CHILEAN METALS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS - QUARTERLY HIGHLIGHTS

THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS - QUARTERLY HIGHLIGHTS

The following Management's Discussion and Analysis ("MD&A") of Chilean Metals Inc. (the "Company") for the three and nine months ended September 30, 2017 is dated as of November 29, 2017 and has been prepared to provide material updates to the business operations, liquidity and capital resources of the Company since its last annual management discussion & analysis, being the Management Discussion & Analysis ("Annual MD&A") for the fiscal year ended December 31, 2016. This MD&A does not provide a general update to the Annual MD&A, or reflect any non-material events since the date of the Annual MD&A.

The MD&A has been prepared in compliance with section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the unaudited condensed consolidated interim financial statements of the Company for the three and nine months ended September 30, 2017 in addition to the audited annual consolidated financial statements for the years ended December 31, 2016 and 2015, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's unaudited condensed consolidated interim financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS. Information contained herein is presented as of November 29, 2017, unless otherwise indicated.

For the purposes of preparing this MD&A, Management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

The Company's shares are listed on the TSX Venture Exchange ("TSX-V"), OTCQB and Santiago Stock Exchange, Venture Market. Further information about the Company and its operations can be obtained from the offices of the Company or from www.sedar.com and the Company's website www.chileanmetals.com.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward looking statements.

Forward-looking statements	Assumptions	Risk factors
Potential of the Company’s properties to contain economic deposits of any precious and base metals discovered	Financing will be available for future exploration and development of the Company’s properties; the actual results of the Company’s exploration and development activities will be favourable; operating, exploration and development costs will not exceed the Company’s expectations; the Company will be able to retain and attract skilled staff; all requisite regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to the Company, and applicable political and economic conditions are favourable to the Company; the price of precious and base metals and applicable interest and exchange rates will be favourable to the Company; no title disputes exist with respect to the Company’s properties	Price volatility of precious and base metals; uncertainties involved in interpreting geological data and confirming title to acquired properties; the possibility that future exploration results will not be consistent with the Company’s expectations; availability of financing for and actual results of the Company’s exploration and development activities; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic and political conditions; the Company’s ability to retain and attract skilled staff; availability of permits
The Company has no source of revenue and it will require additional cash resources to meet its administrative overhead and maintain its mineral investments for the next twelve months, starting from September 30, 2017 The Company expects to incur further losses in the development of its business and will need to raise additional financing to meet its financial requirements	The operating and exploration activities of the Company for the next twelve months and beyond, starting from September 30, 2017, and the costs associated therewith, will be consistent with the Company’s current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions are favourable to the Company	Changes in debt and equity markets; timing and availability of external financing on acceptable terms; changes in the operations currently planned; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic conditions
The Company’s ability to carry out anticipated exploration and maintenance on its property interests and its anticipated use of cash	The exploration and maintenance activities of the Company for the years ended December 31, 2017 and 2018, and the costs associated therewith, will be consistent with the Company’s current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions are favourable to the Company	Changes in debt and equity markets; timing and availability of external financing on acceptable terms; increases in costs; changes in the operations currently planned; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic conditions; receipt of applicable permits

Plans, costs, timing and capital for future exploration and development of the Company's property interests, including the costs and potential impact of complying with existing and proposed laws and regulations	Financing will be available for the Company's exploration and development activities and the results thereof will be favourable; actual operating and exploration costs will be consistent with the Company's current expectations; the Company will be able to retain and attract skilled staff; all applicable regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to the Company; the Company will not be adversely affected by market competition; debt and equity markets, exchange and interest rates and other applicable economic and political conditions are favourable to the Company; the price of precious and base metals will be favourable to the Company; no title disputes exist with respect to the Company's properties	Price volatility of any mineral discovered, changes in debt and equity markets; timing and availability of external financing on acceptable terms; the uncertainties involved in interpreting geological data and confirming title to acquired properties; the possibility that future exploration results will not be consistent with the Company's expectations; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic and political conditions; the Company's ability to retain and attract skilled staff; availability of permits; market competition
Management's outlook regarding future trends, including the future price of any precious and base metals discovered and availability of future financing	Financing will be available for the Company's exploration and operating activities; the price of applicable minerals will be favourable to the Company	Price volatility of any precious and base metals discovered; changes in debt and equity markets; interest rate and exchange rate fluctuations; changes in economic and political conditions; availability of financing
Sensitivity analysis of financial instruments	Foreign exchange rates will not be subject to change in excess of plus or minus 1%	Changes in exchange rate fluctuations
Prices and price volatility for precious and base metals	The price of precious and base metals will be favourable; debt and equity markets, interest and exchange rates and other economic factors which may impact the price of precious and base metals will be favourable	Changes in debt and equity markets and the spot price of precious and base metals, if available; interest rate and exchange rate fluctuations; changes in economic and political conditions

