



**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the three and nine months ended September 30, 2019**

**GENERAL**

The purpose of this Management's Discussion and Analysis ("MD&A") is to provide readers with management's overview of the past performance of, and future outlook for, Cordoba Minerals Corp., (the "Company" or "Cordoba"). The report also provides information to enhance readers' understanding of the Company's financial statements and highlights important business trends and risks affecting the Company's financial performance. It should be read in conjunction with the Company's condensed interim consolidated financial statements and notes thereto for the three and nine months ended September 30, 2019 (the "financial statements"), the audited consolidated financial statements for the year ended December 31, 2018 and the MD&A for the year ended December 31, 2018.

All information contained in this MD&A is current as of November 13, 2019, unless otherwise stated.

The Company reports its financial position, results of operations and cash flows in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All amounts are expressed in Canadian dollars unless otherwise indicated.

Additional information relevant to the Company's activities can be found on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website, [www.cordobamineralscorp.com](http://www.cordobamineralscorp.com).

**FORWARD LOOKING STATEMENTS**

This MD&A may contain "forward-looking statements" that reflect the Company's current expectations and projections about its future results. When used in this MD&A, words such as "may", "would", "could", "will", "intend", "expect", "believe", "plan", "anticipate", "estimate", "scheduled", "forecast", "predict", "foresee" and other similar terminology, or sentences/statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved are intended to identify forward-looking statements, which, by their very nature, are not guarantees of the Company's future operational or financial performance. These statements reflect Cordoba's current expectations regarding future events, performance and results, and is accurate only at the time of this MD&A, and may be superseded by more current information.

Forward-looking statements also involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of Cordoba or its mineral projects to be materially

different from any future results, performance or achievements expressed or implied by such forward-looking statements or information.

In making such statements, Cordoba has made assumptions regarding, among other things: general business and economic conditions; the availability of additional exploration and mineral project financing; the supply and demand for, inventories of, and the level and volatility of the prices of metals; relationships with strategic partners; the timing and receipt of governmental permits and approvals; the timing and receipt of community and landowner approvals; changes in regulations; political factors; the accuracy of the Company's interpretation of drill results; the geology, grade and continuity of the Company's mineral deposits; the availability of equipment, skilled labour and services needed for the exploration and development of mineral properties; and currency fluctuations.

This MD&A also contains references to estimates of Mineral Resources. The estimation of Mineral Resources is inherently uncertain and involves subjective judgments about many relevant factors. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. The accuracy of any such estimates is a function of the quantity and quality of available data, and of the assumptions made and judgments used in engineering and geological interpretation, which may prove to be unreliable and depend, to a certain extent, upon the analysis of drilling results and statistical inferences that ultimately may prove to be inaccurate. Mineral Resource estimates may have to be re-estimated based on: (i) fluctuations in mineral prices; (ii) results of drilling; (iii) metallurgical testing and other studies; (iv) proposed and completed mining exploration programs; (v) the evaluation of exploration and drilling plans subsequent to the date of any estimates; and (vi) the possible failure to receive required permits, approvals and licenses.

Although the forward-looking statements or information contained in this MD&A are based upon what management of Cordoba believes are reasonable assumptions, Cordoba cannot assure investors that actual results will be consistent with these forward-looking statements. They should not be read as guarantees of future performance or results. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to: the factors discussed below and under "Risks and Uncertainties"; unanticipated changes in general business and economic conditions or conditions in the financial markets; fluctuations in the price of metals; stock market volatility; the availability of exploration capital and financing generally; changes in national and local government legislation; changes to taxation; changes in interest or currency exchange rates; loss of key personnel; inaccurate geological assumptions; legal disputes or unanticipated outcomes of legal proceedings; social unrest; competition; unavailability of materials and equipment; government action or delays in the receipt of permits or government approvals; community member disturbances; industrial disturbances or other job action; and unanticipated events related to health, safety and environmental matters.

Forward-looking information is designed to help readers understand management's current views of the Company's near and longer-term prospects, and it may not be appropriate for other purposes. Cordoba will not update any forward-looking statements or forward-looking information unless required to by applicable securities laws.

The forward-looking statements contained herein are based on information available and are made as of November 13, 2019.

## **TECHNICAL INFORMATION AND QUALIFIED PERSON**

The technical information in this MD&A has been reviewed and verified by Charles N. Forster, P.Geo., a Qualified Person for the purpose of National Instrument 43-101. Mr. Forster is the Vice President, Exploration of Cordoba and is not considered independent under National Instrument 43-101.

## **DESCRIPTION OF BUSINESS**

Cordoba is a publicly listed mineral exploration company incorporated under the laws of British Columbia, Canada. The Company's shares are listed on the TSX Venture Exchange under the symbol "CDB". The Company's head office and registered office are located at Suite 654 – 999 Canada Place, Vancouver, British Columbia, Canada, V6C 3E1.

Cordoba is a Canadian-based exploration and development company with exploration projects located in Arizona, USA and Colombia. The principal business of the Company is the acquisition, exploration and development of precious and base metal properties.

To date, Cordoba has not generated any revenues from its operations and is considered to be in the exploration stage.

