

SONORO METALS CORP.

(An Exploration Stage Company)

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018

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1.0 INTRODUCTION

This Management's Discussion and Analysis ("MD&A") includes financial information from, and should be read in conjunction with, Sonoro Metals Corp (the "Company" or "Sonoro") unaudited condensed interim consolidated financial statements and notes thereto for the nine months ended September 30, 2019 and audited consolidated financial statements and notes thereto for the year ended December 31, 2018. This MD&A was prepared with information available to November 29, 2019. Additional information and disclosure relating to the Company can be found on SEDAR at www.sedar.com.

2.0 FORWARD LOOKING STATEMENTS

This MD&A contains "forward-looking statements" within the meaning of applicable Canadian securities legislation, which include all statements other than statements of historical fact that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future. These include, without limitation:

- the Company's anticipated results and developments in the Company's operations in future periods;
- planned exploration and development of its mineral properties;
- planned expenditures and budgets;
- evaluation of the potential impact of future accounting changes;
- estimates concerning share-based compensation and carrying value of properties;
- other matters that may occur in the future.

These statements relate to analyses and other information that are based on expectations of future performance and planned work programs.

Statements concerning mineral resource estimates may also be deemed to constitute forward-looking statements to the extent that they involve estimates of the mineralization that will be encountered if the related property is developed.

With respect to forward-looking statements and information contained herein, the Company has made a number of assumptions with respect to, including among other things, the price of gold and other metals, economic and political conditions, and continuity of operations. Although the Company believes that the assumptions made and the expectations represented by such statements or information are reasonable, there can be no assurance that forward-looking statements or information contained or incorporated by reference herein will prove to be accurate.

Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors which could cause actual events or results to differ materially from those expressed or implied by the forward-looking statements, including, without limitation:

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- fluctuations in mineral prices;
- the Company's dependence on a limited number of mineral projects;
- the nature of mineral exploration and mining and the uncertain commercial viability of certain mineral deposits;
- the Company's lack of operating revenues;
- the Company's ability to obtain necessary financing to fund the development of its mineral properties or the completion of further exploration programs;
- jurisdiction operating risks which can over time include changes in political, economic, regulatory and taxation regimes;
- governmental regulations and specifically the ability to obtain necessary licenses and permits;
- risks related to the Company's mineral properties being subject to prior unregistered agreements, transfers, or claims and other defects in title;
- fluctuations in the currency markets;
- changes in environmental laws and regulations which may increase costs of doing business and restrict the Company's operations;
- risks related to the Company's dependence on key personnel; and
- estimates used in the Company's consolidated financial statements proving to be incorrect.

This is not an exhaustive list of the factors that may affect the Company's forward-looking statements. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the forward-looking statements. The Company's forward-looking statements are based on beliefs, expectations and opinions of management on the date the statements are made. For the reasons set forth above, investors should not place undue reliance on forward-looking statements.

3.0 DESCRIPTION OF BUSINESS

Sonoro was incorporated in Ontario on November 30, 1944 under the Company Act of Ontario. On January 15, 2007, the Company was issued a Certificate of Continuation by the Province of British Columbia. The Company's principal business activity is the acquisition, exploration and development of exploration and evaluation assets. The Company is a publicly-traded company listed on the TSX Venture Exchange under the symbol "SMO".

The Company has financed its current exploration and development activities principally by the issuance of common shares. 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.

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4.0 HIGHLIGHTS

- On April 2, 2019, the Company closed a non-brokered private placement for gross proceeds of \$650,718.
- On July 26, 2019 the Company filed a National Instrument 43-101 technical report for its Cerro Caliche gold project in Sonora, Mexico.
- On August 2, 2019, the Company closed a non-brokered private placement for gross proceeds of \$750,060.
- On September 3, 2019, the Company engaged New Tigers Technologies Ltd., (“NTT”) to act as the Company’s China branch office representative.
- As at September 30, 2019, the Company had a working capital deficit of \$1,478,762.

5.0 PROJECT UPDATES

Cerro Caliche Project

Cerro Caliche Option Agreements

On January 23, 2018, the Company through its wholly owned Mexican subsidiary, Minera Mar de Plata S.A. de C.V (“MMP”), entered into an option agreement (the “Cerro Caliche Option Agreement”) with a resident of Sonora, Mexico (the “Cerro Caliche Vendor”), to acquire a 100% interest (the “Cerro Caliche Option”) in the Cerro Caliche Group of Concessions (“Cerro Caliche”) located in the municipality of Cucurpe, in northern Sonora state, Mexico.

The Cerro Caliche Option Agreement provides for the Company to acquire a 100% interest in Cerro Caliche over a 72-month period for total consideration of US\$2,977,000 payable in instalments.

Following exercise of the Cerro Caliche Option, the Cerro Caliche Vendor will be entitled to a 2% net smelter returns royalty (“Cerro Caliche NSR”) from the proceeds of the sale of minerals from the Cerro Caliche project. The Company has been granted an option to purchase the Cerro Caliche NSR at any time for US\$1,000,000 for each one percent of the Cerro Caliche NSR.

On June 14, 2018, the Company through its wholly owned Mexican subsidiary, MMP, entered into an option agreement (the “Rosario Option Agreement”) with a resident of Tucson, Arizona (the “Rosario Vendor”), to acquire a 100% interest (the “Rosario Option”) in the Rosario Group of Concessions (“Rosario”) located in the municipality of Cucurpe, in northern Sonora State, Mexico. Rosario is situated contiguous to the southern boundary of the Cerro Caliche Concessions.

The Rosario Option Agreement provides for the Company to acquire a 100% interest in Rosario over a 72-month period for total consideration of US\$1,600,000 payable in instalments.