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. Please, in addition, also make reference to those risk factors referenced in the "Risk Factors" section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Corporate Governance

Management of the Company is responsible for the preparation and presentation of the quarterly financial statements and notes thereto. Additionally, it is Management's responsibility to ensure the Company complies with the laws and regulations applicable to its activities.

The Company's Management is held accountable to the Board of Directors ("Directors"), each member of which is elected annually by the shareholders of the Company. The Directors are responsible for reviewing and approving the financial statements and the MD&A. Responsibility for the review and approval of the Company's financial statements and MD&A is delegated by the Directors to the Audit Committee, which is composed of three directors. Additionally, the Audit Committee pre-approves audit and non-audit services provided by the Company's auditors.

The auditors are appointed annually by the shareholders to conduct an audit of the financial statements in accordance with generally accepted auditing standards. The external auditors have complete access to the Audit Committee to discuss audit, financial reporting and related matters resulting from the annual audit as well as assist the members of the Audit Committee in discharging their corporate governance responsibilities.

Description of Business

Chilean Metals Inc. is a resource exploration company involved in exploring for gold, silver, copper and iron on its various properties located in Chile and Nova Scotia. Exploring in Chile is done through its wholly owned subsidiaries in Chile, being Minera IPBX Limitada ("IPBX"), Minera Tierra de Oro Limitada, Minera Palo Negro Limitada and Minera Sierra Pintada Limitada ("Chilean Subsidiaries").

Overall Performance

As at September 30, 2017, the Company had assets of $9,960,164 and a net equity position of $8,819,610. This compares with assets of $9,059,772 and a net equity position of $8,365,738 at December 31, 2016. At September 30, 2017, the Company had $1,140,554 of liabilities (December 31, 2016 – $694,034 of liabilities).

At September 30, 2017, the Company had a working capital deficit of $72,218, compared to working capital of $124,976 at December 31, 2016, an increase in deficit of $197,194. The Company had cash of $422,012 at September 30, 2017 compared to $535,281 at December 31, 2016, a decrease of $113,269. The Company needs to secure additional financing to carry on business activities for the twelve months ending September 30, 2018 (see below).

During the nine months ended September 30, 2017, the Company closed an agreement to joint venture its Bass River project in Nova Scotia with Tejas Gold Company ("Tejas"), a company whose CEO is a director of the Company. Tejas will have fourteen months to earn a 35% working interest in the joint venture. To earn the interest Tejas will be required to pay a non refundable deposit of USD $25,000 (received during the nine months ended September 30, 2017), issue 100,000 common shares of Tejas stock (received during the year ended December 31, 2016 and valued at $33,668 based on the price of a recent arm's length financing) and to expend $400,000 in exploration work including drilling on Bass River. In addition, Tejas shall pay the Company a management fee of $5,000 per month over the duration of the work program.

During the nine months ended September 30, 2017, the Company completed the final tranche of a non-brokered private placement of 166,667 common shares at $0.15 per share for aggregate gross proceeds of $25,000.

During the nine months ended September 30, 2017, the Company completed the placement of a $210,000 debenture due the earlier of the sale of the Copaquire 3% NSR and October 31, 2018 from a shareholder of the Company. The terms are as follows: 14% interest annually in arrears at loan repayment, secured on a pari passu basis with the previously granted debentures ($150,000 face value of debentures previously outstanding) by the shares of IPBX that contains a 3% royalty the Company retained through sale of its Copaquire asset to a subsidiary of Teck Resources Inc. 1,500,000 warrants, exercisable at $0.18 per share by October 31, 2018, were granted to the debenture holder. A fee of $10,000 was paid to the debenture holder in respect of this transaction.

