



**XIANA Mining Inc.**

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**May 30, 2019**

## **MANAGEMENT DISCUSSION & ANALYSIS**

(Expressed in thousands of United States Dollars except for share, per share amounts, tonnes other production numbers, and hectares, or otherwise noted)

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### **INTRODUCTION**

This Management Discussion & Analysis (“MD&A”) for Xiana Mining Inc. (the “Company” or “Xiana” or “we” or “us”) for the three months ended March 31, 2019 has been prepared by management, in accordance with the requirements of National Instrument 51-102 as of May 30, 2019. This MD&A provides a detailed analysis of the business of Xiana and should be read in conjunction with the Company’s unaudited condensed interim consolidated financial statements for the three month period ended March 31, 2019, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting. All dollar amounts are in United States (“US”) dollars, unless otherwise noted. References to CAD\$ are to Canadian dollars. In addition, we use certain financial performance measures that are not measures recognized under IFRS and do not have a standardized meaning under IFRS: Refer to the ‘Use of Non-IFRS Financial Performance Measures’ section for the detailed description of these financial measures and a reconciliation to the most directly comparable financial measure under IFRS. The Company is presently a “Venture Issuer” as defined in NI 51-102.

The reader should also refer to the audited consolidated financial statements for the eleven months ended December 31, 2018 on [www.sedar.com](http://www.sedar.com).

### **OVERVIEW**

The Company is incorporated under the laws of British Columbia, Canada, and is engaged in the acquisition, exploration, development and exploitation of mineral properties.

#### **Our Business**

Xiana is a TSX-V listed mining company focused on its producing natural resource operations and development properties in Region IV, Chile. The Company's common shares are listed under the symbol (i) "XIA" on the TSX Venture Exchange, (ii) “DRIFF” on the OTC market in the United States, and (iii) “DO51” on the Frankfurt Stock Exchange. Xiana acquired ownership of 100% of Minera Altos de Punitaqui (“MAP”) from Glencore plc in November 2018.

Since the closing of the acquisition, Xiana has quickly moved towards executing an optimisation plan aimed at reducing costs, extending mine life and improving profitability.

MAP owns a total of land package comprising of 11,838 hectares in Region IV comprising of exploration and exploitation concessions. Xiana is focussed on proving up the district scale potential of MAP’s

properties which will continue to provide sustainable feed for the concentrator and provide sustainable and increased production growth in the medium term at low cash costs.

Xiana is also engaged in the ongoing evaluation of producing and development stage mineral resource opportunities on an ongoing basis.

## **GOING CONCERN**

For the three month period ended March 31, 2019, the Company incurred a net loss of \$3,458 (Three month period ended April 30, 2018 – \$536), and as at March 31, 2019, has a working capital deficiency of \$8,366 (December 31, 2018 – \$4,936), an accumulated deficit of \$73,471 (December 31, 2018 – \$70,013), limited resources, no assurances that sufficient funding will be available to conduct further exploration and development of its mineral property interests. These circumstances comprise material uncertainties which cast substantial doubt as to the ability of the Company to meet its obligations as they fall due, and accordingly, the ability of the Company to continue as a going concern.

The Company will require additional financing to carry out its near-term plans, and to meet its obligations. The Company does not generate sufficient cash flow from operations to fund its activities and has therefore relied principally upon the issuance of securities for financing. Future capital requirements will depend on many factors, including the Company's ability to execute its business plan. The Company intends to continue relying upon the issuance of securities to finance its future activities, but there can be no assurance that such financing will be available on a timely basis under terms acceptable to the Company, particularly in view of current market conditions. Although these consolidated financial statements do not include any adjustments that may result from the inability to secure future financing, such a situation would have a material adverse effect on the Company's recoverability of assets, classification of assets and liabilities, and results of operations should the Company be unable to continue as a going concern.

The business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations.

## **ACQUISITION OF MINERA ALTOS DE PUNITAQUI**

During the eleven month period ended December, 31, 2018, the Company entered into a definitive agreement, subsequently amended, with subsidiaries of Glencore plc ("Glencore") to purchase 100% of Minera Altos De Punitaqui ("MAP"), a producing copper-gold operation in Chile (the "MAP Acquisition").

### Overview of MAP

- MAP is a producing copper-gold operation located in Region IV of Chile.
- The operations are located ~400km north of Santiago and 35km south of Ovalle in the Coquimbo region. They benefit from water and power supply and excellent infrastructure.
- The operations are in an established mining district with over 90% of employees from Punitaqui or Ovalle.
- MAP has a 3,600 tpd concentrator on site, currently processing ore.
- The properties comprise of IOCG, vein and Mantos style of mineralisation and are located in a prolific copper-gold district.

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Three Month Period Ended March 31, 2019

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- Current mine life of +5 years (based on resources provided by Glencore plc) with significant upside potential to create a long life, sustainable medium sized copper producer.

MAP Acquisition Agreement Summary

During the eleven month period ended December, 31, 2018, the Company entered into a definitive agreement, subsequently amended, with subsidiaries of Glencore to purchase 100% of MAP. On November 13, 2018 the Company completed the acquisition under the following terms:

- \$2,500 payable in cash at closing of the MAP Acquisition (paid);
- \$2,500 payable in cash, on the date of the first anniversary of the Closing;
- \$10,000 plus the amount of any Contingent Deferred Consideration Adjustment (as defined below) payable in cash, on the date of the second anniversary of the Closing;
- \$10,000 (less any Contingent Deferred Consideration Adjustment already paid) payable in cash, on the date of the third anniversary of the Closing; and
- Net smelter return royalty comprised of 1.5% of production after the Company having processed 9,000 tonnes of plant feed.

“Contingent Deferred Consideration Adjustment” is defined as, where, during any calendar month between the date of Closing and the payment of the First Deferred Consideration, the daily closing copper price on the London Metals Exchange is above \$3.25/lb on any single business day, an amount of \$1,000 shall accrue to be paid by the Company to Glencore on the Second Deferred Consideration Date.