Following exercise of the Rosario Option, the Rosario Vendor will be entitled to a 2% net smelter returns royalty (“Rosario NSR”) from the proceeds of the sale of minerals from the

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Rosario project. The Company has been granted an option to purchase the Rosario NSR at any time for US\$1,000,000 for each one percent of the Rosario NSR.

On May 29, 2018, the Company entered into an option agreement to acquire a 100% interest in the Tres Amigos concession in Sonora, Mexico. The Tres Amigos concessions are contiguous to the Company's Cerro Caliche concessions. The Company can acquire the 100% interest for total consideration of US\$130,000, which is payable in nine equal instalments over 48 months from the date of signing.

On August 10, 2018, the Company entered into an option agreement to acquire a 100% interest in the El Colorado concession, which is located within the perimeter of the Cerro Caliche concessions. The Company paid the remaining balance during the nine months ended June 30, 2019 and completed the acquisition of the El Colorado concession.

On October 5, 2018, the Company entered into an option agreement to acquire a 100% interest in the Cabeza Blanca concession, located within the perimeter of the Cerro Caliche concessions. The Company can acquire its 100% interest in the Cabeza Blanca concession by paying US\$175,000 in staged payments over two years from the date of signing and by issuing 250,000 common shares.

In June 2018, the company entered into a surface access agreement with the owners of El Cerro Prieto Ranch, which has ownership of the surface rights above the Cerro Caliche concession. In Mexico, mineral concessions do not grant the rights over the surface where they are located, the concession holder must negotiate directly for the use of land with the owners of the surface rights. Under the Sonoro agreement with El Cerro Prieto Ranch, the company has access to the land for mineral exploration and development for an annual fee of US\$48,000.

RESULTS OF PHASE ONE DRILL PROGRAM AT CERRO CALICHE

Following the assaying of over 2,000 rock chip samples collected by Sonoro's geological field crews and the analysis of over 4,000 surface samples conducted by prior operators, Sonoro carried out the first phase of a two-phase drilling program for 10,000 meters of reverse-circulation drilling, between late September and December 2018.

A total of 45 reverse circulation holes totaling 4,604 meters were drilled during the program confirming a cluster of eight northwest trending gold-dominant structures surrounded by parallel sheeted veinlets and stockwork veinlets. Highlights from the final 14 holes include 12.2 meters of 11.3 grams per tonne AuEq, 4.6 meters of 4.69 grams per tonne AuEq and 12.2 meters of 0.95 grams per tonne AuEq.

The combined results from the phase one drilling program confirm shallow, low grade, bulk tonnage gold mineralized zones in supergene oxidized sedimentary and igneous rock units. Subject to metallurgical confirmation, the gold mineralized zones appear amenable to heap leach extraction of precious metals with deep oxidation. The average gold grade of intervals reported is observed to be similar to other gold heap leaching mining operations in the region.

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Sonoro has also received and analyzed the databases from Corex Gold Corp. and other operators that carried out historical drilling programs at Cerro Caliche since 2007. Sonoro's phase one drill program successfully corroborated the sampling and drill results generated by the prior operators, thereby considerably enhancing management's confidence in the significant potential of Cerro Caliche. Sonoro continues to utilize the newly expanded database to increase the zones of gold mineralization within the current target area and to drill additional highly prospective mineralized zones identified through the ongoing exploration program.

The mineralized zones are named after historic mine workings situated within each zone, from east to west, as follows; Las Abejas, Chinos NW, Japoneses, Los Cuervos, El Quince, Cabeza Blanca, Guadalupe, and El Colorado.

Results from 19 drill holes in the Cabeza Blanca/El Colorado/Guadalupe zones outline a linear central vein structure with sheeted to stockwork associated mineralization. Results also confirm lateral continuity of over 500 meters for both the Cabeza Blanca zone and its parallel companion, the Guadalupe zone.

The 19 holes completed in the Japoneses and Cuervos zones indicate one continuous structure extending approximately 1.2 kilometers. A multiple-vein mineralized zone, Japoneses-Cuervos is the largest area of mineralization on the Cerro Caliche property.

RESULTS OF PHASE TWO DRILL PROGRAM AT CERRO CALICHE

On July 3, 2019, Sonoro announced the completion of its reverse circulation program at the 100% owned Cerro Caliche gold project in Sonora, Mexico. The Phase Two drill program further expanded Cerro Caliche's mineralized gold zones while showing continuity of grade and continuing to support the existence of a broadly mineralized low-sulphidation epithermal vein system with the potential to develop a large tonnage resource suitable for open pit mining. Again, the company noted that the average gold grades of intervals reported are similar to existing heap leach mining operations in the region.

To date, over 2,000 rock chip samples and 96 drill holes, totaling 10,328 meters, have been completed and assayed confirming 17 northwest trending gold-dominant structures and three shallow, bulk-tonnage, gold mineralized zones with supergene oxidized metasedimentary and igneous rock units. The combination of historic and current exploration drilling now totals 23,679 meters in 212 drill holes in addition to more than 6,000 surface samples.

Results from the initial 15 Phase Two drill holes match the characteristics of the Phase One results, thus extending the mineralized zones by over 1.25 kilometers to the northwest of the Central Zone in four new clusters. Assays from the final 15 Phase Two drill holes continued the expansion of the gold and silver mineralization in and around the previously identified Central Zone and confirmed the continuity of mineralization between these zones and in areas within these zones not previously drilled.