Subsequent to September 30, 2017, the Company closed a non-brokered private placement of $698,100 through the issuance of 4,654,000 units. Each unit cost $0.15 and was comprised of one share and one half of one share purchase warrant. Each whole purchase warrant and $0.20 will enable the holder to acquire an additional common share at anytime until June 1 2019 subject to companies ability to accelerate the warrants should stock trade above $0.30 for a prescribed period of time.

In connection with the financing, the Company paid finder's fees of $12,000 and issued 80,000 finders' warrants entitling the holder to units at a price of $0.15 per share until June 1, 2019 subject to companies ability to accelerate the warrants should stock trade above $0.30 for a prescribed period of time.

Subsequent to September 30, 2017, the Company closed the first tranche of a non-brokered private placement of $551,900 through the issuance of 5,519,000 units. Each unit cost $0.10 and was comprised of one share and one half of one share purchase warrant. Each whole purchase warrant and $0.18 will enable the holder to acquire an additional common share for 24 months from grant subject to companies ability to accelerate the warrants should stock trade above $0.36 for a prescribed period of time.

Subsequent to September 30, 2017, the Company announced the appointment of Les Mallard to the Board of the Company. Les is a graduate from The University of Prince Edward Island with a BA in Economics. See October 17, 2017 press release.

EXPLORATION

Zulema, Chile

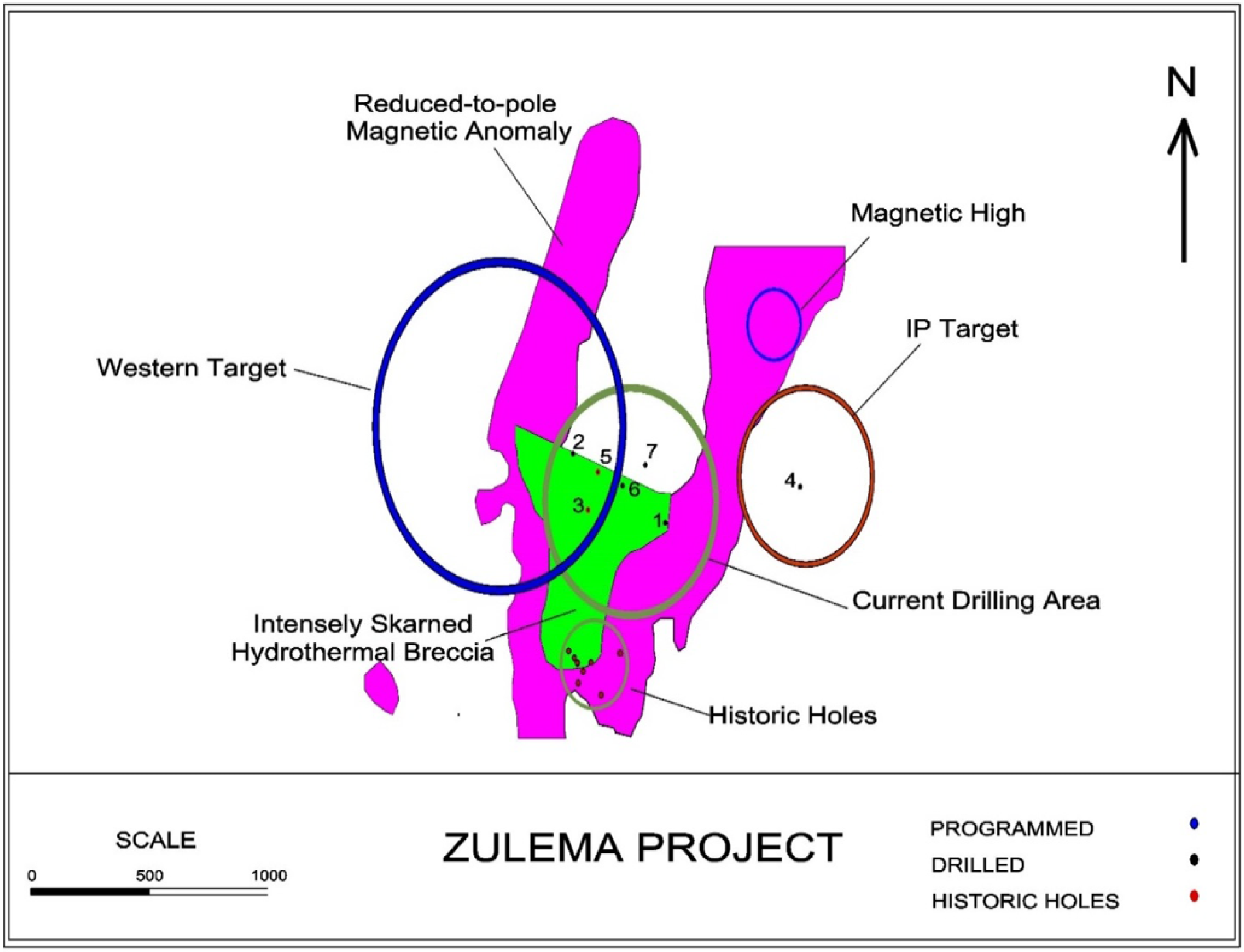
In 2013, the Company acquired 23 exploration concessions totaling approximately 2,105 hectares surrounding its five then existing Zulema mining concessions in Chile's Third Region. In 2014, the Company acquired nine additional mining concessions totaling 724 hectares from a third party. In March 2015, the Company completed the acquisition from another third party of three additional mining concessions totaling 600 hectares. The Zulema property now consists of 4,300 hectares (10,626 acres). All concessions are held 100% by IPBX, with no underlying third party royalty or net profits interest. The project is located 30 kilometres from the giant Cu Au Candelaria mine of Lundin Mining Corporation and in a very similar geological environment.