This acquisition is a business combination and has been accounted for in accordance with the IFRS 3: Business combinations (“IFRS 3”) measurement and recognition provisions. IFRS 3 requires the purchase consideration to be allocated to the assets acquired and liabilities assumed based upon their estimated fair values at the date of acquisition.

The consideration consists of:

	Consideration
Cash payment on closing of acquisition	\$ 2,500
Fair value of consideration payable to Glencore	21,360
Working capital adjustments receivable from Glencore	(4,750)
Net consideration at November 13, 2018	\$ 19,110
	Consideration payable
Fair value at November 13, 2018	\$ 21,360
Accretion	63
December 31, 2018	21,423
Accretion	120
	21,543
Less: Current Portion	(2,500)
Balance at March 31, 2019	\$ 19,043

*Amended Concurrent Financing with Bluequest*

Bluequest Sourcing AG (“Bluequest”), a 100% subsidiary of Bluequest Resources AG, agreed to advance to the Company a secured convertible loan facility in the principal amount of up to \$9,000 representing up to \$7,000 cash plus capitalized interest (the “Bluequest Loan”, together with the Placement and the Termination Agreement, the “Amended Concurrent Financing”). Each Bluequest Loan will be evidenced by a definitive agreement to be entered into by Bluequest and Xiana (the “Bluequest Loan Agreement”) which will contain customary covenants, representations and warranties, events of default and conditions precedent. A maximum of \$7,000 of the Bluequest Loan may be drawn in cash as follows:

- i) \$2,850 (received) concurrent with the Closing of the MAP Acquisition, used solely to satisfy the amount due in respect of the MAP Acquisition and required payments;
- ii) Up to \$1,650 (received), drawn within 5 days of Closing of the MAP Acquisition, used to satisfy transaction costs and working capital in respect of the MAP Acquisition; and
- iii) \$2,500 on or before November 13, 2019, used to satisfy the First Deferred Consideration of the MAP Acquisition.

The Bluequest Loan, including capitalized interest, will be convertible, at the election of Bluequest, into units of the Company at a conversion price of \$0.32 (CAD\$0.43) per unit. Each unit will be comprised of one common share and one common share purchase warrant. Each warrant will be exercisable to purchase one common share at a price of \$0.49 (CAD\$0.65) per common share for a period of five years from the date of the Bluequest Loan Agreement.

The Bluequest Loan shall be repayable on the date that is 24 months from the Closing and will carry an interest rate of USD 3-month LIBOR + 11.5% per annum, subject to a floor of 13.0%, where 3-month LIBOR shall be fixed on the first day of each calendar quarter, with interest payable quarterly. Interest on the Bluequest Loan will be payable in cash or in common shares, subject to TSXV approval, or at the election of Bluequest such interest may be capitalized to the outstanding loan balance. Interest payments which are payable in common shares shall be based on the current market price of the common shares at the time such interest is payable. The Bluequest Loan will be secured by a pledge over the shares of Xiana Chile SPA, the shares of MAP, the intercompany loans held by the Company’s subsidiaries (to the extent relevant) and substantially all of MAP’s assets.

During the eleven month period ended December 31, 2018, the Company obtained \$4,500 from the convertible debenture facility. The debenture will mature on November 13, 2021. All or a portion of the debenture is convertible into common shares and common share purchase warrants, at a conversion rate of 1.298, divided by the conversion price of CAD\$0.43, at any time prior to maturity. Each warrant is exercisable on or before November 13, 2023 at a price of CAD\$0.65 per share.

The debenture has been classified into its convertible debenture and conversion feature equity components in the Company’s financial statements using the fair value method and an effective interest rate of 15.99%.

The Company allocated \$4,299 to the liability and \$201 to the conversion feature. Over the term of the loan this carrying value is to be accreted to the \$4,500 principal amount using the effective-interest-rate method. During the eleven month period ended December 31, 2018, the Company accrued \$90 of interest.

During the period ended March 31, 2019, the Company accrued \$169 of interest and paid \$70 in cash.

**SANTA INES ASSIGNMENT**

In May 2018, the Company announced that Xiana Peru Mining S.A.C (“Xiana Peru”) (a wholly-owned subsidiary of Xiana) has entered into a mining assignment agreement (“Santa Ines Assignment”) with Compania Minera Santa Ines Y Morococha S.A. (“Santa Ines”) in respect of mining concessions, property and assets comprising the Santa Ines mine (the “Santa Ines Mine”), located in the Castrovirreyna district in Peru. In December 2018, the Company terminated the option agreement, resulting in a write-off of exploration and evaluation assets.

**DEBORAH GOLD PROPERTY**

During the eleven month period ended December 31, 2018, the Company terminated the option agreement.

**RECLAMATION AND REHABILITATION**

The Company’s provision for environmental reclamation and rehabilitation consists of costs accrued based on the best estimate of mine closure and reclamation and rehabilitation activities that will be required at its sites upon completion of mining and related activity. These activities include costs for earthworks, including land recontouring and re-vegetation, water treatment and demolition. The Company’s provision for future site closure and reclamation costs is based on the level of known disturbance at the balance sheet date, known legal requirements and estimates prepared by internal and third-party specialists.

The assumptions used in the estimation of the provision are as follows:

Undiscounted liability for closure	Remaining life of mine (Years)	Pre-tax discount rate
\$ 4,861	6	3.96%

The following is a continuity schedule of the Company’s estimated provisions:

	Three month period ended March 31, 2019	Eleven month period ended December 31, 2018
Beginning of the period	\$ 3,895	\$ -
Business acquisition	-	3,825
Accretion	39	20
Change in estimate	-	50
End of the period	\$ 3,934	\$ 3,895

## OUTLOOK

The Company took ownership of MAP on November 13, 2018. The Company has a detailed operational turnaround plan aimed at restoring MAP to profitability and realizing value from the asset. The Company has commenced execution of this plan and our 2019 operational and financial performance will be influenced by successful implementation of the plan, which include reducing our production and operating costs.

At the present time, the Company anticipates that its current liquidity and capital resources will not be sufficient to fund its planned operations. The Company expects that it will require additional financing to continue to optimise its operations and pay the consideration funds outlined above.