Within the Central Zone, drilling has demonstrated a sector measuring 1.3 km long by up to 0.6 km wide, comprised of Japoneses, Chinos NW, Cuervos and Buena Vista, with shallow, gold mineralized zones and gold grades and intervals similar to operating heap leach mines in the region. The Cabeza Blanca-El Colorado-Guadalupe zone located 750 meters west of

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the Central Zone demonstrates similar mineralization over a 1 km strike length. An additional seven mineralized zones have been drilled within a 1.5 km radius of the Central Zone, all showing potential for expansion.

This drilling program has shown that the mineralized zones have good continuity along strike and the zones are open for extension potential. All drill holes completed are RC type drill holes with 45 degrees inclination to either the southwest or northeast within vertical section planes with north 60° east orientation. True drill intercept widths are considered near the reported drill widths ranging to 75% of drilled widths unless noted otherwise. Most vein zones trend north 30° west trends with 45° to 70° dips to the northeast.

To view a map of all the drill holes, precise locations of each hole and a table of assay results, please visit the Sonoro website at www.sonorometals.com and view the Cerro Caliche page.

Quality Assurance/Quality Control (“QA/QC”) Measures and Analytical Procedures

Drill samples are collected with an airstream cyclone and passed into a splitter that divides each sample into quarters. The quartered samples are then bagged and sealed with identification. The sample group has blanks, standards and duplicates inserted into the sample stream. ALS-Chemex collects the samples and transports them directly to the preparation laboratory in Hermosillo, Sonora.

At the laboratory, part of each sample is reduced through crushing, splitting and pulverization from which 200 grams is sent to the ALS-Chemex assay laboratory in Vancouver. Thirty grams undergoes fire assay for gold with the resulting concentrated button of material produced is dissolved in acids, and the gold is determined by atomic absorption. Another quantity of the sample is dissolved in four acids for an ICP multi-element analysis.

43-101 TECHNICAL REPORT FILED

An independent Technical Report titled “*NI 43-101 Technical Report on the Cerro Caliche Gold Project, Cucurpe Mining District of Sonora State, Northwestern Mexico*”, dated July 26, 2019 (the “Technical Report”) was prepared by independent Qualified Persons,

Derrick Strickland, P.Geo., and Robert Sim, P.Geo., Sim Geological Inc and filed both on SEDAR at www.sedar.com, and on the Company’s website at www.sonorometals.com.

The report’s estimated resources are based on certain mineralized zones identified on the property including 21,091 meters of reverse circulation drilling in 200 holes. Of these, 10,328 meters in 96 holes were drilled by Sonoro, plus 7,725 meters in 86 holes were drilled by Corex Gold and 3,038 meters in 18 holes were drilled by Paget Southern, both previous operators of the Cerro Caliche project.

While exploration continues on the numerous other mineralized zones identified by scout drilling, surface mapping and surface geochemical rock sampling, the report notes that the majority of the rocks that host the mineral resources at Cerro Caliche are highly oxidized and likely amenable to low-cost heap leach extraction methods.

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Estimate of Mineral Resources for the Cerro Caliche Project

Category	Tonnes (000)	Average Grade			Contained Metal		
		AuEq (g/t)	Au (g/t)	Ag (g/t)	AuEq (koz)	Au (koz)	Ag (koz)
Inferred	11,470	0.545	0.495	4.3	201	183	1,601

The estimates in the above table are limited inside the \$1,500/oz Au pit shell. The base case cut-off grade is 0.25 g/t gold equivalent (AuEq), where $AuEq = Au\ g/t + (Ag\ g/t \times 0.01133)$. Mineral resources are not mineral reserves because the economic viability has not been demonstrated. There are no mineral reserve estimates for the Cerro Caliche project. It is reasonably expected that a majority of Inferred mineral resources could be upgraded to Indicated (or Measured) mineral resources with continued exploration.

The estimate of mineral resources is constrained within a pit shell to establish reasonable prospects for eventual economic extraction. The pit shell was generated using the following projected technical and economic parameters:

- Mining (open pit) US\$1.75/t
- Processing US\$6.80/t
- G&A US\$1.50/t
- Gold price US\$1,500/oz
- Silver price US\$17.00/oz
- Gold process recovery 72%
- Silver process recovery 30%
- SG 2.50
- Pit slope 50 degrees
- Gold Equivalent calculation $AuEq = Au\ g/t + (Ag\ g/t \times 0.1133)$
- Base case Cut-off grade 0.25 g/t AuEq

Based on the evaluation of the data available from the Cerro Caliche Project, the authors of the Technical Report have drawn the following conclusions:

- The Cerro Caliche deposit exhibits features that are typical of low-sulphidation epithermal style deposits. Mineralized zones are often structurally controlled and extend for strike lengths of up to 1 km and to depths approaching 200 m below surface.
- Many of the mineralized zones remain “open” along strike and at depth. Numerous other mineralized zones have been identified by surface mapping and surface geochemical rock sampling.
- Exploration activities conducted by Sonoro and the previous operators of the property followed industry standards, and the resulting database is considered to be reliable to support estimates of mineral resources.

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- Drilling to date has outlined an estimated Inferred mineral resource of 11.5M tonnes at an average grade of 0.495 g/t gold and 4.3 g/t silver. It is assumed that the mineral resource is potentially amenable to open pit extraction methods.
- Preliminary metallurgical test work has only recently been initiated by Sonoro. The majority of the rocks that host the mineral resources at Cerro Caliche are highly oxidized and it is likely that the deposit is amenable to low-cost heap leach extraction methods. There are several proximal deposits that have similar geologic characteristics that are currently extracting gold and silver through heap leach extraction.
- The authors of the Technical Report are not aware of any known factors related to metallurgical, environmental, permitting, legal, title, taxation, socio-economic, marketing or political issues which could materially affect the mineral resource estimates.

