolidated financial statements for the years ended May 31, 2017 and 2016 (the "Financial Statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The following selected financial information for the years ended May 31, 2017 and May 31, 2016 is taken from the Company's audited consolidated financial statements for the year ended May 31, 2017 (the "Financial Statements"). The information for the year ended May 31, 2015 is taken from the audited consolidated financial statements for the year ended May 31, 2016. This information should be read in conjunction with those statements. Selected annual financial information appears below.

	Years Ended May 31		
	2017	2016	2015
Statement of Operations			
Total revenues (interest)	\$ -	\$ -	\$ -
Loss before other items	\$ (896,780)	\$ (1,939,803)	\$ (2,665,002)
Net loss for the year	\$ (5,726,232)	\$ (1,963,099)	\$ (2,741,140)
Weighted average common shares outstanding	147,003,489	141,320,429	101,159,653
Basic and diluted income (loss) per common share	\$ (0.04)	\$ (0.01)	\$ (0.03)
Statement of Financial Position			
Total assets	\$ 30,753	\$ 4,779,305	\$ 4,874,246
Long term liabilities	\$ -	\$ -	\$ -
Working capital (deficit)	\$ (4,955,348)	\$ (3,985,570)	\$ (2,494,138)

QUARTERLY FINANCIAL INFORMATION

	Three Months Ended			
	May 31, 2017 (2017 Q4)	February 28, 2017 (2017 Q3)	November 30, 2016 (2017 Q2)	August 31, 2016 (2017 Q1)
Total revenues (interest)	\$ -	\$ -	\$ -	\$ -
Income (loss) before other items	\$ (163,166)	\$ (127,001)	\$ (169,641)	\$ (436,972)
Net income (loss) for the period	\$ (4,963,542)	\$ (102,947)	\$ (227,617)	\$ (432,126)
Basic and diluted income (loss) per common share	\$ (0.04)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Total assets	\$ 30,753	\$ 4,752,123	\$ 4,758,683	\$ 4,771,135
Working capital (deficit)	\$ (4,955,348)	\$ (4,734,552)	\$ (4,636,174)	\$ (4,413,127)

	Three Months Ended			
	May 31, 2016 (2016 Q4)	February 29, 2016 (2016 Q3)	November 30, 2015 (2016 Q2)	August 31, 2015 (2016 Q1)
Total revenues (interest)	\$ -	\$ -	\$ -	\$ -
Loss before other items	\$ (398,101)	\$ (333,174)	\$ (344,072)	\$ (864,456)
Net loss for the period	\$ (354,293)	\$ (337,925)	\$ (343,831)	\$ (927,050)
Basic and diluted loss per common share	\$ 0.01	\$ (0.00)	\$ (0.00)	\$ (0.01)
Total assets	\$ 4,779,305	\$ 4,786,153	\$ 4,789,503	\$ 4,821,335
Working capital (deficit)	\$ (3,985,570)	\$ (3,635,868)	\$ (3,302,534)	\$ (2,963,294)

Loss before other items and Net loss for the period

The Company's net loss increased by \$4,860,595 and loss before other items increased by \$36,165 in Q4 2017 compared to Q3 2017 mainly due to an impairment charge of \$4,756,252 recognized for its exploration and evaluation assets for financial reporting in accordance with IFRS and an increase in foreign exchange loss of \$68,178.

The Company's net loss decreased by \$124,670 mainly due to increase in foreign exchange gain of \$82,030 in Q3 2017 compared to Q2 2017. Loss before other items decreased by \$42,640 in Q3 2017 compared to Q2 2017 mainly due to a decrease of legal expenditures, and exploration and evaluation expenditures incurred in Indico Peru in Q3 2017 as the Company awaits the completion of the Aruntani Agreement in Q3 2017 compared to Q2 2017.

The Company's net loss decreased by \$204,509 and loss before other items decreased by \$267,331 in Q2 2017 compared to Q1 2017. Net loss decreased mainly due to the one-time directors' fees of \$67,130 (US\$50,000) paid to two directors who are members of a Special Committee who oversaw the Aruntani Agreement in Q1 2017 and a decrease in the number of directors in Q2 2017 compared to Q1 2017. This was further decreased due to an increase in professional fees and travel expenses incurred relating to the Aruntani Agreement in Q1 2017 as the Company awaits the completion of the Aruntani Agreement, offset by an increase in foreign exchange loss of \$62,822 in Q2 2017 compared to Q1 2017.