During the nine months ended September 30, 2017, the Company commenced drilling its Zulema project. With the Candelaria mine as a model, the exploratory drill program is testing two geologically distinct targets: a 1+ square km. area of intense garnet scapolite skarn breccia (Skarn Target) and a large Induced Polarization chargeability anomaly on its eastern flank. (IP Target). The initial results released on February 27, 2017 suggested to Chilean that it had found in our assessment, IOCG style mineralization.

Drill holes 1, 6 and 7 assisted in defining the boundaries of the eastern skarn and related sulphide mineralization. Drill hole 4, targeting the IP target, was terminated before reaching bedrock. The target remains open. Hole 3 had a six meter section from 285.32 – 291.32 meters which contained 0.66% Cu, 23.6% Fe and .52 grams of gold/tonne. It also contained an additional intercept from 325.20 to 335.20 that assayed .34% Cu, 10 % Fe and .16 grams of gold/tonne. Hole 5 located 272 meters north and east of 3 also had some interesting highlights. In particular, we see several lenses of two and four meters in length with individual 2 meters sections assaying up to .43% Cu, 4,9 % Fe and .29 grams of gold/tonne.

Initial drill results confirm that host rocks and alteration fit the Candelaria model. The presence of copper-bearing magnetite skarn, interbedded magnetite chalcopyrite bands, more massive chalcopyrite in drill hole 5, biotite magnetite alteration, potassic (K-spar), magnetite and hematite veining and local mineralized breccias suggests proximity to the main mineralized target.

A review of the drill core has been completed with the results suggesting the focus of ongoing exploration should be towards the west near drill holes 2, 3 and 5 where the skarn appears a more receptive host for mineralization. In drill hole 2, quartz stock-working and siliceous breccia suggest proximity to a high temperature heat source / intrusion. Directly east of drill hole 2 at drill-hole 5, widespread low grade copper mineralization is accompanied by a more robust style of chalcopyrite occurring as large 1 cm. clots within the skarn. Due south of 5, drill hole 3 contained large sections of skarn including several lenses of iron rich, IOCG style copper mineralization. Holes 2, 3, 5 assays are reported in detail in the April 3, 2017 press release.



The Company has engaged Southern Rock Geophysics, a consulting firm with over 20 years experience in the Andean Region. Familiar with both the Porphyry and IOCG depositional models, Southern Rock brings the expertise required to search for a blind target in the challenging desert of Chile. The initial stage will consist of detailed ground magnetics to tighten up coverage and better define the underlying geological contacts. This will be followed by a gravity survey designed to target blind deposits at depth. Deep penetrating I.P. would follow prior to drilling. Post analysis of the exploratory magnetic, geophysics and geochemical data Chilean Metals would expect to announce a second stage of drilling 2018.

Tierra de Oro (TDO), Chile

Tierra de Oro is an advanced stage exploration project located in Region III on the eastern flank of Chile's Coastal Iron Oxide Copper Gold belt. The property lies about 50 kilometres south of the large Candelaria copper-gold-silver-iron mine. It consists of 5,667 hectares covering the historic Chanchero gold camp and numerous areas of historic oxide copper workings.