## **OUTLOOK**

Cordoba's plan is to concentrate its near-term exploration activities on the San Matias copper-gold-silver project (the "San Matias Project" or "San Matias") in Colombia and on the Perseverance porphyry copper project ("Perseverance Project" or "Perseverance") in Arizona.

The Company continues to seek additional project opportunities, primarily in the Americas, the entry costs to which are as yet undetermined. As such, management will continue to assess the costs of exploration programs at San Matias and Perseverance and may revise the scope of planned programs. Cordoba's current treasury is insufficient to finance all currently planned exploration drilling programs and the Company will need to obtain additional financing in order to further explore and evaluate its mineral properties.

## **CORPORATE UPDATE**

### Financing agreement with High Power Exploration Inc.

In June 2019, the Company announced that it had arranged short-term loan financing of US\$2.40 million from its majority shareholder, High Power Exploration Inc. ("HPX"), a privately owned company, which at September 30, 2019, held 70.0% of Cordoba's issued and outstanding common shares. The loan was provided in the form of a grid promissory note ("Promissory Note"), and the Company drew down the entire US\$2.40 million (approximately \$3.20 million) facility. The Promissory Note has a maturity date of December 31, 2019, an interest rate of 10% per annum, with interest accruing daily and all interest compounding only at maturity. The interest rate will increase to 12% per annum in the event Cordoba does not repay the amount owing upon the maturity date. The purpose of this short-term loan financing was to facilitate completion of the updated Mineral Resource estimate and Preliminary Economic Assessment for the San Matias Project, and to cover corporate costs.

On September 24, 2019, the Company and HPX agreed to convert the principal and interest owed to HPX under short-term indebtedness obligations into common shares of the Company. The total owed to HPX at that time was approximately US\$2.94 million (\$3.90 million) arising from approximately \$3.27 million in advances and accrued interest under the Promissory Note, and approximately \$637,000 relating to the deferral of an option payment relating to the Alacran copper-gold-silver deposit (the “Alacran Deposit” or “Alacran”) in its San Matias Project. As such, Cordoba agreed to issue 65,059,800 common shares to HPX at a price of \$0.06 per share, in respect of the amount owed under the debt. The issuance of common shares was subject to TSX Venture Exchange approval, which was received October 1, 2019. On October 2, 2019, the common shares were issued and HPX’s ownership of Cordoba increased to 75.3%.

On September 25, 2019, the Company announced it had arranged an additional short-term loan of US\$500,000 from HPX. The loan has been provided under the Promissory Note and the Company drew down the entire US\$500,000 (approximately \$662,000) facility. The purpose of the short-term loan was to cover short-term corporate costs.

On November 11, 2019, the Company announced it had arranged an additional short-term loan of US\$425,000 from HPX, under the same terms as the Promissory Note. The purpose of the short-term loan is to cover short-term corporate costs.

#### Private Placement

Between February 25, 2019 and March 11, 2019, the Company completed non-brokered private placements (the “Offering”) of an aggregate of 22,800,000 units (“Units”) of the Company at a price of \$0.10 per Unit for gross proceeds of \$2,280,000. Each Unit consists of one common share (“Share”) of the Company and one common share purchase warrant (“Warrant”). Each Warrant entitles the holder to purchase one Share for a period of 24 months following the closing date of the initial tranche of the offering at the exercise price of \$0.12 per Share.

The Offering included subscriptions from related parties: 2,500,000 Units for gross proceeds of \$250,000 from HPX; and subscriptions for 1,650,000 Units for gross proceeds of \$165,000 from certain directors and officers of the Company.

Net proceeds from the Offering were used to advance exploration activities at Perseverance and at San Matias, while the remaining funds were used for general corporate purposes.

#### Corporate Reorganization

Effective April 1, 2019, Eric Finlayson, President of HPX, became the President and Chief Executive Officer of Cordoba, and Greg Shenton, Chief Financial Officer of Kaizen Discovery Inc., a company that is also majority controlled by HPX, assumed the role of Chief Financial Officer.

Mr. Finlayson and Mr. Shenton replaced Mario Stifano and Cybill Tsung, respectively, both of whom stepped down from their roles with the Company. Mr. Stifano was retained as a special advisor to the incoming management team and will provide strategic guidance going forward. Ms. Tsung provides consulting services to ensure continuity of financial management.

#### Changes to Board of Directors

On April 1, 2019, Cordoba announced the resignation of Ignacio Rosado from its Board of Directors.

On June 28, 2019, Gibson Pierce was elected to Cordoba’s Board of Directors at the Annual and Special

Meeting of Shareholders. Peter Meredith and Anthony Makuch did not stand for re-election.

## EXPLORATION ACTIVITIES

### San Matias Copper-Gold-Silver Project, Colombia

The Company's San Matias Project is located in the Municipality of Puerto Libertador, Department of Córdoba, Colombia, and is approximately 200 kilometres north of Medellín. The site is road accessible from the town of Puerto Libertador, approximately 20 kilometres away. Córdoba holds exploration licences covering 149 square kilometres and has an additional 2,491 square kilometres of exploration licenses under application. San Matias contains several known areas of porphyry copper-gold, carbonate replacement, and gold vein mineralization.