The Company's net loss increased by \$77,833 and loss before other items increased by \$38,871 in Q1 2017 compared to Q4 2016 mainly due to the one-time directors fees of \$67,130 (US\$50,000) paid to two directors who are members of a Special Committee and more professional fees and travel expenses incurred relating to the Aruntani Agreement in Q1 2017 and a decrease in foreign exchange gain of \$38,962 in Q1 2017 compared to Q4 2016.

The Company's net loss increased by \$16,368 of which loss before other items increased by \$64,927 in Q4 2016 compared to Q3 2016 mainly due to additional legal expenditures in relation to the Aruntani Agreement in Q4 2016. This was offset by a decrease in travel expenses in Q4 2016 due to insufficient funding available.

The Company's net loss decreased slightly by \$5,906 in Q3 2016 compared to Q2 2016.

The Company's net loss decreased by \$583,219 of which loss before other items decreased by \$520,384 in Q2 2016 compared to Q1 2016 mainly due to a decrease of \$458,586 in consulting fees of which \$471,230 was due to share-based payments recorded in Q1 2016 (Q2 2016- \$nil) for 6,150,000 stock options granted to the officers, directors and Peru consultants on August 6, 2015. The loss before other items further decreased by \$38,331 due to a decrease in exploration and evaluation expenditures as the Company entered into the Aruntani Agreement on September 2015 whereby Aruntani would be incurring the expenditures going forward as well a decrease in legal fees and listing and filing fees as additional legal expenditures and additional filing fees were incurred in Q1 2016 in relation to the Aruntani Agreement. There was an increase in foreign exchange gain of \$62,835 which is mainly due to the fluctuations in the US currency versus Canadian currency and the Peruvian currency.

There was a decrease in net loss of \$267,291 when comparing 2016 Q1 to 2015 Q4. The difference is made up of a decrease in loss before other items of \$334,418, offset by an increase in foreign exchange loss of \$67,127. The main differences were consulting fees in 2016 Q1 increased by \$484,687 of which \$471,230 were share-based payments recorded for the stock options granted on August 6, 2015. This increase was offset by a decrease in exploration and evaluation expenditures of \$822,284. This was as a result of the Company incurring exploration and evaluation expenditures when the Company received advances from Aruntani in 2015 Q4 and decreasing expenditures while the Company awaits the Aruntani

Agreement to be finalized. The foreign exchange difference was due to the fluctuations in the US, Canadian and Peruvian currencies.

Total assets

Overall, total assets decreased quarter over quarter. The decrease in total assets in 2017 Q4 was mainly due to the impairment of the Irmin property, therefore resulting in a decrease in exploration and evaluation assets of \$4,637,346 recognized for financial reporting in accordance with IFRS. The decrease in total assets in 2017 Q3, 2017 Q2, 2017 Q1, 2016 Q4, 2016 Q3, 2016 Q2, 2016 Q1 were as a result of decreases in accounts receivable, prepaid and depreciation expenses in property and equipment. The decrease in 2016 Q3 was similar with the exception of an increase in cash of \$6,154 mainly due to the 2016 Q2 GST refund received in 2016 Q3. The decrease in 2016 Q1 was similar with the exception of an increase in accounts receivable of \$10,280 mainly due to an overpayment made which was subsequently received in 2016.

Working capital (deficit)

Over the past eight quarters, there was an increase in working capital deficiency. The increase in working capital deficiency is as a result of decrease in current assets such as cash, accounts receivable and prepaid and an increase in current liabilities such as accounts payable and accrued liabilities, due to related parties and loans payable. As the Company continues its efforts of securing further financing, the current liabilities increases while current assets such as cash decreases. There was an increase in accounts receivable for 2016 Q1 due to an overpayment made which was received in 2016 Q2.

RESULTS OF OPERATIONS

Year ended May 31, 2017 Compared to Year ended May 31, 2016

For the year ended May 31, 2017, the Company had a net loss of \$5,726,232 as compared to a net loss of \$1,963,099 in the comparative year, an increase in net loss of \$3,763,133. The increase in net loss was mainly due to the impairment of the Irmin property of \$4,756,252 recognized for its exploration and evaluation assets for financial reporting in accordance with IFRS plus a combination of the following factors discussed below.