The Company initially became involved in the property in 1996 as a joint venture with Princeton Mining to explore for acid-soluble copper deposits. During the course of this exploration the Chanchero gold camp was re-discovered and added to the property. In 1998 the Company bought out Princeton's interest. The property was dormant between 1999 and 2002 but reactivated in late 2003. To date the Company has conducted property-wide geological, geochemical, geophysical surveys and limited trenching and drilling. The surveys delineated five major gold bearing structure zones between 200 and 1000 metres in length. Within these zones a number of gold exploration targets were identified.

In November 2007, the Company commenced a 7,000 metre drill program to test the identified gold targets. Drill results failed to corroborate the positive gold values obtained by previous surface sampling. However, areas of significant silver-copper mineralization identified in shears and mantos within volcanic strata in the eastern sector of the property justified additional work. Highlights included drill hole RC56, which intersected 40 metres of 16 g/t silver including 13 metres of 40 g/t silver and RC58 which intersected 40 metres of 8.2 g/t silver.

On February 21, 2008, following completion of an induced polarization ('IP") survey, the Company announced the discovery of an IP anomaly in the Chanchero zone. The large near-surface anomaly is elongated northeast-southwest, the core of which measures 900 by 300 metres and is open to extension at depth. The intensity and homogeneity of this chargeability response, coincident with a strong magnetic low anomaly and coupled with the presence of an altered porphyry intrusion may indicate the presence of a large sulphide-rich system at moderate depth.

In February 2011 the Company completed an Airborne ZTEM survey over the Tierra de Oro property in areas where potential iron oxide copper gold ("IOCG") targets and mineralized zones had been previously identified by geological, geochemical and ground geophysical programs. Two magnetic anomalies of significant size were identified: one north of the Chanchero zone and another located in the area known as Las Lomitas zone and associated with copper-silver manto prospects.

In the spring and summer of 2013 a complete review and analysis of TDO was completed by Dr. Chris Hodgson. As a result, the Company has identified two potential bulk copper-gold targets that the Company believes warrant a targeted exploratory drill program.

Fox River, Canada

The Fox River Project, located in the western Cobequid Highlands, is comprised of 176 claims covering previously defined gravity anomalies and more recently delineated Versatile Time Domain Electromagnetic ("VTEM") targets. In August 2013, Minotaur Exploration Limited (Australia) conducted a review of the VTEM data identifying a total of 42 targets based on the potential for a response due to bedrock sulphide mineralization. Of the 42 targets identified, 9 were classified as high or very high priority. Inversion modeling of the VTEM targets suggest conductive sources are present between 30 and 100 meters below surface. Ground based pulse electromagnetic was recommended over 2 high priority targets in order to define the depth and dip characteristics of the conductive source prior to drilling. In the southern portion of the project, semi-massive pyrite within a chloritic and sericitic argillite was located in outcrop along with float of a similar rock type that hosts the host galena mineralization recently discovered by Cogonov on the Bass River Project.

Certain claims are subject to a 3% NSR as well as under the Nova Scotia Mineral Resources Act there is a royalty, payable to the crown, of 2% of the net revenue or 15% of all net income, whichever is greater, derived from the sale of metals produced from a mining lease.

Lynn, Parrsboro and Bass River Properties

The three properties in central Nova Scotia are part of an advanced Iron Oxide-Copper-Gold (IOCG) regional exploration program. The claims cover select IOCG exploration targets previously delineated by Minotaur Exploration (Australia) along the Cobequid-Chedabucto Fault Zone (CCFZ). The CCFZ is a 300 km long fault structure that hosts over 100 mineral occurrences, past producing mines and deposits of Iron Oxide, Copper, Cobalt, Gold, Nickel and Barite. These projects are part of an advanced IOCG exploration program to reinterpret and re-examine the mineral potential of Nova Scotia.

Certain claims are subject to a 3% NSR as well as under the Nova Scotia Mineral Resources Act there is a royalty, payable to the crown, of 2% of the net revenue or 15% of all net income, whichever is greater, derived from the sale of metals produced from a mining lease.

During the nine months ended September 30, 2017, the Company closed a joint venture on the Bass River project. See "Overall Performance" above.

Subsequent to September 30, 2017, the Company staked 16 additional claims on the Bass River property and 22 additional claims on Lynn..