On July 3, 2019, the Company announced an updated Mineral Resource estimate which was prepared by Glen Kuntz, P. Geo., of Nordmin Engineering Ltd. ("Nordmin"). The National Instrument 43-101 technical report titled "*NI 43-101 Technical Report And Resource Estimate, San Matías Copper-Gold-Silver Project, Colombia*" was filed on SEDAR on August 16, 2019.

On July 29, 2019, the Company reported results from an independent Preliminary Economic Assessment ("PEA") for its San Matias Project. The PEA was prepared by Nordmin, and included revisions to the San Matias Mineral Resource estimate that was completed by Nordmin and announced on July 3, 2019.

Highlights of the PEA include:

- Conceptual 8,000 tonnes per day ("tpd") conventional open pit mining operation, increasing to 16,000 tpd after the processing plant expansion is completed in Year 6 – underpinned by 119.1 million tonnes of modeled mill feed grading 0.45% copper, 0.26 g/t gold and 2.41 g/t silver, supporting a 23-year life of mine. During the first five years, the PEA includes copper, gold and silver grades averaging 0.67%, 0.30 g/t and 3.74 g/t respectively with a low strip ratio of 0.82:1.
- PEA life of mine ("LOM") production of 417,300 tonnes of copper, 724,500 ounces of gold and 5,930,000 ounces of silver contained in a clean copper concentrate and precious metals doré. The copper concentrate is expected to contain very low contents of deleterious elements, such as arsenic and lead.
- Estimated annual copper production of 15,400 tonnes in concentrate in Years 1 to 5; increasing to 20,700 tonnes in Years 6 to 16; and averaging 18,100 tonnes per year over the total 23-year PEA life of mine.
- Average LOM C1 cash costs of \$1.32 per pound of copper, net of precious metals by-product credits.
- Initial capital expenditures of \$161.4 million, expansion capital expenditures of \$120.6 million and total PEA life of mine capital expenditures, including sustaining capital, Tailings Management Facility and reclamation costs, of \$527.5 million.
- Pre-tax net present value ("NPV") of \$347.0 million at an 8% discount rate and a pre-tax internal rate of return ("IRR") of 26.8%, using metals price assumptions of \$3.25 per pound copper, \$1,400 per ounce gold and \$17.75 per ounce silver. A COP/US foreign exchange rate of 3,125:1 has been applied. Pre-tax values include Colombian mining royalties of 4% of total precious metals revenue and 5% of total copper revenue.
- After-tax NPV of \$210.7 million at an 8% discount rate and an after-tax IRR of 20.3%, representing a 5.3-year payback using the same metals price assumptions.

- Over the PEA life of mine, the San Matias Project is expected to generate \$180.7 million in royalty revenue plus \$331.2 million in income tax revenue to the government.
- Cordoba has identified additional opportunities to enhance the overall project economics, including delineation of the high-grade gold veins contained within the Alacran Deposit and optimization of mineral processing and metals recovery. Potential also exists for the discovery of the porphyry sources for the Alacran and Montiel West deposits and for other deposits within the San Matias Project area.

Refer to the Company's news release dated July 29, 2019 for more PEA information. A technical report prepared in accordance with National Instrument 43-101 was filed on SEDAR on September 10, 2019.

The San Matias 2019 PEA is preliminary in nature and includes an economic analysis that is based, in part, on Inferred Mineral Resources. Inferred Mineral Resources are considered too speculative geologically for the application of economic considerations that would enable them to be categorized as Mineral Reserves and there is no certainty that the PEA results will be realized. Mineral Resources do not have demonstrated economic viability and are not Mineral Reserves.

The PEA was independently prepared by Mr. Glen Kuntz, P.Geo., and Ms. Agnes Krawczyk, P.Eng., both of Nordmin, who are considered "Qualified Persons" under National Instrument 43-101 Standards of Disclosure for Mineral Projects. The technical disclosure above is based upon the information in the PEA prepared by or under the supervision of Mr. Kuntz and Ms. Krawczyk.

The Company has an option agreement, originally signed in February 2016, with Sociedad Ordinaria de Minas Omni ("OMNI"), Compañía Minera El Alacran S.A.S., CMH Colombia S.A.S. ("CMH"), and Cobre Minerales ("Cobre"), together the "OMNI Parties", to earn a 100% interest in the Alacran Deposit through the acquisition of Cobre, which holds the Alacran Deposit ("Option Agreement"). Under the terms of this agreement, the Company agreed to undertake certain exploration commitments and to make certain scheduled cash payments during the exploration phase. On August 30, 2019, the Company advised the OMNI Parties of its intention to exercise its option to acquire the 100% interest in the Alacran Deposit pursuant to the Option Agreement, and is now contractually obligated to make the fifth and final cash payment of US\$13 million to the OMNI Parties on or before June 30, 2020. At September 30, 2019, the Company has recorded, in the condensed interim consolidated financial statements, a liability of \$17.22 million and a corresponding non-current other asset for the right to acquire the 100% interest in the Alacran Deposit.