## PRODUCTION SUMMARY

		Three month period ended March 31, 2019	November 14 to December 31, 2018 Actual
<b>Production</b>			
Payable copper in concentrate (copper equivalent terms)	Mlbs	3.16	1.44
Total tonnes processed	tonnes	196,675	119,192
Head grade (average copper equivalent)	%	1.04%	1.08%
<b>Costs</b>			
Operating cost <sup>1</sup>	\$/tonne milled	45.6	37.49

<sup>1</sup> Non-GAAP measures. Refer to “use of non-IFRS financial performance measures”

### Commodity Markets

In addition to our operating results, financial performance is directly affected by several factors, including metals prices, foreign exchange rates, and input costs, including energy prices.

## FINANCIAL AND OPERATIONAL SUMMARY

### FINANCIAL SUMMARY

		Three month period ended March 31, 2019	Eleven month period ended December 31, 2018
Cash	\$	237	\$ 1,385
Working capital deficit		(8,366)	(4,936)
Total assets		42,081	42,701
Non-current liabilities		27,541	27,238
Total revenue		9,467	2,298
EBITDA <sup>1</sup>		(2,515)	(5,932)
Net loss for the period		(3,458)	(6,387)
Basic and diluted loss per common share	\$	(0.07)	\$ (0.13)
Adjusted basic and diluted loss per common share <sup>1</sup>	\$	(0.05)	\$ (0.08)

<sup>1</sup> Non-GAAP measures. Refer to “use of non-IFRS financial performance measures”

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Three Month Period Ended March 31, 2019

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**OPERATING SUMMARY**

		Three months ended March 31, 2019	Three months ended April 30, 2018 <sup>1</sup>	
Tonnes mined (own/purchased)		159,411	-	-
Tonnes milled (own/purchased)		160,719	-	-
Tonnes milled (tolling)		35,956	-	-
Copper equivalent head grade		1.0%	-	-
Copper recovery rate (own/purchased)		78.3%	-	-
Copper recovery rate (tolling)		82.6%	-	-
Gold recovery rate (own/purchased)		80.3%	-	-
Gold recovery rate (tolling)		60.0%	-	-
Silver recovery rate (own/purchased)		69.6%	-	-
Silver recovery rate (tolling)		59.1%	-	-
Copper-gold concentrate produced	tms	4,438	-	-
Own/purchased production:				
Copper payable production	tonnes	1,218	-	-
Gold payable production	oz	1,050	-	-
Silver payable production	oz	22,000	-	-
<b>Sales</b>				
Copper-gold concentrate sold	tms	6,390	-	-

<sup>1</sup>MAP, a producing copper-gold operation, was acquired November 13, 2018. The 2018 comparatives include only the period from November 14 to December 31, 2018.

<sup>2</sup> See "Use of Non-IFRS Financial Performance Measures".

**OPERATIONS REVIEW****REVENUES**

		Three months ended March 31, 2019 <sup>1</sup>	Three months ended April 30, 2018	
<b>Revenue</b>				
Copper-gold concentrate sales	\$	9,467	\$	-
Tolling charges		-		-
Net revenue	\$	9,467	\$	-
<b>Sales quantities</b>				
Payable copper	tonnes	1,356		-
Payable gold	ozs	996		-
Payable silver	ozs	16,116		-
Payable copper equivalent	tonnes	1,599		-

The copper-gold concentrate sales are based on the LME Copper Settlement Cash price for the five calendar days prior to the invoice date. The Company recognizes revenues at the time of shipment.

Operating costs were \$45.61 (Q1 2018 - \$Nil) per tonne of processed ore and \$3.13 (Q1 2018 - \$Nil) per pound of payable copper produced (refer to non-GAAP Financial Measures).

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Three Month Period Ended March 31, 2019

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**CONSOLIDATED MINE OPERATING EXPENSES**

		<b>Three months ended March 31, 2019</b>	<b>Three months ended April 30, 2018</b>
Ore mined (own/purchased)	tonnes	159,411	-
Ore milled (tolling)	tonnes	35,956	-
Copper payable production	tonnes	1,218	-
Gold payable production	ozs	1,050	-
Silver payable production	ozs	22,000	-
<b>Mine operating expenses</b>			
Production costs	\$	10,435	-
Distribution costs	\$	318	-
Depreciation and amortization	\$	584	-
	\$	11,337	-

**FINANCIAL REVIEW****Summary of Quarterly Results**

	<b>Three Months Ended March 31, 2019</b>	<b>Two Months Ended December 31, 2018</b>	<b>Three Months Ended</b>	
			<b>October 31, 2018</b>	<b>July 31, 2018</b>
Total assets	\$ 42,081	\$ 42,701	\$ 708	\$ 891
Working capital deficiency	(8,366)	(4,936)	(936)	(264)
Revenues	9,467	2,298	-	-
Expenses:				
Mine operating expenses	11,447	3,962	-	-
General and administrative	467	990	396	482
Business acquisition costs	23	1,152	-	-
Write-off of exploration and evaluation assets	(118)	676	545	-
Other expenses (income)	83	(46)	(7)	6
Income tax	1	1	-	-
Net loss for the period	(3,458)	(4,437)	(934)	(488)
Basic and fully diluted loss per share	(0.07)	(0.09)	(0.02)	(0.01)

	<b>Three Months Ended</b>			
	<b>April 30, 2018</b>	<b>January 31, 2018</b>	<b>October 31, 2017</b>	<b>July 31, 2017</b>
Total assets	\$ 205	\$ 722	\$ 10	\$ 13
Working capital (deficiency)	124	685	(260)	(249)
Expenses:				
General and administrative	524	79	46	56
Other items	4	(19)	3	(7)
Net loss for the period	(528)	(60)	(49)	(49)
Basic and diluted loss per share	(0.01)	(0.00)	(0.00)	(0.00)

During the 11 month period ended December 31, 2018, the Company acquired MAP leading to significant changes in its total assets, revenues, expenses and net loss.