The Company has launched an exploration program on its Bass River project in Nova Scotia with joint venture partner Tejas Gold. A ground Pulse Electro-Magnetic survey will be completed over the Castlereagh VTEM target defined in a 2015 airborne survey conducted by Geotech Ltd. The survey results will be provided to Minotaur Exploration Ltd. who will model and prioritize the drill targets (see November 16, 2017 press release). A 2000-3000 meter drill program will follow which is expected to commence in early December 2017 and run until the end of January 2018. The targets are an extension of the mineralized system intersected in a 2015 drill program located southwest of the Castlereagh VTEM anomaly.

Other Chile Properties

The Company owns additional mining concessions in Chile related to the Hornitos, Palo Negro and Tabaco properties.

Capitalized costs incurred on the Company's exploration and evaluation assets for the year ended December 31, 2016 and nine months ended September 30, 2017:

	Tierra de Oro	Zulema	Nova Scotia	Other	Total
Balance, December 31, 2015	**$ 4,569,452**	**$ 279,826**	**$ -**	**$ 48,587**	**$ 4,897,865**
Acquisition and staking	-	-	3,511,800	-	3,511,800
Property option proceeds	-	-	(33,668)	-	(33,668)
Exploration					
Project management	-	9,771	2,530	-	12,301
Field costs	-	1,612	-	-	1,612
Technical Report	-	-	21,529	-	21,529
Geological	-	45,083	-	-	45,083
Claim costs (reversal)	(172,002)	99,342	8,520	-	(64,140)
Exploration and acquisition costs 2016	(172,002)	155,808	3,510,711	-	3,494,517
Impairment loss	-	-	-	(48,587)	(48,587)
Balance, December 31, 2016	**4,397,450**	**435,634**	**3,510,711**	**-**	**8,343,795**
Property option proceeds	-	-	(33,763)	-	(33,763)
Exploration					
Field costs	-	37,136	-	-	37,136
Drilling	-	641,443	-	-	641,443
Geological	-	123,196	-	-	123,196
Claim costs	11,777	29,624	-	-	41,401
Exploration and acquisition costs 2017	11,777	831,399	(33,763)	-	809,413
Balance, September 30, 2017	**$ 4,409,227**	**$ 1,267,033**	**$ 3,476,948**	**$ -**	**$ 9,153,208**

The Qualified Person for Chilean Metals Inc., as defined by National Instrument 43-101, is Mr. Gary H. Lohman, B.Sc., P.Geo. Mr. Lohman has read and approved the technical and scientific information contained in this MD&A.

RESULTS OF OPERATIONS

Three months ended September 30, 2017, compared with three months ended September 30, 2016

The Company's loss for the three months ended September 30, 2017 was $398,588 ($0.01 per share), compared to loss of $376,275 ($0.01 per share) for 2016. Total operating expenses for the 2017 fiscal period were $400,087 compared to $376,275 for 2016. Significant variations are described below.

Share-based payment expenses included in loss are a non-cash accounting entry and include all share-based awards such as stock options granted to directors, officers, employees and consultants. The awards are measured and recognized using a fair value based method in accordance with the IFRS 2. The value of share-based payments totaled $80 (2016 - $96,605). These compensation expenses were calculated using a fair-value model based on the Black-Scholes fair value option pricing model.

Investor relations amounted to $92,265 (2016 - $24,587), an increase of $67,678 from the comparative period mainly due to consultants being engaged in the current year as well as the increased activity of the Company.

Office and miscellaneous expenses are costs related to operating and administering the Company offices and corporate finance activities. Office and miscellaneous expenses were $19,281 (2016 - $37,826), a decrease of $(18,545) from the comparative period due to cost savings measures.

Travel, promotion and mining shows amounted to $27,815 (2016 - $9,706), an increase of $18,109 from the comparative period mainly due to the increased activity of the Company.

Bank and interest charges amounted to $116,155 (2016 - $35,611), an increase of $80,544 from the comparative period due to interest in the current period on the debentures outstanding.

LIQUIDITY AND CAPITAL RESOURCES

The Company finances its operations through the sale of its equity securities, bridge loans and other financing activities. The Company has no producing mineral properties. The Company expects to obtain financing in the future primarily through equity financing, loans and convertible debt instruments. There can be no assurance that the Company will succeed in obtaining additional financing, now and in the future. Failure to raise additional financing on a timely basis could cause the Company to suspend its operations and/or sell its interests in its properties.