Recommendations

Based on the review of the data provided, the authors recommend the following next steps to advance the Cerro Caliche project:

- Conduct a drilling program that includes:
 - A 500 m infill drilling program comprising large diameter (PQ) core to provide valuable structural and mineralization information.
 - A 6,500 m reverse-circulation drilling program to increase the confidence of the known mineral resource and identify potential expansion of known mineralization.
- Conduct a detailed metallurgical analysis of the known mineralized area.
- Review the existing data to integrate the geology, alteration, observations, and known structure into a 3D model. This will help target areas for potential expansion.
- Continue to explore for extensions of existing mineralized zones.
- Drill a series of diamond drill holes in each mineralized zone to gain additional information related to geologic and metallurgical characteristics.
- Conduct a suite of cyanide soluble gold assays on a select suite of samples to better understand the nature and distribution of soluble gold.
- Attempt to locate the older drilling data generated by Cambior.

Geologic Description

Cerro Caliche is located 45 kilometers east southeast of Magdalena de Kino in the Cucurpe-Sonora Mega-district of Sonora, Mexico. Multiple historic underground mines were developed in the concession including Cabeza Blanca, Los Cuervos, Japoneses, Las Abejas, Boluditos, El Colorado, Veta de Oro and Espanola. Mineralization types of the Cucurpe-Sonora Mega-district include variants of epithermal low sulfidation veins and related mineralized dikes and associated volcanic domes. Local altered felsic dikes cut the mineralized meta-sedimentary rock units and may be associated with mineralization both in the dikes and meta-sedimentary rocks. The Cucurpe-Sonora Mega-district has historically been regarded as vein dominated,

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but recently, open pit mining operations have been developed on disseminated and stockwork style gold mineralization.

Host rocks include Jurassic-Cretaceous meta-sedimentary rock units including argillite, shale, quartzite, limestone, quartz pebble conglomerate and andesite. Younger intrusive rock consisting of medium coarse-grained granodiorite-granite is present in the westerly parts of the concessions near the historic Cabeza Blanca mine. It is apparent that veining cuts and pervasively alters the intrusive stock. Rhyolite occurs in irregular bodies distributed in higher elevations in the northerly part of the concession, including the Rincon area, where it occurs as flows, sills, dikes and rhyolite domes. Part of the rhyolite is mineralized and appears to be related to epithermal gold mineralization throughout the property.

San Marcial Property

The Company's wholly-owned subsidiary Minera Breco, S.A. de C.V. ("Breco") holds the San Marcial project, located in Sonora State, Mexico, which consists of three contiguous mineral concessions and option rights to acquire an additional contiguous concession.

The San Marcial concessions are situated at the southern end of the prolific Sonora-Mojave Megashear, a regional scale structural system measuring approximately 50 km in width and 500 km in length. Gold mines in the Megashear have produced over 10 million ounces with about 25 million ounces remaining in resources.

Mines in this trend include New Gold's Mesquite Mine near Yuma, Arizona, in addition to several mines located in the northwest corner of Sonora State, including La Herradura (Fresnillo and Newmont); El Chanate (Au Rico Gold); and San Francisco (Alio Gold).

Gold mineralization in the San Marcial concession is hosted in Jurassic sedimentary rocks consisting of quartzite, shale and limestone, in addition to younger porphyritic intrusive rocks. Previous work on the San Marcial concessions and in the immediate area date back to the late 1980s when Cominco's Mexican subsidiary performed work that culminated in the drilling of 4 RC holes, results of which are not available. Other small programs were undertaken by Barrick and Campbell Resources, with the latest work done by Queenstake in the mid-1990s. Sonoro initiated a comprehensive program on the property beginning with a thorough data compilation followed by a property scale soil geochemical sampling program to aid in delineating anomalous zones in this structurally complex region.

In 2015, the Company initiated exploration at San Marcial with a Phase One exploration program consisting mainly of a wide spaced soil geochemical survey to delineate anomalous zones in this structurally complex region. Soil lines have been established on north-south lines 200 meters apart and samples taken at 50-meter intervals over three lines. Seven specific mineralized structural zones were identified and crossed in the soil sampling, including the old mine prospect areas at San Marcial and Soledad. Underground workings in these two areas have characterization rock chip sample values ranging from .3 to over 4 g/t gold and 7 to over 50 g/t silver; lead values from 700 ppm to over 2 percent; with additional anomalous values of arsenic and mercury. These samples were previously collected by the former owner and analyzed at commercial laboratories, but do not represent a resource.

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Sonoro proposes to conduct a reverse circulation drill program at San Marcial in due course. The timing for the start of the drill program will be dependent on the availability of Sonoro's technical team which is currently focused on conducting a drilling program at the nearby Cerro Caliche project.

Calera Property

On November 1, 2017, the Company through its wholly owned Mexican subsidiary, MMP, entered into an option agreement (the "Calera Option Agreement") with a resident of Magdalena de Kino, Sonora, Mexico (the "Calera Vendor"), to acquire a 100% interest (the "Calera Option") in the Calera Group of Concessions ("Calera") located in the municipality of Cucurpe, in northern Sonora state, Mexico. The Calera Option Agreement provides for the Company to acquire a 100% interest in Calera over a 72-month period for total consideration of US\$1,000,000 payable in installments.

During the year ended December 31, 2018 the Company cancelled its option to purchase the Calera property and wrote off \$51,739 in capitalized acquisition costs.

Hilltop Property

On June 12, 2015, the Company entered into a Definitive Agreement with Northern Empire Resources Corp. ("Northern Empire") that grants the Company the option to earn a 60% interest in Northern Empire's Hilltop Gold project ("Hilltop") located in Alaska, USA. Northern Empire holds a 100% interest in Hilltop within the broader Richardson Gold District (excluding placer gold).