Consulting fees of \$519,274 (2016 - \$1,254,455) decreased mainly due to a decrease in share-based payments recorded in consulting fees for the current year of \$nil compared to \$471,230 in the year due to none granted in the current year compare to 6,150,000 stock options granted on August 6, 2015 at a price of \$0.10 per share in the prior year. The remainder of the decreases in consulting fees was due to the resignation of five directors which led to the decrease in directors' fees in the current year. The decreases were offset by the one-time directors fees of \$67,130 (US\$50,000) paid to two directors who are members of a Special Committee in the current year.

Office expenses of \$51,612 (2016 - \$107,470) decreased as a result of less activities due to less funding available, therefore the elimination of the office expenses in the current year compared with the prior year.

Professional fees of \$206,714 (2016 - \$115,059) increased due to additional services obtained as a result of the Aruntani Agreement entered into during the current year. The increase was offset by a decrease in the share-based payments recorded in professional fees of \$nil in the current year compared to \$3,064 in the prior year arising from none granted in the current year compared to 40,000 stock options granted on August 6, 2015 at a price of \$0.10 per share in the prior year.

Other expense category which reflected only moderate change year over year was depreciation of \$202 (2016 - \$288), investor relations expenses of \$2,952 (2016 - \$6,925), listing and filing fees of \$15,126 (2016 - \$21,477), and travel expenses of \$18,302 (2016 - \$23,984).

Other items included foreign exchange loss of \$73,200 compared to a loss of \$23,296 in the prior year due to decrease in foreign exchange loss, which is the result of factors outside of the Company's control.

Share-based Payment Charges

Share-based payment charges for the year ended May 31, 2017 was \$nil (2016 - \$493,450). They were allocated as follows:

For the year ended May 31,	2017	2016
Consulting fees	\$ -	\$ 471,230
Exploration and evaluation expenditures – Geological	-	19,156
Professional fees	-	3,064
	\$ -	\$ 493,450

Three months ended May 31, 2017 Compared to Three months ended May 31, 2016

For the three months ended May 31, 2017, the Company had a net loss of \$4,963,542 as compared to a net loss of \$354,293 in the comparative period of the prior year, an increase in net loss of \$4,609,249. The increase in net loss in the current period was mainly due to the impairment of the Irmin property of \$4,756,252 combined with the following factors discussed below.

There was an increase in consulting fees of \$94,776 (2016 - \$198,433) due to a valuation report paid for in the comparative period of the prior year in relation to the Aruntani Agreement and a decrease in directors' fees due to the resignation of five directors which led to the decrease in directors' fees in the current period.

Office expenses of \$9,806 (2016 - \$28,498) decreased as a result of less activities due to less funding available, therefore the elimination of office expenses in the current period compared with the comparative period of the prior year.

Professional fees of \$67,941 (2016 - \$31,061) increased due to additional services obtained as a result of the Aruntani Agreement entered into during the current year.

Other expense category which reflected only moderate change year over year was depreciation of \$51 (2016 - \$72), investor relations expenses of \$nil (2016 - \$737), listing and filing fees of \$911 (2016 - \$883), professional fees of \$22,941 (2016 - \$31,061) and travel expenses of \$nil (2016 - \$1,818).

Other items included foreign exchange loss of \$44,124 compared to a gain of \$43,808 in the prior period due to decrease in foreign exchange loss, which is the result of factors outside of the Company's control.

Share-based Payment Charges

There were no share-based payment charges for the three months ended May 31, 2017 and 2016.

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 while it awaits the result of the Aruntani Agreement.

The Company expects that it will operate at a loss for the foreseeable future, and that it will require additional financing to fund the acquisition of future resource property and to continue its operations (including general and administrative expenses) beyond 2017. 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 May 31, 2017, the Company reported cash of \$16,260 compared to \$3,175 as at May 31, 2016. The Company had a working deficit of \$4,955,348 as at May 31, 2017 compared to working deficit of \$3,985,570 as at May 31, 2016. The increase in working capital deficiency was mainly due an increase in accounts payable and accrued liabilities, increase in amount due to related parties, increase in loan payable and increase in liabilities associated with assets held for sale. 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 6 in the Company's audited consolidated financial statements for the year ended May 31, 2017.