#### Legal Actions in Colombia

On June 26, 2018, the Company terminated the employment contract of the former President of the Company's Colombian subsidiary, Minerales Cordoba S.A.S. ("Minerales"). Following this termination, new management of Minerales discovered a number of financial irregularities, and suspected misappropriated payments and other transactions in Colombia which were completed during the former President's tenure. Cordoba commenced a review of these transactions, and as a result, it was also discovered that other members of the former Colombian management of Minerales were involved in the transactions as well.

As a result of the ongoing review, Cordoba filed criminal lawsuits in late 2018 and in January 2019 with the Colombian prosecutors against nine members of former Colombian management, alleging breach of fiduciary obligations, abuse of trust, theft and fraud. The Colombian prosecutor service will determine if any formal charges should be laid. The Company is also seeking civil damages against some of these individuals. The

monetary amounts alleged to have been taken are not yet finally determined, but are currently expected to exceed US\$500,000.

The ongoing review resulted in a write-off of US\$55,000 (\$75,000) from prepaid expenses at December 31, 2018, representing unrecoverable deposits paid on certain purchase agreements that the Company will not continue to pursue.

All of the Company's mining titles, applications and operations in Colombia remain in good standing.

### Exploration Update

During the nine months ended September 30, 2019, field exploration was focused on the Willian area, 6 kilometres to the south of Alacran, where the same stratigraphy is exposed. Mapping at Willian has identified outcrops of hydrothermally altered and mineralized Alacran-equivalent host rocks containing copper minerals such as chalcopyrite, malachite and native copper. There is also float of heavily-altered intrusive rocks.

In April 2019, the Company also re-started drilling at Alacran in order to maintain the exploration license in good standing. This campaign was directed towards identifying a potential underlying source of mineralized porphyry copper clasts observed in outcrop and drill core of diatreme breccia.

The first hole ACD082 was terminated at 550 metres after the hole traversed a late-mineral diorite sill from surface to 486 metres and then entered Unit 2 of the Alacran stratigraphy, the primary host to the replacement copper-gold mineralization. Unit 2 was essentially unmineralized in the drill core and there was no geological evidence of the causative porphyry. Hole ACD083 tested the northern strike extension of Unit 2, the potential northern extension of the intrusive breccias containing mineralized porphyry fragments and float occurrences of altered intrusive rock. The hole was completed at 384 metres after intersecting Unit 1 rhyolite from surface to 50 metres depth, altered Unit 2 limestones and tuffs from 50 metres to 102 metres, a diorite sill from 102 metres to 331 metres and Unit 3 hematite-bearing siltstone to the bottom of the hole. Given that Unit 2 was only weakly mineralized in ACD083, the replacement copper-gold mineralization at Alacran is postulated to be waning to the north of the known resource. Narrow carbonate-base metal ("CBM") veins were scattered through the hole, including a 2 centimetre-wide bornite-bearing veinlet at 333 metres, demonstrating that the CBM overprint seen within the main Alacran Deposit extends to ACD083.

On May 9, 2019, the Company announced the suspension of diamond drilling operations at Alacran due to potential security concerns raised by Company personnel and contractors after receiving demands and threats. The security and safety of the Company's employees, contractors and the local communities is of the highest importance and the suspension of operations will continue until the satisfactory completion of an investigation by the authorities.

On August 9, 2019, the Company announced that following its news release dated May 9, 2019, it had submitted a request to the National Mining Agency ("ANM") to temporarily suspend all obligations of the Company relating to the Alacran title. The ANM and Ministry of Defense subsequently conducted a review of safety at Alacran, determined that the Company's request was appropriate, and approved a suspension of all obligations as a result of force majeure until May 23, 2020. Suspended obligations include the minimum drilling requirements and completion of the Environmental Impact Assessment ("EIA") and the Mining Technical Work Plan (Programa de Trabajo y Obras or "PTO").

Cordoba may request that the ANM lift the suspension at any time, if conditions allow, so that exploration drilling at the Project may restart. In the interim, the Alacran title will remain in good standing.

The Colombian authorities have identified the San Matias Project as a project of national interest and have pledged their assistance in advancing the project as quickly as possible.

Cordoba continues to maintain good relations with local communities in the surrounding area and will focus its efforts on exploring its San Matias regional prospects, including exploration drilling to locate the porphyry source of the Montiel West satellite deposit, located 2 kilometres northeast of Alacran.

### **Perseverance Joint Venture, Arizona**

On August 27, 2018, the Company, through its wholly-owned subsidiary Cordoba Minerals USA Corp., entered into a joint venture and earn-in agreement (the “Joint Venture Agreement”) with Bell Copper Corporation (TSXV: BCU) (“Bell Copper”) and certain of its wholly-owned subsidiaries, to explore the Perseverance porphyry copper project located in northwestern Arizona, USA.

Pursuant to the terms of the Joint Venture Agreement, and as part of the initial commitment to the project, Cordoba subscribed for 2,857,143 units of Bell Copper on a private placement basis at a price of \$0.07 per unit. Each unit consists of one common share of Bell Copper and one common share purchase warrant, with each warrant exercisable at a price of \$0.105 per share for a period ending 12 months from the date of issuance.

In addition to the unit subscription, Cordoba also funded \$300,000 in cash for initial drilling expenditures at Perseverance.