The continuing operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management believes it will be able to raise funds as required in the long term, but recognizes the risks attached thereto.

As at September 30, 2017, the Company had cash of $422,012 (December 31, 2016 - $535,281) and liabilities of $1,140,554 (December 31, 2016 – $694,034).

As of September 30, 2017, the Company has a working capital deficit of $72,218 (December 31, 2016 - working capital of $124,976). The Company intends to continue to raise additional debt or equity funds to meet its short-term commitments and its ongoing exploration activities (see "Overall Performance" above).

During the nine months ended September 30, 2017, the Company had cash of $750,442 used in operating activities (nine months ended September 30, 2016 – $794,493 used in operating activities). Cash operating activities and used in operations consist of cash used to fund the loss for the period less the impact of non cash items, and the cash provide by or used for working capital purposes.

During the nine months ended September 30, 2017, the Company received $1,446,586 (nine months ended September 30, 2016 - $1,260,908) from financing activities. The Company received proceeds of private placement, net of issuance costs of $24,125 (nine months ended September 30, 2016 - $671,810), shares to be issued of $1,212,350 (nine months ended September 30, 2016 - $618,348) and debenture issuances, net of issue costs, of $198,975 (nine months ended September 30, 2016 - $148,750).

The Company used $809,413 (nine months ended September 30, 2016 – $305,597) in investing activities. Cash used in investing activities consists of the acquisition of and expenditures on mineral exploration properties.

ENVIRONMENTAL LIABILITIES

The Company is not aware of any environmental liabilities or obligations associated with its mineral properties. The Company is conducting its operations in a manner consistent with governing environmental legislation.

DISCLOSURE OF INTERNAL CONTROLS

Management has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the unaudited condensed consolidated interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited condensed consolidated interim financial statements; and (ii) the unaudited condensed consolidated interim financial statements fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented.

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

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

ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's generally accepted accounting principles (IFRS).

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in such certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, officers, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

As at September 30, 2017, the directors and/or officers of the Company collectively control 10,146,695 common shares of the Company or approximately 13% of the total common shares outstanding. To the knowledge of directors and officers of the Company, the remainder of the outstanding common shares are held by diverse shareholders. These holdings can change at any time at the discretion of the owner.

(a) The Company entered into the following transactions with related parties:

		Three months ended September 30,		Nine months ended September 30,	
	Notes	**2017**	**2016**	**2017**	**2016**
Administration expense	(i)	**$ 81,000**	$ 81,000	**$ 243,000**	$ 198,000
Accounting expense	(ii)	**$ 11,033**	$ 11,379	**$ 38,456**	$ 33,351
Geological consulting expense	(iii)	**$ 24,000**	$ 24,000	**$ 72,000**	$ 41,600
Consulting expense	(iv)	**$ -**	$ -	**$ -**	$ 12,000
Bonus	(v)	**$ -**	$ -	**$ -**	$ 144,000

(i) For the three and nine months ended September 30, 2017, the Company incurred consulting fees from companies controlled by officers of $81,000 and $243,000 (three and nine months ended September 30, 2016 - $81,000 and $198,000) recorded in administration fees. As at September 30, 2017, $9,334 (December 31, 2016 - $30,274) is included in advances, prepaid expenses and deposits.

(ii) For the three and nine months ended September 30, 2017, the Company incurred accounting expenses from companies related to an officer of $11,033 and $38,456 (three and nine months ended September 30, 2016 - $11,379 and $33,351) recorded in professional fees.

(iii) For the three and nine months ended September 30, 2017, the Company incurred geological consulting expenses from a company controlled by a former officer and a company controlled by current officer of $24,000 and $72,000 (three and nine months ended September 30, 2016 - $24,000 and $41,600) recorded in administration fees.

(iv) For the three and nine months ended September 30, 2017, the Company incurred consulting expenses from a director of $nil (three and nine months ended September 30, 2016 - $12,000) recorded in administration fees.

(v) During the three and nine months ended September 30, 2017, the Company issued a bonus of $144,000 to the former President of the Company. As a condition of the bonus, the former President has relinquished any right to future severance in the event of termination or a change of control of the Company.