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

Compensation of Key Management

The Company pays its non-executive directors a fee of \$10,000 per year payable quarterly. Effective November 6, 2012, the Company pays an additional \$1,000 per year payable annually to the Chairman of the Board, \$500 per year payable annually to each of the Audit Committee Chair and the Compensation and Governance Committee Chair. Effective June 1, 2016, the Company paid a one-time fee of \$67,130 (US\$50,000) to two directors for being members of a Special Committee formed as a result of the Aruntani Transaction.

The related party transactions incurred during the year ended May 31, 2017 were in the normal course of operations. During the year ended May 31, 2017, 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 ⁽¹⁾	\$ 44,565
Markus Willi	Director of the Company	Director's fees	\$ 10,000
Timothy Moody	Director of the Company	Director's fees	\$ 8,424
Robert Parsons	Director of the Company	Director's fees ⁽¹⁾	\$ 45,565
Robert Baxter	President, CEO and Director of the Company	Consulting fees for providing services as the President and CEO of the Company	\$ 240,000
Blue Pegasus Consulting Inc.	Company controlled by the CFO of the Company	Consulting fees for providing financial reporting services for the Company	\$ 60,000
Bayswater Consulting Ltd.	Company controlled by the Corporate Secretary of the Company	Consulting fees for providing Corporate Secretary services for the Company	\$ 36,000

⁽¹⁾A one-time fee of \$33,565 (US\$25,000) is included for being a member of the Special Committee.

During the year ended May 31, 2017 and to the date of this MD&A, there were no stock options granted to insiders.

During the three months ended May 31, 2017, 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
Markus Willi	Director of the Company	Director's fees	\$ 2,500

Name	Relationship	Purpose of transaction	Amount
Timothy Moody	Director of the Company	Director's fees	\$ 2,500
Robert Parsons	Director of the Company	Director's fees	\$ 2,500
Robert Baxter	President, CEO and Director of the Company	Consulting fees for providing services as the President and CEO of the Company	\$ 60,000
Blue Pegasus Consulting Inc.	Company controlled by the CFO of the Company	Consulting fees for providing financial reporting services for the Company	\$ 15,000
Bayswater Consulting Ltd.	Company controlled by the Corporate Secretary of the Company	Consulting fees for providing Corporate Secretary services for the Company	\$ 9,000

During three months ended May 31, 2017 and to the date of this MD&A, there were no stock options granted to insiders.

At May 31, 2017, included in due to related parties was \$1,259,685 (2016 - \$1,256,960) in expenses owing to directors, officers and companies with common directors.

At May 31, 2017, included in loans payable was \$826,850 (2016 - \$888,300) in loans payable to directors, officers and a company with common directors.

These amounts were unsecured and non-interest-bearing.

Key management personnel were not paid any short-term benefits, post-employment benefits, termination benefits or other long-term benefits during the years ended May 31, 2017 and 2016.

There were no contractual or other commitments from the related party transactions.

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 and 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 May 31, 2017 audited consolidated financial statements for a comprehensive list of the accounting policies adopted and not yet adopted during the current year.

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 May 31, 2017 were \$16,260 of which \$320 was held in US dollars and \$129 was held in Peruvian soles.

The Company's accounts receivable and payables at May 31, 2017 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

During the year ended May 31, 2017, property owners of the Irmin Copper Gold Porphyry Project filed a deed of termination with respect to the Assignment and Mining Option Agreement (the "Agreement") indicating Indico Peru is in default of the Agreement. The Company does not believe it is in default and filed a retraction against the claim as well as legal proceedings to enforce its ability to exercise the Agreement. The Company has commenced arbitration proceedings in Peru, and has filed suit in the British Columbia Supreme Court, to enforce its legal rights

DISCLOSURE OF OUTSTANDING SHARE DATA (As at September 26, 2017)

Authorized

Unlimited number of voting common shares without par value.

Issued

Issued Common Shares	Value
147,003,489	\$ 30,664,353

Incentive Stock Options Outstanding:

Number	Exercise Price	Expiry Date
3,940,000	\$ 0.10	August 6, 2020
3,940,000		

Share Purchase Warrants Outstanding:

There were no share purchase warrants outstanding.

ADDITIONAL INFORMATION

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