Following completion of the unit subscription and expenditure of \$300,000, Cordoba has the option to earn up to an 80% interest in Perseverance through the acquisition of an equity interest in the joint venture company MMDEX LLC (“MMDEX”), a wholly-owned indirect subsidiary of Bell Copper by completing certain phased project expenditures over a 7.5 year period as follows:

- Phase 1 - \$1 million within 18 months to earn 25% interest (completed)
- Phase 2 - Additional \$3 million within subsequent 2 years for a total of 51% interest
- Phase 3 - Additional \$3 million within subsequent 2 years for a total of 70% interest
- Phase 4 - Additional \$10 million within subsequent 2 years for a total of 80% interest

On March 31, 2019, Cordoba’s Phase 1 project expenditures surpassed \$1 million and the Company acquired 25% of MMDEX in May 2019.

### **Exploration Update**

Cordoba intends to engage Quantec Geoscience (“Quantec”) to extend the previously completed magneto-telluric (“MT”) geophysics coverage using their Spartan MT system to fully delineate a deep low-resistivity anomaly that has not been tested by the previous or current drilling. Additionally, depending on the MT results, Cordoba may also deploy HPX proprietary Typhoon™ deep-search IP technology to extend the geophysical coverage and better define the location and depth extent of the Perseverance porphyry target.

On May 21, 2019, the Company provided an update on diamond drilling activity and final assay results of drill hole K-20 in Arizona.

Highlights were as follows:

- Assay results from drill hole K-20, drilled vertically to a depth of 1,319 metres, returned anomalous copper values averaging 415 ppm copper over 595 metres (using a 200 ppm copper cut-off grade), beginning at a depth of 683 metres. The Company believes that this long intercept of anomalous

copper indicates that the hole intersected the lower grade, peripheral part of a porphyry copper system.

- Porphyry-type propylitic, potassic, phyllic and advanced argillic alteration are all present in K-20 drill core. While epidote-rich propylitic alteration is pervasive, the other alteration types follow high-angle fractures and commonly show overprinting relationships. These fractures channeled copper-bearing fluids from a nearby porphyry source.
- The presence of hypogene enrichment of chalcopyrite mineralization by bornite and chalcocite was also noted in the drill hole. This is a key hydrothermal process in the giant, high grade Resolution porphyry copper deposit in Arizona.
- K-20 is located northeast of previously-acquired induced polarization (“IP”) and magneto-telluric (“MT”) geophysics completed by Quantec for a previous Bell Copper JV partner in 2017. Cordoba is planning to re-deploy Quantec to extend the previous MT coverage using their Spartan MT system to fully delineate a deep low-resistivity anomaly that has not been tested by the previous or current drilling. Additionally, depending on the MT results, Cordoba may also deploy HPX proprietary Typhoon™ deep-search IP technology to extend the geophysical coverage and better define the location and depth extent of the Perseverance porphyry target.

The K-20 diamond drill hole is the first hole drilled under the Perseverance Joint Venture Agreement between Cordoba and Bell Copper. The hole was pre-collared to a depth of approximately 300 metres before core drilling commenced in September 2018. The hole is believed to be located on the periphery of a porphyry copper system, as indicated by a deep resistivity low located by the previous MT survey. However, this survey, completed in 2017, did not close-off this anomaly and did not extend as far to the northeast as the K-20 drill hole. Similar, large low resistivity anomalies are associated with major porphyry copper systems elsewhere including Resolution, where it is reportedly caused by high concentrations of pyrite ranging up to 14% in the hanging wall of the deposit. The average sulphide content in the K-20 drill hole is approximately 1.2% dominated by pyrite as veinlets and disseminations. The Company does not believe this is sufficient sulphide content to explain the low resistivity MT anomaly.

The fact that all three drill holes with anomalous copper values (K11, K12A and K-20) show these values mid-way down hole suggests that the holes intersected either the distal edge of a copper shell or conduits that channelled hydrothermal fluid away from the porphyry copper center. This is further supported by the dominance of pyrite over chalcopyrite, along with extensive propylitic alteration that suggests the hole has drilled through the pyritic, propylitic margin of a porphyry system.

## SELECTED QUARTERLY INFORMATION

(Tabular amounts are expressed in thousands of Canadian dollars, except for per share amounts)

The following table provides information for the eight fiscal quarters ended September 30, 2019:

	30-Sep-2019	30-Jun-2019	31-Mar-2019	31-Dec-2018
Exploration and evaluation expenditures	\$ 1,478	\$ 2,981	\$ 1,601	\$ 1,694
Other operating expenses	698	510	634	563
Net loss	2,417	3,443	2,222	2,200
Net loss attributable to owners of Cordoba Minerals Corp.	2,396	3,382	2,222	2,200
Loss per share attributable to owners of Cordoba Minerals Corp. - basic and fully diluted	0.01	0.01	0.01	0.01
Total assets	20,691	3,878	4,655	3,833
Total liabilities	23,388	4,259	1,534	818
Shareholders' (deficit) equity	(2,697)	(382)	3,120	3,015