During the quarter ended January 31, 2018, the Company closed a private placement which increased its total assets.

During the quarter ended July 31, 2018, the Company added to exploration and evaluation assets funded by debt.

## **LIQUIDITY AND CAPITAL RESOURCES**

Cash was \$237 as at March 31, 2019 compared to \$1,385 as at December 31, 2018. As at March 31, 2019, the Company had a working capital deficiency of \$8,366 (December 31, 2018 - \$4,936). The primary reason for the decrease is due to the significant trade payables acquired with the November 2018 MAP Acquisition. Working capital at any specific point in time is subject to many variables, including seasonality, inventory management, the timing of cash receipts and payments, credit facility and loan payment terms, and fluctuations in foreign exchange rates.

### *Operating activities*

During the three month period ended March 31, 2019, net cash used in operating activities amounted to \$889, which included negative operating cash flow before changes in non-cash operating working capital items of \$1,595 and changes in non-cash working capital items of \$706.

### *Investing activities*

Cash used for investing activities during the three month period ended March 31, 2019 totalled \$189, which were primarily comprised of cash paid on acquisitions of exploration and evaluation assets of \$56 and mineral property, plant and equipment of 133.

## **TRANSACTIONS WITH RELATED PARTIES (KEY MANAGEMENT COMPENSATION)**

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

During the three month period ended March 31, 2019, the Company entered into the following transactions with related parties:

### **Key management compensation**

During the three month period, the Company paid or accrued consulting fees of \$153 (April 30, 2018 - \$Nil) to officers and directors of the Company.

During the three month period, the Company incurred share-based compensation to officers and directors or the Company in the amount of \$86 (April 30, 2018 - \$Nil).

Amounts due to related parties as at March 31, 2019 are comprised of \$98 (December 31, 2018 - \$95) to directors and an officer of the Company.

The Company has entered into agreements with officers that include termination and change of control clauses. In the case of termination, the officers are entitled to an amount equal to two times the annual base salary and applicable annual bonus payable. In the case of a change of control, the officers and

consultants are entitled to an amount equal to three times sum of the annual base payable. As at March 31, 2019, the total annual base salary of the officers and consultants under the agreements is \$450.

## **OFF-BALANCE SHEET ARRANGEMENTS**

As at the date of this MD&A there are no off-balance sheet arrangements.

## **RISK MANAGEMENT AND FINANCIAL INSTRUMENTS**

### **Fair value**

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
- Level 3 - Inputs for assets and liabilities that are not based on observable market data.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

As at March 31, 2019, the Company's financial instruments measured at fair value are as follows:

March 31, 2019	Level 1	Level 2	Level 3	Total
Cash	\$237	-	-	\$237

The carrying value of cash and cash equivalents, receivables (excluding trade receivable from provisional sales of metals concentrate), accounts payable and accrued liabilities, and credit facilities approximated their fair value because of the short-term nature of these instruments. The fair values of the Company's long-term loans payable and finance lease obligations are approximated by their carrying values as their interest rates are comparable to market interest rates.

Trade receivable from provisional sales of metals concentrate includes provisional pricing, and final price and assay adjustments. Derivative instruments are forward arrangements that were valued using pricing models, which require a variety of inputs, such as expected copper prices, gold prices, and foreign exchange rates. The trade receivable from sales of metals concentrate and derivative instruments are valued using observable market commodity prices and thereby classified within Level 2 of the fair value hierarchy.

The Company's activities expose it to financial risks of varying degrees of significance which could affect its ability to achieve its strategic objectives for growth and shareholder returns. The principal financial risks to which the Company is exposed are metal price risk, credit risk, currency risk, liquidity risk, and interest rate risk. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and reviews the Company's policies on an ongoing basis.

**Metal price risk**

The Company derives its revenue from the sale of copper, gold and silver and therefore fluctuations in the price of these metals significantly affect our operations and profitability. The Company's sales are directly dependent on metal prices, and metal prices have historically shown significant volatility and are beyond the Company's control. The Board continually assesses the Company's strategy towards our base metal exposure, depending on market conditions.

**Interest rate risk**

Interest rate risk consists of the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The Company's cash consists primarily of cash held in bank accounts and short-term deposits. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of March 31, 2019 and December 31, 2018.

The Company is exposed to interest rate cash flow risk on certain debt amounts as the payments will fluctuate during their term with changes in the interest rate. Based on the amount owing at March 31, 2019, and assuming that all other variables remain constant, a 1% change in the LIBOR rate would result in an increase/decrease of \$45 in the interest expense accrued by the Company per annum.

**Credit risk**

As at March 31, 2019, the Company's maximum exposure to credit risk was the book value of cash and amounts receivable. The Company limits its credit exposure on cash by holding its deposits mainly with institutions with strong investment-grade ratings by a primary ratings agency. The Company's most significant amounts receivable are its \$4,344 Chilean sales tax refundable from the Chilean government and other receivables of 5,473.

**Currency risk**

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company primarily operates in Canada and Chile and incurs expenditures in currencies other than the US dollars. Thereby, the Company is exposed to foreign exchange risk arising from currency exposure. The Company has not hedged its exposure to currency fluctuations. As at March 31, 2019, the Company's net monetary assets/(liabilities) are summarized below by currency with a sensitivity analysis for the impact on net income of a change in the absolute rate of exchange for each currency of 10%.

	Net monetary assets/(liabilities) – In USD	Currency change of +/- 10% In USD
Chilean pesos	\$ (6,031)	\$ (603)
Canadian dollars	(62)	(6)
Peruvian soles	(6)	(1)
	\$ (6,099)	\$ (610)

**Liquidity risk**

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company's current financial liabilities have contractual maturities of less than 30 days and are subject to normal terms. The Company currently has payables past due and will require additional financing to meet its liabilities that are past due and maturing. The following table outlines the maturities of the Company's liabilities:

	<b>Contractual Cash Flows</b>	<b>Less than 1 year</b>	<b>Greater than 1 year</b>
Accounts payable and accrued liabilities and due to related parties	\$ 18,279	\$ 18,279	\$ -
Lease payable	696	696	-
Consideration payable	22,500	2,500	20,000
Convertible debenture	4,500	-	4,500
<b>Total</b>	<b>\$ 45,975</b>	<b>\$ 21,475</b>	<b>\$ 24,500</b>

**COMMITMENTS AND CONTINGENCIES**

The following is a summary of the contingent matters and obligations relating to the Company as at March 31, 2019.