On December 27, 2018, the Company terminated the Hilltop option agreement and wrote off \$642,920 in capitalized acquisition costs.

CHINA BRANCH OFFICE

On September 3, 2019, the announced it had entered into an agreement with New Tigers Technologies Ltd., ("NTT"), a wholly owned subsidiary of New Tigers Consulting Ltd. of Suzhou, Jiangsu Province, P. R. China. NTT will act as Sonoro's representative and establish a representative office for the Company at NTT. A key NTT function will be to identify and introduce Sonoro to China-based engineering, procurement and construction ("EPC") companies considered to be a good potential fit for Sonoro's project requirements. NTT has already assisted with initial introductions, enabling Sonoro to commence discussions regarding the development and financial structuring of its proposed Cerro Caliche heap

leach pilot operation. According to the agreement, following any future joint development between Sonoro and any China-based entities, NTT will continue to act as the Company's China branch office representative.

NTT acts as a liaison for Western companies who wish to do business with China-based entities in areas ranging from, but not limited to, EPC agreements, project financing and related structuring, joint ventures, commodity off-take agreements and the establishment of

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manufacturing facilities. NTT has served more than 1,400 international clients over the past 21 years. In consideration of NTT's services, Sonoro will pay a fixed monthly cash fee which includes providing the Company with a representative office in

China, support staff and translation services. Future China-based agreements secured by the Company because of NTT's efforts may carry a success-fee obligation to be determined based on the applicable agreement terms.

During the week of July 21st, on an exploratory business tour organized by NTT and exclusive to the Company, Chairman John Darch and Director of Finance Neil Maedel travelled to Beijing, Yantai, Shanghai and Hong Kong to meet with corporate executives and initiate discussions regarding potential EPC and project development and structuring agreements. The Company has since entered into Confidentiality Agreements and commenced formal discussions with five China-based EPC companies regarding potential EPC contracts, and opportunities for project financing.

On October 9, 2019 Chairman John Darch and Director of Finance Neil Maedel were invited back to China for a series of follow-up meetings in Tianjin and Beijing with those EPC companies, organized by NTT under the direction of Dr. Wei Qian. Two of those EPC companies have successfully financed and developed mining projects introduced by NTT in the past decade, and they have been proactive in their approach with the Company. Meetings with four of the companies' senior executives were held to discuss the various aspects of the proposed pilot plant, including permitting requirements and processes, and the dispatch of their technical staff to the Cerro Caliche project site.

In particular, three additional face-to-face meetings were held at the request of one EPC company in an effort to advance the discussions as much as possible. The relevant executives of the fifth EPC company were out of the country at the time of the Sonoro team's visit to China and, as a consequence, were not available for meetings.

In addition to meetings with these EPC companies, Dr. Qian also helped Sonoro to organize and hold meetings with a Beijing-based fund and other private investment companies, that have expressed interest in taking an equity stake in the form of a private placement in the Company.

6.0 RESULTS OF OPERATIONS

Three months ended September 30, 2019, compared to the three months ended September 30, 2018

The Company recorded a net loss and comprehensive loss of \$1,074,999 (\$0.03 loss per common share) for the three months ended September 30, 2019 (the "current quarter") compared to a net loss and comprehensive loss of \$296,649 (\$0.01 loss per common share) during the three months ended September 30, 2018 (the "comparative quarter"), an increase of \$142,487, as explained in the following paragraphs.

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- Exploration expenditures were \$476,795 higher in the current quarter (\$679,131) when compared to the comparative quarter (\$202,336). The Company has been conducting an ongoing exploration program at its Cerro Caliche property in the current quarter.
- Consulting fees were \$75,972 higher in the current quarter (\$153,500) when compared to the comparative quarter (\$77,528), which is the result of additional consultants being engaged in the current quarter.
- Legal and audit fees were \$34,627 higher in the current quarter (\$47,580) when compared to the comparative quarter (\$12,953). Additional legal fees were incurred in the current quarter as a result of the Company works to secure and structure financing for its Cerro Caliche project in Mexico.
- Travel and promotion expense was \$70,314 higher in the current quarter (\$93,059) when compared to the comparative quarter (\$22,745). The increase is the result of increased travel to Mexico and Asia and additional promotional activities as the Company continues to advance its Cerro Caliche property.
- Interest income was \$19,299 lower in the current quarter (\$44) when compared to the comparative quarter (\$19,343). The decrease is the result of a lower cash balance throughout the current quarter when compared to the comparative quarter.

Nine months ended September 30, 2019, compared to the nine months ended September 30, 2018

The Company recorded a net loss and comprehensive loss of \$2,636,898 (\$0.08 loss per common share) for the nine months ended September 30, 2019 (the “current period”) compared to a net loss and comprehensive loss of \$868,397 (\$0.04 loss per common share) during the nine months ended September 30, 2018 (the “comparative period”), an increase of \$1,132,638, as explained in the following paragraphs.

- Exploration expenditures were \$1,173,133 higher in the current period (\$1,538,626) when compared to the comparative period (\$365,493). The Company has been conducting an ongoing exploration program at its Cerro Caliche property in the current quarter.
- Consulting fees were \$200,570 higher in the current period (\$430,006) when compared to the comparative period (\$229,436), which is the result of additional consultants being engaged in the current period.
- Share-based payments, a non-cash expense, was \$25,160 higher in the current period (\$47,200) when compared to the comparative period (\$22,040), which is a result of the Company granting additional stock options that fully vested during the current period.
- Travel and promotion expense was \$246,469 higher in the current period (\$329,904) when compared to the comparative period (\$83,435). The increase is the result of increased travel to Mexico and Asia and additional promotional activities as the Company continues to advance its Cerro Caliche property.