	30-Sep-2018	30-Jun-2018	31-Mar-2018	31-Dec-2017
Exploration and evaluation expenditures	\$ 1,341	\$ 1,913	\$ 2,499	\$ 2,810
Other operating expenses	629	798	444	311
Net loss	1,991	2,769	2,962	3,093
Net loss attributable to owners of Cordoba Minerals Corp.	1,991	2,769	2,962	3,093
Loss per share attributable to owners of Cordoba Minerals Corp. - basic and fully diluted	0.01	0.01	0.01	0.02
Total assets	3,054	2,919	4,184	5,476
Total liabilities	514	3,013	1,890	512
Shareholders' (deficit) equity	2,541	(94)	2,293	4,965

The changes in the Company's financial results on a quarter-by-quarter basis are due primarily to fluctuations in the level of activity of the Company's exploration programs, project acquisitions and administration. The Company is a mineral exploration company and does not generate operating revenue.

Exploration and evaluation ("E&E") expenditures for the four quarters ended September 2018 included field work and property payments relating to the Company's option to earn a 100% interest in the Alacran Deposit. In the fourth quarter of 2018, E&E expenditures increased as the Company commenced a drilling campaign at the Perseverance Project in Arizona, which continued until the end of the first quarter of 2019. While exploration at Perseverance concluded at the end of the first quarter of 2019, drilling activity began at Alacran until it was suspended due to security concerns during the second quarter of 2019. The significant increase in E&E for the quarter ended June 2019 was due to a \$1.34 million (US\$1.00 million) option payment relating to the Company's option to earn a 100% interest in the Alacran Deposit.

Other operating expenses fluctuate based on corporate activity as well as non-cash share-based payments incurred during the periods.

The fluctuations in total assets and shareholders' (deficit) equity generally reflect the timing and receipt of equity financing which increased cash resources in certain periods.

The significant increase in total assets and liabilities in the quarter ended September 2019 relates primarily to the Company's contractual obligation to make the fifth and final cash payment of US\$13 million

(approximately \$17.22 million) to the OMNI Parties, pursuant to the Option Agreement. At September 30, 2019, the Company has recorded a liability of \$17.22 million and a corresponding non-current other asset for the right to acquire the 100% interest in the Alacran Deposit. The remaining increase in liabilities relates to an additional draw-down of approximately \$1.38 million (US\$1.05 million) from the Promissory Note provided by HPX.

The increase in total liabilities in the quarter ended June 2019 relates primarily to the draw of \$2.48 million (US\$1.86 million) from the Promissory Note provided by HPX, and an accrued option payment related to the Alacran Deposit.

The increase in total liabilities in the quarter ended March 2019 relates to an increase in accounts payable and accrued liabilities, as well as the adoption of IFRS 16, Leases, which resulted in lease obligations (which previously would have been recorded as operating expenses) being recorded in the condensed interim consolidated statements of financial position.

The increase in total liabilities for the quarters ended March 31, 2018 and June 30, 2018 was primarily due to draw-downs on the short-term loan provided by HPX in the first quarter of 2018. Additionally, for the quarter ended June 30, 2018, the Company accrued an option payment of approximately \$562,000 (US\$426,000) relating to the Alacran Deposit.

## RESULTS OF OPERATIONS

*(Tabular amounts are expressed in thousands of Canadian dollars)*

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2019	2018	2019	2018
Exploration and evaluation expenditures	\$ 1,478	\$ 1,341	\$ 6,061	\$ 5,754
Corporate administration	475	461	1,320	1,265
Share-based payments	157	154	321	562
Amortization	66	14	200	44
Other expense (income)	6	(9)	(37)	(32)
Interest expense	100	20	133	66
Foreign exchange loss	135	10	84	63
<b>Net loss for the period</b>	<b>\$ 2,417</b>	<b>\$ 1,991</b>	<b>\$ 8,082</b>	<b>\$ 7,722</b>

For the three and nine months ended September 30, 2019 and 2018, E&E expenditure comprises:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2019	2018	2019	2018
Direct exploration costs	\$ 468	\$ 453	\$ 1,847	\$ 1,252
Indirect exploration costs	301	341	1,046	1,902
Site general and administration costs	707	547	1,755	1,321
E&E acquisition costs	2	-	1,413	1,279
<b>Exploration and evaluation expenditures</b>	<b>\$ 1,478</b>	<b>\$ 1,341</b>	<b>\$ 6,061</b>	<b>\$ 5,754</b>

### **Third Quarter Results – Three months ended September 30, 2019 (“Q3 2019”) compared to the three months ended September 30, 2018 (“Q3 2018”)**

#### *Exploration and evaluation expenditures*

E&E expenditures in Q3 2019 increased by approximately \$137,000 compared to Q3 2018. The movement related to changes in the exploration activities that occurred in both Colombia and the USA.