## a. General:

The Company is subject to various investigations, claims and legal and tax proceedings covering matters that arise in the ordinary course of business activities. Each of these matters is subject to various uncertainties and it is possible that some of these matters may be resolved unfavorably to the Company. Certain conditions may exist as of the date the financial statements are issued, which may result in a loss to the Company. In the opinion of management none of these matters are expected to have a material effect on the results of operations or financial conditions of the Company.

## b. Environmental

The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulation are continually changing and are generally becoming more restrictive. The Company conducts its operations so as to protect the public health and environment and believes its operations are in compliance with applicable laws and regulations in all material respects. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations, but cannot predict the full amount of such future expenditures.

## c. Income Taxes

The tax laws and regulations in the countries the Company operates in are highly complex and subject to interpretation. From time to time, the Company is subject to a review of its historic income tax filings and in connection with such reviews, disputes can arise with the tax authorities over the interpretation or application of certain rules to the Company's business conducted within the country involved.

d. Other legal matters

The Company is subject to various claims and legal proceeding covering a wide range of matters that arise in the ordinary course of business activities. Each of these matters is subject to various uncertainties and it is possible that some of these matters may be resolved unfavorably to the Company. The Company established provision for matters that are probable and can be reasonably estimated.

In assessing loss contingencies related to legal proceeds that are pending against the company, or un-asserted claims that may result in such proceedings, the Company and its legal counsel evaluate the perceived merits of any legal proceeding or un-asserted claims as well as the perceived merits of the amount of relief sought or expected to be sought. In the opinion of management there are no claims expected to have a material effect on the results of operations of the financial condition of the Company.

e. Royalty agreements:

In connection with the acquisition of MAP, the Company is subject to pay net smelter return royalty comprised of 1.5% of production after the Company having processed 9,000 tonnes of plant feed.

## **FORWARD LOOKING STATEMENTS**

Certain statements contained in this MD&A and any documents incorporated by reference into this MD&A constitute forward-looking statements. Forward-looking statements express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, identified using words or phrases such as “expects”, “is expected”, “anticipates”, “believes”, “plans”, “projects”, “estimates”, “assumes”, “intends”, “strategies”, “targets”, “goals”, “forecasts”, “objectives”, “budgets”, “schedules”, “potential” or variations thereof or stating that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved, or the negative of any of these terms and similar expressions) and are not statements of historical fact.

Forward-looking statements relate to, among other things:

- mineral “reserves” and “resources” as they involve the implied assessment, based on estimates and assumptions that the resources described exist in the quantities predicted or estimated and can be profitably produced in the future;
- production rates at the Company’s properties;
- timing to achieve full production capacity at the Company’s properties;
- timing for completion of infrastructure upgrades related to the Company’s properties;
- timing for delivery of materials and equipment for the Company’s properties;
- the sufficiency of the Company’s cash position and its ability to raise equity capital or access debt facilities;
- the Company’s planned processing, cash generated from operations,
- management’s belief that if the Company needs to access the capital markets for additional financial resources,
- the Company will be able to do so at prevailing market rates; the expected maturities of the Company’s financial liabilities, and other contractual commitments;
- and management’s expectation that none of the investigations, claims, and legal, labor and tax proceedings arising in the ordinary course of business will have a material effect on the results of operations or financial conditions of the Company.

Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company as at the date of such statements, are inherently subject to significant business, economic, social, political and competitive uncertainties and contingencies and other factors that could cause actual results or events to differ materially from those projected in the forward-looking statements. The estimates and assumptions of the Company contained or incorporated by reference in this MD&A which may prove to be incorrect, include, but are not limited to, (1) that all required third party contractual, regulatory and governmental approvals will be obtained for the development, construction and production of its properties, (2) there being no significant disruptions affecting operations, whether due to labor disruptions, supply disruptions, power disruptions, damage to equipment or otherwise; (3) permitting, development, expansion and power supply proceeding on a basis consistent with the Company's current expectations; (4) currency exchange rates being approximately consistent with current levels; (5) certain price assumptions for copper, gold and silver; (6) prices for and availability of fuel oil, electricity, parts and equipment and other key supplies remaining consistent with current levels; (7) production forecasts meeting expectations; (8) the accuracy of the Company's current mineral resource estimates; (9) labor and materials costs increasing on a basis consistent with the Company's current expectations; and (10) assumptions made and judgments used in engineering and geological interpretation.

In addition, there are known and unknown risk factors which could cause the Company's actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by the forward-looking statements. Known risk factors include, risks associated with mineral exploration and project development; the need for additional financing; operational risks associated with mining and mineral processing; uncertainty relating to concentrate treatment charges and transportation costs; uncertainty relating to capital and operating costs, production schedules, and economic returns; uncertainties relating to general economic conditions; the Company's substantial reliance on the MAP project for revenues; risks related to the integration of businesses and assets acquired by the Company; risks associated with entering into commodity forward and option contracts for base metals production; potential conflicts of interest involving the Company's directors and officers; risks associated with potential legal proceedings; changes in national and local government legislation, taxation, controls, regulations and political or economic developments in Canada, Chile, Peru or other countries in which the Company does or may carry on business; the possibility of cost overruns or unanticipated expenses; fluctuations in copper, gold and silver prices; title matters; uncertainties and risks related to carrying on business in foreign countries; environmental liability claims and insurance; reliance on key personnel; currency exchange rate fluctuations; competition; and other risks and uncertainties, including those described in the "Risks Factors" section in this MD&A. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. These forward-looking statements are made as of the date of this MD&A. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers are cautioned not to place undue reliance on forward-looking statements. Except as required by law, the Company does not assume the obligation to revise or update these forward-looking statements after the date of this document or to revise them to reflect the occurrence of future unanticipated events. The Company has not based its production decisions and ongoing mine production on mineral reserve estimates, preliminary economic assessments or feasibility studies, and historically such projects have increased uncertainty and risk of failure. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

All of the Company's public disclosure filings, including its most recent management information circular, material change reports, press releases and other information, may be accessed via [www.sedar.com](http://www.sedar.com) and readers are urged to review these materials, including the technical reports filed with

respect to the Company's mineral properties. This MD&A reflects information available as at May 30, 2019.