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- Interest income was \$56,712 lower in the current period (\$841) when compared to the comparative period (\$57,553). The decrease is the result of a lower cash balance throughout the current period when compared to the comparative period.

7.0 SUMMARY OF QUARTERLY RESULTS (unaudited)

The following table summarizes selected information from the Company's unaudited condensed interim consolidated financial statements, prepared in accordance with International Financial Reporting Standards ("IFRS"), for the last eight quarters.

	Sep 30, 2019	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018
Total revenues (Interest income)	\$44	\$4	\$793	\$21,381
Income (Loss) for the quarter	(\$1,074,999)	(\$945,874)	(\$616,025)	(\$1,611,107)
Income (Loss) for the quarter per share	(\$0.03)	(\$0.03)	(\$0.02)	(\$0.06)

	Sep 30, 2018	Jun 30, 2018	Mar 31, 2018	Dec 31, 2017
Total revenues (Interest income)	\$19,343	\$19,781	\$18,429	\$ 2,198
Loss for the quarter	(\$296,649)	(\$411,049)	(\$160,699)	(\$997,743)
Loss for the quarter per share	(\$0.01)	(\$0.02)	(\$0.01)	(\$0.05)

The Company only earns interest income from its cash and cash equivalents, which will vary from period to period depending on their relative balances.

8.0 LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2019, the Company had a working capital deficit of \$1,478,762 (December 31, 2018 –\$13,361 in working capital).

The Company currently has no income from operations and relies on financing through the issuance of additional shares of its common stock. Management has been successful in accessing the equity markets in prior years, but there is no assurance that such sources will be available, on acceptable terms, or at all in the future. Factors which could impact management's ability to access the equity markets include the state of capital markets, market prices for natural resources and the non-viability of the projects.

9.0 SHARE CAPITAL AND DISCLOSURE OF OUTSTANDING SHARE DATA

At September 30, 2019, the authorized share capital was an unlimited number of common shares and there were 39,794,117 common shares issued and outstanding. As at the date of this MD&A the Company had 40,194,317 common shares issued and outstanding.

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As at the date of this MD&A, the Company's fully diluted shares outstanding are as follows:

Common shares	40,194,317
Options	8,196,555
Warrants	2,775,000
Fully diluted shares outstanding	51,165,872

10.0 TRANSACTIONS WITH RELATED PARTIES

The Company entered into the following transaction with related parties during the period:

- (a) The Company paid \$105,000 (2018 - \$52,500) and \$325,000 (2018 - \$157,500) during the three and nine months ended September 30, 2019, in consulting fees to private companies controlled by certain directors and officers of the Company, respectively.
- (b) As at September 30, 2019, \$162,485 (December 31, 2018 – \$nil) is payable to officers and directors for consulting fees and reimbursable expenditures.

Compensation of key management

Key management comprises directors and executive officers. Compensation awarded to key management is as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2019	2018	2019	2018
Consulting fees	\$ 105,000	\$ 52,500	\$ 325,000	\$ 157,500
Share-based payments	-	-	35,290	-
	\$ 105,000	\$ 52,500	\$ 360,290	\$ 157,500

The Company incurred no post-employment benefits, no long-term benefits and no termination benefits.

11.0 OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements as of the date of this report.

12.0 PROPOSED TRANSACTIONS

Other than previously disclosure, the Company has no proposed transactions.

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13.0 CONTRACTUAL OBLIGATIONS

For the Company's option agreements to remain in good standing, the Company has the following commitments:

Cerro Caliche Option Agreements

Cerro Caliche group of concessions:

January 23, 2020	US\$300,000
July 23, 2020	US\$200,000
January 23, 2021	US\$200,000
July 23, 2021	US\$250,000
January 23, 2022	US\$250,000
July 23, 2022	US\$300,000
January 23, 2023	US\$300,000
July 23, 2023	US\$400,000
January 23, 2024	US\$450,000

Rosario group of concessions:

March 14, 2020	US\$90,000
March 14, 2021	US\$150,000
March 14, 2022	US\$300,000
March 14, 2023	US\$375,000
March 14, 2024	US\$550,000

Tres Amigos concession:

November 2, 2019	US\$14,444
May 2, 2020	US\$14,444
November 2, 2020	US\$14,444
May 2, 2021	US\$14,444
November 2, 2021	US\$14,444
May 2, 2022	US\$14,444

Cabeza Blanca concession:

October 5, 2019	US\$70,000
October 5, 2020	US\$70,000

14.0 RISKS AND UNCERTAINTIES

The Company is in the mineral exploration and development business and has not commenced commercial operations and has no assets other than cash and mineral property agreements under option. It has no history of earnings, and it is not expected to generate earnings or pay dividends in the foreseeable future.

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Precious and Base Metal Price Fluctuations

The profitability of the precious and base metal operations in which the Company has an interest will be significantly affected by changes in the market prices of precious and base metals. Prices for precious and base metals fluctuate on a daily basis, have historically

been subject to wide fluctuations and are affected by numerous factors beyond the control of the Company such as the level of interest rates, the rate of inflation, central bank transactions, world supply of the precious and base metals, foreign currency exchange rates, international investments, monetary systems, speculative activities, international economic conditions and political developments. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving adequate returns on invested capital or the investments retaining their respective values. Declining market prices for these metals could materially adversely affect the Company's operations and profitability.

Fluctuations in the Price of Consumed Commodities

Prices and availability of commodities consumed or used in connection with exploration, development and mining, such as natural gas, diesel, oil, electricity, cyanide and other reagents fluctuate affecting the costs of exploration in our operational areas. These fluctuations can be unpredictable, can occur over short periods of time and may have a materially adverse impact on our operating costs or the timing and costs of various projects.