Direct exploration costs remained relatively consistent in Q3 2019 compared to Q3 2018. However, this is due to offsetting changes to exploration activity in both Colombia and the USA. Direct exploration costs in Q3 2019 increased by approximately \$304,000 in Colombia; whereas, direct exploration costs in the USA decreased by approximately \$288,000 in comparison to Q3 2018. In Colombia, the increase in direct exploration activity in Q3 2019 related to technical consulting costs incurred in the preparation of the PEA, which were not incurred in the comparative period. General field costs in Q3 2019 decreased as there was less field work performed given the security and safety concerns at the Alacran property. In the USA, the Company incurred the minimum direct exploration costs required to maintain the project during Q3 2019, while, in Q3 2018, approximately \$300,000 in direct exploration expenditures were incurred as the Company began its drilling program at Perseverance. This drilling program at Perseverance was completed at the end of Q1 2019.

Indirect exploration costs decreased approximately \$40,000 in Q3 2019 compared to Q3 2018. The decrease relates to operations in Colombia, as the Company did not incur significant indirect exploration costs in the USA in either period. In Q3 2018, indirect exploration costs in Colombia included compensation paid to land owners for land use in the project area, significant amounts of environmental and social work, as well as regional evaluation work for potential projects outside of San Matias. In Q3 2019, while the Company continued to suspend its drilling operations in Colombia, it continued to incur indirect exploration expenditures such as salaries, land payments, security, camp and core shed costs. Efforts continued to focus on re-initiating drilling at Alacran, thus, efforts related to any regional evaluation work for projects outside of San Matias decreased significantly, and resulted in an overall decrease in indirect exploration costs.

Site general and administration costs increased by \$160,000 in Q3 2019 as compared to Q3 2018. This increase primarily reflected a significant increase in professional fees incurred in Colombia related to ongoing legal matters (see the Company’s news release dated January 30, 2019, May 9, 2019 and August 9, 2019).

#### *Corporate administration*

Corporate administration expenditures in Q3 2019 remained relatively consistent compared to Q3 2018. As a result of the corporate reorganization (see the Company’s news release dated April 1, 2019), salaries and overhead costs increased slightly due to ongoing commitments to former employees.

#### *Interest expense*

In Q3 2019, the Company recorded approximately \$100,000 in interest expense compared to approximately \$20,000 in Q3 2018. Interest expense in Q3 2019 primarily consists of accrued interest expense of approximately \$84,000 relating to outstanding debt owing to HPX during the period, and approximately \$6,000 relating to leases that were recognized as a result of initial application of IFRS 16. In Q3 2018, interest expense comprised solely of accrued interest on a former short-term loan from HPX.

## **Year-To-Date Results – Nine months ended September 30, 2019 (“YTD 2019”) compared to the nine months ended September 30, 2018 (“YTD 2018”)**

### *Exploration and evaluation expenditures*

E&E expenditures in YTD 2019 increased by approximately \$307,000 compared to YTD 2018. This increase between the two periods relates to changes in E&E activity in both Colombia and the USA.

Direct exploration costs increased significantly in YTD 2019 compared to YTD 2018. In YTD 2019, the Company’s exploration programs focused on exploration efforts, including drilling activity, in both Colombia (Alacran) and the USA (Perseverance). In YTD 2018, the Company had incurred only \$300,000 of expenditures in the USA, as it had not entered into the Joint Venture Agreement with Bell Copper until the third quarter of 2018. At the end of YTD 2018, the drilling program had begun at Perseverance, and carried through until the end of March 2019. Accordingly, direct exploration costs in YTD 2019 were approximately \$595,000 higher than those incurred in YTD 2018. In Colombia, the Company did not perform any drilling in YTD 2018, as its drilling program concluded at the end of 2017 and therefore, direct exploration costs in YTD 2018 consisted of fieldwork such as additional sampling and trenching. In YTD 2019, the Company re-started its drilling program, only to suspend operations after approximately one month. Although the types of activities differed in Colombia, fieldwork in both YTD 2019 and YTD 2018 resulted in similar levels of expenditure, and the increase of approximately \$429,000 related mostly to costs incurred on the preparation of the PEA.

Indirect exploration costs decreased in YTD 2019 by approximately \$856,000 compared to YTD 2018. The change is a result of changes in activities in both Colombia and the USA. In the USA, an increase of approximately \$92,000 in YTD 2019 resulted from \$Nil indirect exploration costs having been incurred in YTD 2018. In Colombia, YTD 2018 indirect exploration costs included compensation paid to land owners for land use in the project area, significant environmental and social work, as well as regional evaluation work for projects outside of San Matias. In YTD 2019, the amounts paid as compensation to landholders and environment and social work requirements were significantly lower, resulting in a decrease between the comparative periods. Furthermore, exploration salaries decreased appreciably due to reductions in staff levels, including the employment of a part-time VP of Exploration in YTD 2019, compared to a full-time VP of Exploration in YTD 2018. Finally, with the Company’s shifted focus to re-initiate its drilling program at Alacran, efforts related to regional evaluation work for projects outside of San Matias were discontinued in YTD 2019.

Site general and administration costs increased by approximately \$434,000 in YTD 2019 as compared to YTD 2018. This increase related to significant increases in professional fees incurred in Colombia due to ongoing legal matters (see the Company’s news release dated January 30, 2019, May 9, 2019 and August 9, 2019). This increase in professional fees is partially offset by decreases in both salaries and travel expenses.