## **BASIS OF PRESENTATION, ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED**

Please refer to the condensed interim consolidated financial statements for the three month period ended March 31, 2019 on [www.sedar.com](http://www.sedar.com) for accounting standards and interpretations adopted.

## **PROPOSED TRANSACTIONS**

There are no proposed transactions of a material nature being considered by the Company at the current time.

## **ADDITIONAL RISK FACTORS**

The Company's ability to generate revenues and profits from its natural resource properties is subject to a number of risks and uncertainties including, without limitation, the following:

### **Operating hazards and risks**

Mining operations generally involve a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Hazards such as unusual or unexpected formations and other conditions can occur. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of precious and base metals, any of which could result in work stoppages, damage to or destruction of mines and other producing facilities, damage to life and property, environmental damage and possible legal liability for any or all damages. The Company may become subject to liability for pollution, cave-ins or hazards against which it cannot insure or against which it may elect not to insure. Any compensation for such liabilities may have a material, adverse effect on the Company's financial position.

### **Substantial reliance on the MAP Mine**

All of the Company's future revenues will be generated by the MAP mine. For 2019, the Company anticipates that most if not all of its future revenue will come from the MAP mine. Unless the Company develops or acquires additional properties or projects, the Company will remain largely dependent upon the operation of the MAP mine for its revenue and profits, if any. If for any reason, production at the mine is reduced or stopped, the Company's anticipated revenues and profits would decrease significantly.

### **General economic conditions**

Turmoil in global financial markets in recent years has had a profound impact on the global economy. Many industries, including the precious and base metals mining industry, have been impacted by these market conditions. Some of the key impacts have included contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets, and a lack of market liquidity. The sovereign debt crisis in Europe has been a visible risk to world financial stability. A continued or worsened slowdown in economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates, and tax rates may adversely affect the Company's growth and profitability. Specifically:

- under a worst-case scenario, a new global credit/liquidity crisis could impact the cost and availability of financing and the Company's overall market liquidity;
- the volatility of metal prices could impact the Company's revenues, profits, losses and cash flow;
- volatile energy prices, commodity and consumables prices and currency exchange rates could impact the Company's production costs; and
- the devaluation and volatility of global stock markets, which are not related to the Company's operations or assets, could impact the valuation of the Company's equity and other securities.

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

### **Competition**

The mining industry is intensely competitive in all of its phases, and such competition could adversely affect the Company's ability to acquire suitable resource properties in the future.

### **Additional businesses and assets may not be successfully integrated**

The Company undertakes evaluations of opportunities to acquire additional mining assets and businesses. Any acquisitions may be significant in size, may change the scale of the Company's business, and may expose the Company to new geographic, political, operating, financial and geological risks. The Company's success in its acquisition activities depends on its ability to identify suitable acquisition candidates, acquire them on acceptable terms, and integrate their operations successfully. Any acquisitions would be accompanied by risks such as a significant decline in the relevant metal price after the Company commits to complete an acquisition on certain terms; the quality of the mineral deposit acquired proving to be lower than expected; the difficulty of assimilating the operations and personnel of any acquired companies; the potential disruption of the Company's ongoing business; the inability of management to realize anticipated synergies and maximize the financial and strategic position of the Company; the failure to maintain uniform standards, controls, procedures and policies; the impairment of relationships with employees, customers and contractors as a result of any integration of new management personnel, and the potential unknown liabilities associated with acquired assets and businesses. There can be no assurance that any assets or business acquired will prove to be profitable or that the Company will be able to integrate the required businesses successfully, which could slow the Company's rate of expansion and the Company's business, results of operations and financial condition could suffer.

Xiana may need additional capital to finance other acquisitions. If the Company obtains further debt financing, it will be exposed to the risk of leverage and its operations could become subject to restrictive loan and lease covenants and undertakings. If the Company obtains equity financing, existing shareholders may suffer dilution. There can be no assurance that the Company would be successful in overcoming these risks or any other problems encountered in connection with such financings.

### **Political and country risk**

The Company conducts, or will conduct, exploration, development and production activities in Colombia and potentially other countries. The Company is not able to determine the impact of potential political, social, economic or other risks on its future financial position, which include:



- Cancellation or renegotiation of contracts;
- Changes in foreign laws or regulations;
- Changes in tax laws;
- Royalty and tax increases or claims by governmental entities;
- Retroactive tax or royalty claims;
- Expropriation or nationalization of property;
- Inflation of costs that is not compensated by a currency devaluation;
- Restrictions on the remittance of dividend and interest payments offshore;
- Environmental controls and permitting;
- Opposition from local community members or non-governmental organizations;
- Civil strife, acts of war, guerrilla activities, insurrection and terrorism, and
- Other risks arising out of foreign sovereignty over the areas in which the Company's operations are conducted.

Such risks could potentially arise in any country in which the Company operates. Furthermore, in the event of a dispute arising from such activities, the Company may be subject to the exclusive jurisdiction of courts outside North America or may not be successful in subjecting persons to the jurisdiction of the courts in North America, which could adversely affect the outcome of a dispute.

### **Metal prices and marketability**

The marketability of any metals acquired or discovered may be affected by numerous factors which are beyond the Company's control and which cannot be accurately foreseen or predicted, such as market fluctuations, the global marketing conditions for precious and base metals, the proximity and capacity of milling facilities, metal markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting metals and environmental protection.