Foreign Exchange Rate Fluctuations

Operations may be subject to foreign currency exchange fluctuations. The Company to-date has raised its funds through equity issuances which are priced in Canadian dollars. The Company's properties are located in Mexico and as a result exploration expenditures will be denominated in United States dollars and Mexican pesos. The Company may suffer losses due to adverse foreign currency fluctuations.

Competitive Conditions

Significant competition exists for natural resource acquisition opportunities. As a result of this competition, some of which is with large, well established mining companies with substantial capabilities and significant financial and technical resources, the Company may be unable to either compete for or acquire rights to exploit additional attractive mining properties on terms it considers acceptable. Accordingly, there can be no assurance that the Company will be able to acquire any interest in additional projects that would yield reserves or results for commercial mining operations.

Operating Hazards and Risks

Exploration activities may generally involve a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. These risks include, but are not limited to, the following: environmental hazards, industrial accidents, third party accidents, unusual or unexpected geological structures or formations, fires, power outages, labour disruptions, floods, explosions, cave-ins, land-slides, acts of God, periodic interruptions due to inclement or hazardous weather conditions, earthquakes, war, rebellion, revolution, delays in transportation, inaccessibility to property, restrictions of courts and/or

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government authorities, other restrictive matters beyond the reasonable control of the Company, and the inability to obtain suitable or adequate machinery, equipment or labour and other risks involved in the normal course of exploration activities.

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, delayed production and resultant losses, increased production costs, asset write downs, 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.

Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. The lack of availability of acceptable terms or the delay in the availability of any one or more of these items could prevent or delay exploitation or development of the Company's projects. If adequate infrastructure is not available in a timely manner, there can be no assurance that the exploitation or development of the Company's projects will be commenced or completed on a timely basis, if at all.

Exploration and Development

There is no assurance given by the Company that its exploration and development programs and properties will result in the discovery, development or production of a commercially viable ore body or yield new reserves to replace or expand current reserves.

The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. At this time, none of the Company's properties have any defined ore-bodies with proven reserves.

The economics of developing silver, gold and other mineral properties are affected by many factors including capital and operating costs, variations of the tonnage and grade of ore mined, fluctuating mineral markets, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. Depending on the prices of silver, gold or other minerals produced, the Company may determine that it is impractical to commence or continue commercial production. Substantial expenditures are required to discover an ore-body, to establish reserves, to identify the appropriate metallurgical processes to extract metal from ore, and to develop the mining and processing facilities and infrastructure. The marketability of any minerals 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, conditions for precious and base metals, the proximity and capacity of milling and smelting facilities, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting minerals and environmental

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protection. In order to commence exploitation of certain properties presently held under exploration concessions, it is necessary for the Company to apply for an exploitation concession. There can be no guarantee that such a concession will be granted. Unsuccessful exploration or development programs could have a material adverse impact on the Company's operations and profitability.

Business Strategy

As part of the Company's business strategy, it has sought and will continue to seek new exploration and development opportunities in the mining industry. In pursuit of such opportunities, it may fail to select appropriate acquisition candidates, negotiate appropriate acquisition terms, conduct sufficient due diligence to determine all related liabilities or to negotiate favourable financing terms. The Company may encounter difficulties in transitioning the business, including issues with the integration of the acquired businesses or its personnel into the Company. The Company cannot assure that it can complete any acquisition or business arrangement that it pursues, or is pursuing, on favourable terms, or that any acquisitions or business arrangements completed will ultimately benefit its business.

Environmental Factors

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 any future changes in environmental regulation, will not adversely affect the Company's operations. The costs of compliance with changes in government regulations have the potential to reduce the profitability of future operations. Environmental hazards that may have been caused by previous or existing owners or operators may exist on the Company's mineral properties, but are unknown to the Company at the present.

Title to Assets

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. The Company has not conducted surveys of the claims in which it holds direct or indirect interests and, therefore, the precise area and location of such claims may be in doubt. The Company's claims may be subject to prior unregistered agreements or transfers, or native land claims, and title may be affected by unidentified or unknown defects. The Company has conducted as thorough an investigation as possible on the title of properties that it has acquired or will be acquiring to be certain that there are no other claims or agreements that could affect its title to the concessions or claims. If title to the Company's properties is disputed, it may result in the Company paying substantial costs to settle the dispute or clear title and could result in the loss of the property, which events may affect the economic viability of the Company.

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Uncertainty of Funding

The Company has limited financial resources, and the mineral claims in which the Company has an interest or an option to acquire an interest require financial expenditures to be made by the Company. There can be no assurance that adequate funding will be available to the Company so as to exercise its option or to maintain its interests once those options have been exercised. Further exploration work and development of the properties in which the Company has an interest or option to acquire depend upon the Company's ability to obtain financing through joint venturing of projects, debt financing or equity financing or other means. Failure to obtain financing on a timely basis could cause the Company to forfeit all or parts of its interests in mineral properties or reduce or terminate its operations.

Agreements with Other Parties

The Company has entered into agreements with other parties relating to the exploration, development and production of its properties. The Company may in the future, be unable to meet its share of costs incurred under agreements to which it is a party, and the Company may have its interest in the properties subject to such agreements reduced as a result. Furthermore, if other parties to such agreements do not meet their share of such costs, the Company may be unable to finance the costs required to complete recommended programs.