(vi) An director and former officer (Terry Lynch) of the Company purchased 1,096,000 common shares in the May 17, 2016 private placement and 200,000 common shares in the November 1, 2016 private placement.

(vii) See Tejas joint venture in "Overall Performance" above and debentures in the unaudited condensed consolidated interim financial statements.

(viii) As at September 30, 2017, included in accounts payable and accrued liabilities is $28,526 (December 31, 2016 - $16,289) due to directors and key management. These amounts are unsecured, non-interest bearing and due on demand.

	As at September 30, 2017	As at December 31, 2016
Terry Lynch - CEO (Former) and Director	**$ 1,560**	$ 8,723
Daniel Crandall - CFO	**6,561**	7,566
Chris Hodgson - VP Exploration (Former)	**20,405**	-
	$ 28,526	$ 16,289

(b) Remuneration of directors and key management personnel of the Company was as follows:

Salaries and benefits	Three months ended September 30, 2017	Three months ended September 30, 2016	Nine months ended September 30, 2017	Nine months ended September 30, 2016
Terry Lynch - CEO (Former), President (Former) and Director	**$ 36,000**	$ 36,000	**$ 108,000**	$ 252,000
Daniel Crandall - CFO	**11,033**	11,379	**38,456**	33,351
Patrick Cruickshank - CEO, President and Director	**45,000**	45,000	**135,000**	90,000
Gary Lohman - VP Exploration and Director	**24,000**	24,000	**72,000**	36,000
Chris Hodgson - VP Exploration (Former)	**-**	-	**-**	5,600
Peter Kent - Director	**-**	-	**-**	12,000
Total remuneration	**$ 116,033**	$ 116,379	**$ 353,456**	$ 428,951

Share-based payments	Three months ended September 30, 2017	Three months ended September 30, 2016	Nine months ended September 30, 2017	Nine months ended September 30, 2016
Patrick Cruickshank - CEO, President and Director	**$ -**	$ -	**$ -**	$ 136,400
Gary Lohman - VP Exploration and Director	**-**	-	**-**	81,840
Total share-based payments	**$ -**	$ -	**$ -**	$ 218,240

Payments to directors and key management personnel of the Company include certain transactions with related parties in (a) above, and (b) remuneration to Directors and key management personnel of the Company.

The above noted transactions are in the normal course of business and approved by the Board of Directors.

COMMITMENTS

Property taxes

The Company has unpaid property tax for various mineral exploration property claims totaling approximately 196,000,000 Chilean Pesos ($382,000) which has been included in accounts payable and accrued liabilities as at September 30, 2017. In the event that the claims are put up for tax auction, the Company will have a notice period to make the payment for the portion of this amount required. The Company will also be required to pay property taxes for fiscal 2017 on its mineral property claims of approximately 28,960,000 Chilean Pesos ($56,000).

During the period, the Company was advised that its Tierra de Oro and Zulema claims were scheduled to be put up for auction in May 2017 as a result of non-payment of property taxes related to the years 2010 to 2013. The Company filed applications, as permitted by the relevant statues, to forgive these back taxes which was accepted. Therefore the 2010 to 2013 property taxes are no longer owing.

Consulting agreements

The Company entered into a consulting agreement with the Chief Executive Officer of the Company starting May 1, 2016, providing for the payment of $180,000 per year for the services of the Chief Executive Officer. In the event of termination without cause or change of control, the Chief Executive Officer is entitled to two times annual salary. In the event of a change of control, the Chief Executive Officer may terminate his consulting agreement for good reason, as defined in the agreement, resulting in being entitled to receive one year salary.

The Company entered into a consulting agreement with the VP Exploration of the Company starting May 1, 2016, providing for the payment of $96,000 per year for the services of the VP Exploration. In the event of termination without cause or change of control, the VP Exploration is entitled to one year annual salary. In the event of a change of control, the VP Exploration may terminate his consulting agreement for good reason, as defined in the agreement, resulting in being entitled to receive one year annual salary.

These amounts have not been accrued as the triggering event has not occurred.

RISK FACTORS

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. The users of this information, including but not limited to investors and prospective investors, should read it in conjunction with all other disclosure documents provided including but not limited to all documents filed on SEDAR (www.sedar.com).

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position.

Please refer to the section entitled "Risks Factors" in the Company's MD&A for the fiscal year ended December 31, 2016, available on SEDAR (www.sedar.com).