The price of the common shares of the Company, the Company's financial results and exploration, development and mining activities may in the future be significantly adversely affected by declines in the price of Cu, Au or other metals. The price of Cu, Au or other metals fluctuates widely and is affected by numerous factors beyond the Company's control such as the sale or purchase of metals by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and foreign currencies, global and regional supply and demand, the political and economic conditions of major metal-producing countries throughout the world, and the cost of substitutes, inventory levels and carrying charges. Future serious price declines in the market value of Cu, Au or other metals could cause continued development of and commercial production from the Company's properties to be impracticable. Depending on the price of Cu, Au and other metals, cash flow from mining operations may not be sufficient and the Company could be forced to discontinue production and may lose its interest in, or may be forced to sell, some of its properties. Future production from the Company's mining properties is dependent upon the prices of Cu, Au and other metals being adequate to make these properties economic.

In addition to adversely affecting the Company's resource estimates and its financial condition, declining metal prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

**Government regulation**

Operations, development and exploration on the Company's properties are affected to varying degrees by political stability and government regulations relating to such matters as environmental protection, health, safety and labour, mining law reform, restrictions on production, price controls, tax increases, maintenance of claims, tenure, and expropriation of property. There is no assurance that future changes in such regulations, if any, will not adversely affect the Company's operations. The activities of the Company require licenses and permits from various governmental authorities. While the Company currently has been granted the requisite licenses and permits to enable it to carry on its existing business and operations, there can be no assurance that the Company will be able to obtain all the necessary licenses and permits which may be required to carry out exploration, development and mining operations for its projects.

**Environmental matters**

All phases of the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on the Company's properties which are unknown to the Company at present which have been caused by previous or existing owners or operators of the properties.

**Dependence on key personnel**

The Company is dependent on a number of key management and employee personnel. The Company's ability to manage its exploration, development, construction and operating activities, and hence its success, will depend in large part on the ability to retain current personnel and attract and retain new personnel, including management, technical and unskilled employees. The loss of the services of one or more key management personnel, as well as a prolonged labor disruption, could have a material adverse effect on the Company's ability to successfully manage and expand its affairs.

The Company's ability to recruit and assimilate new personnel will be critical to its performance. The Company will be required to recruit additional personnel and to train, motivate and manage its employees. The international mining industry is very active and the Company is facing increased competition for personnel in all disciplines and areas of operation, including geology and project management, and there can be no assurance that it will be able to retain current personnel and attract and retain new personnel.

**Director and officer conflicts of interest**

Certain of the directors and officers of the Company also serve as directors and/or officers of other companies involved in natural resource exploration and development and consequently there exists the possibility for such directors and officers to be in a position of conflict. In such case, the Company's directors and officers comply with conflict of interest provisions in Canadian corporate law, including relevant securities regulatory instruments, in order to ensure that they exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest.

**Title to properties**

Although the Company has or will receive title opinions for any properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned.

**Dilution from further equity financing**

If the Company raises additional funding by issuing equity securities, such financing may substantially dilute the interests of existing shareholders of the Company and reduce the value of their investment.

**Foreign currency**

The Company's activities and operations in Chile make it subject to foreign currency fluctuations. A portion of the Company's operating expenses are incurred in Chilean pesos and the fluctuation of the US dollar in relation to this currency will consequently have an impact upon the profitability of the Company and may also affect the value of the Company's assets and the amount of shareholders' equity. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks.

**Exploration and development, and infrastructure**

Development of any non-producing property will only follow upon obtaining satisfactory exploration results that confirm economically recoverable and saleable volumes of minerals and metal. The business of mineral exploration and development is speculative in nature and involve a high degree of risk, as few properties which are explored are ultimately developed into producing mines. There is no assurance that the Company's mineral exploration and development activities will result in any discoveries of reserves of commercial ore. The long-term profitability of the Company's operations will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors.

Substantial expenditures are required to establish resources and reserves through drilling and development and for mining and processing facilities and infrastructure. 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 the funds required for development can be obtained on a timely basis. Economic feasibility of a project is based on several other factors including anticipated metallurgical recoveries, environmental considerations and permitting, future metal prices, and timely completion of the development plan.

Completion of the development of the Company's advanced projects is subject to various requirements, including the availability and timing of acceptable arrangements for power, water, transportation, access and facilities. The lack of, or delay in, availability of any one or more of these items could prevent or delay development of the Company's advanced projects. There can be no assurance that adequate infrastructure, including road access, will be built, that it will be built in a timely manner or that the cost of such infrastructure will be reasonable or that it will sufficiently satisfy the requirements of the advanced projects. As well, accidents or sabotage could affect the provision or maintenance of adequate infrastructure.

**Insurance**

Where practical, a reasonable amount of insurance is maintained against risks in the Company's operations, but coverage has exclusions and limitations. There is no assurance that the Company's insurance will be adequate to cover all liabilities or that it will continue to be available and at terms that are economically acceptable. Losses from un-insured or under-insured events may cause the Company to

incur significant costs that could have a material adverse effect on its financial performance. Estimation of mineral resources and reserves and precious metal recoveries

There is a degree of uncertainty attributable to the estimation of resources and reserves and to expected mineral grades. Mineral resources and mineral reserves may require revision based on actual production experience. Market fluctuations in the price of metals, as well as increased production costs and reduced recovery rates, may render certain mineral reserves uneconomic and may ultimately result in a restatement of mineral resources and/or reserves. Short term operating factors relating to the mineral resources and reserves, such as the need for sequential development of ore bodies may adversely affect the Company's profitability in any accounting period.

### **Reclamation**

There is a risk that monies allotted for land reclamation may not be sufficient to cover all risks, due to changes in the nature of the waste rock or tailings and/or revisions to government regulations. Therefore, additional funds, or reclamation bonds or other forms of financial assurance may be required over the tenure of the project to cover potential risks. These additional costs may have material adverse impact on the financial condition and results of the Company.

### **Uncertainty of funding**

The Company's operating cash flow from the El Roble mine may not be sufficient to cover the current costs of exploration and development of the Company's other projects. Exploration and development activities may be dependent upon the Company's ability to obtain financing through joint venturing, equity or debt financing or other means, and although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain additional financing or that the terms of such financing will be favorable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of some of its plans.