Potential Conflicts of Interest

The directors and officers of the Company may serve as directors and/or officers of other public and private companies and may devote a portion of their time to manage other business interests. This may result in certain conflicts of interest. To the extent that such other companies may participate in ventures in which the Company is also participating, such directors and officers of the Company may have a conflict of interest in negotiating and reaching an agreement with respect to the extent of each company's participation. The laws of British Columbia, Canada, require the directors and officers to act honestly, in good faith, and in the best interests of the Company and its shareholders. However, in conflict of interest situations, directors and officers of the Company may owe the same duty to another company and will need to balance the competing obligations and liabilities of their actions.

There is no assurance that the needs of the Company will receive priority in all cases. From time to time, several companies may participate together in the acquisition, exploration and development of natural resource properties, thereby allowing these companies to: (i) participate in larger properties and programs; (ii) acquire an interest in a greater number of properties and programs; and (iii) reduce their financial exposure to any one property or program. A particular company may assign, at its cost, all or a portion of its interests in a particular program to another affiliated company due to the financial position of the company making the assignment. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, it is expected that the directors and officers of the Company will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

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Third Party Reliance

The Company's rights to acquire interests in certain mineral properties may have been granted by third parties who themselves may hold only an option to acquire such properties. As a result, the Company may have no direct contractual relationship with the underlying property holder.

Assurance on the Consolidated Financial Statements

We prepare our financial reports in accordance with accounting policies and methods prescribed by IFRS. In the preparation of financial reports, management may need to rely upon assumptions, make estimates or use their best judgment in determining the financial condition of the Company. Significant accounting policies and practices are described in more detail in the notes to our consolidated financial statements for the year ended December 31, 2018. In order to have a reasonable level of assurance that financial transactions are properly authorized, assets are safeguarded against unauthorized or improper use and transactions are properly recorded and reported, we have implemented and continue to analyze our internal control systems for financial reporting. Although we believe our financial reporting and financial statements are prepared with reasonable safeguards to ensure reliability, we cannot provide absolute assurance in that regard.

General Economic Conditions

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

Substantial Volatility of Share Price

In recent years, the securities markets have experienced a high level of price and volume volatility, and the securities of many mineral exploration companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. The price of the Company's common shares is also likely to be significantly affected by short-term changes in mineral prices or in the Company's financial condition or results of operations as reflected in its yearly financial reports.

Potential dilution of present and prospective shareholdings

In order to finance future operations and development efforts, the Company may raise funds through the issue of common shares or the issue of securities convertible into common shares. The Company cannot predict the size of future issues of common shares or the issue of securities convertible into common shares or the effect, if any, that future issues and sales of

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the Company's common shares will have on the market price of its common shares. Any transaction involving the issue of shares, or securities convertible into shares, could result in dilution, possibly substantial, to present and prospective holders of shares.

15.0 CRITICAL ACCOUNTING ESTIMATES

The preparation of the condensed interim consolidated financial statements requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reported periods. Significant assumptions about the future and other sources of estimation uncertainty that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amounts of assets and liabilities within the next financial year and include, but are not limited to, the following:

Share-based payments

The fair value of share-based payments is subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

Recovery of deferred tax assets

The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement.

Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include, but are not limited to, the following:

Exploration and evaluation assets

Management is required to make judgments on the status of each mineral property and the future plans with respect to finding commercial reserves. The nature of exploration and evaluation activity is such that only a few projects are ultimately successful and some assets are likely to become impaired in future periods.

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Assets held for sale

Judgment is required in determining whether an asset meets the criteria for classification as “assets held for sale” in the consolidated statements of financial position. Criteria considered by management include the existence of and commitment to a plan to dispose of the assets, the expected selling price of the assets, the expected timeframe of the completion of the anticipated sale and the period of time any amounts have been classified within assets held for sale. The

Company reviews the criteria for assets held for sale each quarter and reclassifies such assets to or from this financial position category as appropriate. In addition, there is a requirement to periodically evaluate and record assets held for sale at the lower of their carrying value and fair value less costs to sell. Management has evaluated the expected fair value less costs to sell and determined that it is higher than the carrying value, based on an offer to purchase the asset.

Functional currency

The Company applies judgment in assessing the functional currency of each entity consolidated in these condensed interim consolidated financial statements, including determinations of whether each entities functional currency is impacted by the direction of the Canadian head office, or local market forces.

Going concern

The assessment of the Company’s ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

16.0 CHANGES IN ACCOUNTING POLICIES AND FUTURE ACCOUNTING STANDARDS

Adoption of new accounting policies

IFRS 16: Leases (“IFRS 16”): This standard replaces IAS 17 – Leases and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The Company adopted the standard on January 1, 2019 and determined there is no impact on the condensed interim consolidated financial statements.

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17.0 FINANCIAL INSTRUMENTS

The Company is exposed to credit risk, liquidity risk and interest rate risk from its financial instruments which include cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities. The Company is not exposed to significant market or other price risks.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's cash and short term investments are on deposit at a major financial institution. Amounts receivable consist primarily of goods and services tax refunds due from the Government of Canada and are neither past due nor impaired. As such, the Company considers its exposure to credit risk to be minimal.

Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they come due. The Company is exposed to liquidity risk through its accounts payable, accrued liabilities and amounts due to related parties, which are all due on demand. The Company uses cash forecasts to ensure as far as possible that there is sufficient cash on hand to meet short-term business requirements. Cash is invested in highly liquid investments which are available to discharge obligations when they come due.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will affect the fair value or future cash flows of the Company's financial instruments. The Company is exposed from time to time to interest rate risk as a result of holding fixed rate temporary investments of varying maturities. The Company reduces the risk that it will realize a loss as a result of a decline in the fair value of these investments by limiting these investments to highly liquid securities with short-term maturities.

Additional information related to the Company can be found on SEDAR at www.sedar.com.