### **Uncertainty of dividends on its common shares**

The Company has paid no dividends on its common shares since incorporation and does not anticipate paying dividends in the foreseeable future. Payment of any future dividends will be at the discretion of the Company's board of directors after taking into account many factors, including the Company's operating results, financial condition and current and anticipated cash needs.

### **Legal proceedings**

Due to the nature of its business, the Company may be subject to numerous regulatory investigations, claims, lawsuits and other proceedings in the ordinary course of its business. The results of these legal proceedings cannot be predicted with certainty due to the uncertainty inherent in litigation, including the effects of discovery of new evidence or advancement of new legal theories, the difficulty of predicting decisions of judges and juries and the possibility that decisions may be reversed on appeal. There can be no assurances that these matters will not have a material adverse effect on the Company's business.

### **Uncertainty of inferred mineral resources**

Inferred mineral resources that are not mineral reserves do not have demonstrated economic viability and are considered too speculative geologically to have economic considerations applied to them to enable them to be categorized as mineral reserves. The estimates of mineral resources contained in this MD&A

contain estimates of inferred mineral resources. Due to the uncertainty that may attach to inferred mineral resources, there is no assurance that the estimated tonnage and grades as stated will be achieved or that they will be upgraded to measured and indicated mineral resources or proven and probable mineral reserves as a result of continued exploration.

**DISCLOSURE OF OUTSTANDING SHARE DATA (AS AT May 30, 2019)**

Authorized and issued capital stock:

<b>Authorized</b>	<b>Issued and Outstanding</b>
An unlimited number of common shares without par value	53,940,247

Stock options as of **May 30, 2019**:

<b>Number of Stock Options</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
3,700,000	\$0.60	May 30, 2023

Warrants as of **May 30, 2019**:

<b>Number of Warrants</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
4,472,092	\$0.65	November 13, 2023

**ADDITIONAL INFORMATION**

Additional information relating to our company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

**USE OF NON-IFRS FINANCIAL PERFORMANCE MEASURES**

This MD&A refers to the following non-IFRS financial performance measures: Earnings before interest, taxes, depreciation and amortization ("EBITDA"), Earnings before interest and taxes ("EBIT"), Adjusted EBITDA, Adjusted Earnings per Share, net debt and Operating Cost per tonne.

These measures are not recognized under IFRS as they do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. We use these measures internally to evaluate the underlying operating performance of the Company for the reporting periods presented. The use of these measures enables us to assess performance trends and to evaluate the results of the underlying business of the Company. We understand that certain investors, and others who follow the Company's performance, also assess performance in this way.

We believe that these measures reflect our performance and are useful indicators of our expected performance in future periods. This data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

**EBITDA and EBIT**

EBITDA provides insight into our overall business performance (a combination of cost management and growth) and is the corresponding flow drivers towards the objective of achieving industry-leading returns. This measure assists readers in understanding the ongoing cash generating potential of the business including liquidity to fund working capital, servicing debt, and funding capital expenditures and investments opportunities. EBITDA is profit attributable to shareholders before net finance expense,

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Three Month Period Ended March 31, 2019

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income taxes and depreciation, depletion, and amortization. EBIT is EBITDA after depreciation, depletion, and amortization. Other companies may calculate EBIT and EBITDA differently.

Adjusted EBITDA and Adjusted Earnings per Share

Adjusted EBITDA consists of EBITDA less the impact of impairments or reversals of impairment and other non-cash expenses or recoveries. The non-cash expenses and recoveries are removed from the calculation of EBITDA as the Company does not believe they are reflective of the Company's ability to generate liquidity and its core operating results.

Adjusted Earnings per Share consist of net income or loss in the period less the impact of impairments or reversals of impairment, loss on foreign exchange, business acquisition cost and other income or expenses.

	<b>Three months ended March 31, 2019</b>	<b>Three months ended April 30, 2018</b>
Net loss	\$ (3,458)	\$ (536)
Income tax expense	1	-
Accretion and interest expense	358	-
EBIT	(3,099)	(536)
Depreciation and amortization	584	-
EBITDA	(2,515)	(536)
Business acquisition costs	23	-
Loss on foreign exchange	748	4
Other expense	34	-
Write-off of accounts payable	(35)	-
Write-off of exploration and evaluation assets	(118)	-
Adjusted EBITDA	\$ (1,863)	\$ (532)

	<b>Three months ended March 31, 2019</b>	<b>Three months ended April 30, 2018</b>
Net loss	\$ (3,458)	\$ (536)
Business acquisition costs	23	-
Loss on foreign exchange	748	4
Write-off of exploration and evaluation assets	(118)	-
Other expense	34	-
Adjusted income	\$ (2,771)	\$ (532)
Adjusted earnings per share	\$ (0.05)	\$ (0.01)
Weighted average number of shares outstanding – basic and diluted	53,940,247	49,468,155

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Net debt

Net debt demonstrates how our debt is being managed and is defined as total current and long-term portions of debt and finance leases less cash and cash equivalents.

	<b>March 31, 2019</b>	<b>December 31, 2018</b>
Consideration payable	\$ 21,543	\$ 21,423
Convertible debenture	4,488	4,389
Total debt	26,031	25,812
Less: Cash	237	1,385
Net debt	\$ 25,794	\$ 24,427

Operating Cost per tonne

This measures the mine site cash operating cost per tonne milled. This measure includes mine operating production expenses such as mining, processing, administration, indirect charges such as surface maintenance and camp expenses, and inventory stock movement divided by tonnes milled. Operating Cost per tonne does not include smelting and refining, distribution (freight), royalties, by-product revenues, depreciation, depletion, amortization, reclamation, and capital sustaining and exploration expenses.

	<b>Three months ended March 31, 2019</b>	<b>Three months ended April 30, 2018</b>
Production costs	\$ (10,545)	\$ -
Inventory stock movement	1,577	-
Cash operating costs	(8,968)	-
Tonnes milled	196,675	-
Operating cost per tonne	\$ 45.61	\$ -