E&E acquisition costs in both YTD 2019 and YTD 2018 consisted primarily of option payments made to the OMNI Parties, which were made in accordance with the terms of the Option Agreement to acquire Alacran. The increase in YTD 2019 related to differences in foreign exchange as the payments are denominated in USD, plus additional fees paid as part of an agreement to extend the due date of the February 2019 payment by three months.

### *Corporate administration*

Corporate administration expenditures in YTD 2019 remained relatively consistent compared to YTD 2018. As a result of the corporate reorganization (see the Company’s news release dated April 1, 2019), salaries and overhead costs increased slightly due to ongoing commitments to former employees.

### *Share-based payments*

In YTD 2019, the Company recorded approximately \$321,000 in share-based payments compared to approximately \$562,000 in YTD 2018.

### *Interest expense*

In YTD 2019, the Company recorded approximately \$133,000 in interest expense compared to approximately \$66,000 in YTD 2018. Interest expense in YTD 2019, primarily consists of accrued interest expense of approximately \$102,000 relating to outstanding debt to HPX that existed during the period and approximately \$22,000 relating to leases that were recognized as a result of initial application of IFRS 16. In YTD 2018, interest expense comprised solely of accrued interest on the former short-term loan from HPX.

## **FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES**

At September 30, 2019, the Company had cash and cash equivalents of approximately \$440,000 (December 31, 2018 - \$748,000) to apply against short-term business requirements and current liabilities of \$23.34 million (December 31, 2018- \$781,000).

The primary uses of cash during the nine months ended September 30, 2019, were funding operating activities of \$6.18 million (September 30, 2018 - \$5.96 million).

In February and March 2019, the Company completed a non-brokered private placement in three tranches, issuing an aggregate of 22,800,000 units for net proceeds of \$2.19 million.

On September 24, 2019, the Company announced it had agreed with HPX to convert the principal and interest owed to HPX under short-term indebtedness obligations into common shares of the Company. The total owed to HPX was US\$2.94 million (\$3.90 million) arising from 2019 advances under the Promissory Note and deferral of an Alacran option payment. On October 2, 2019, upon conversion of the debt, Cordoba issued 65,059,800 common shares at a price of \$0.06 per share.

On September 25, 2019, the Company announced it had arranged additional short-term loan financing of US\$500,000 under the Promissory Note. At September 30, 2019, the Company has drawn down the entire US\$500,000 (approximately \$662,000). The Promissory Note has a maturity date of December 31, 2019, and an interest rate of 10% per annum, with interest accruing daily and all interest compounding only at maturity. The interest rate will increase to 12% per annum in the event Cordoba does not repay the amount owing upon the maturity date.

On November 11, 2019, the Company announced it had arranged additional short-term loan financing of US\$425,000, under the same terms of the Promissory Note, bringing the total short-term loan balance to US\$925,000 as of November 13, 2019.

At September 30, 2019, the Company believes that it has adequate resources to maintain its minimum near-term obligations, including general corporate activities, based on its cash position and ability to pursue additional sources of financing, including equity placements.

The Company currently has no source of operating cash flow, and has no assurance that additional funding will be available to it for additional exploration programs at its properties, or to enable the Company to fulfill its obligations under any applicable agreements. The ability of the Company to continue as a going concern is dependent on its ability to obtain additional sources of financing to successfully explore and evaluate its mineral properties and, ultimately, to achieve profitable operations. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration of the Company's properties

and the possible loss of title to such properties. Significant reliance is placed on HPX, the Company's controlling shareholder, for providing ongoing financing to the Company. Failure of HPX to provide or participate in financing, or the inability of HPX to provide or participate in financing, would likely result in difficulty for Cordoba to attract separate third party investment. As such, there is material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

#### **OFF-BALANCE SHEET ARRANGEMENTS**

During the nine months ended September 30, 2019, the Company was not a party to any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations, financial condition, capital expenditures, liquidity or capital resources of the Company.

#### **PROPOSED TRANSACTIONS**

There are no proposed transactions that have not been disclosed herein.

#### **FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

*(Tabular amounts are expressed in thousands of Canadian dollars)*

The Company is exposed to risks that arise from its use of financial instruments. The Company's exposures to financial risk and how the Company manages each of those risks is described in the Company's MD&A for the year ended December 31, 2018. There were no significant changes to the Company's exposure to those risks or to the Company's management of its risk exposures during the nine months ended September 30, 2019.

#### **Determination of Fair Value**

Financial assets and liabilities have been classified into categories that determine their basis of measurement and, for items measured at fair value on a recurring basis, whether changes in fair value are recognized at fair value through profit or loss ("FVTPL") or fair value through other comprehensive income ("FVTOCI").

The carrying amounts for cash and cash equivalents, other receivables, accounts payable and accrued liabilities, due to related parties and the other liability approximate fair values due to their short-term nature.

The Company's financial assets and financial liabilities are classified as follows:

	<b>September 30, 2019</b>	December 31, 2018
<b>Financial assets</b>		
Financial assets measured at amortized cost		
Cash and cash equivalents	\$ 440	\$ 748
Other receivables	19	8
Financial assets measured at FVTOCI		
Investments	129	171
Financial assets measured at FVTPL		
Warrants	-	29
<b>Total financial assets</b>	<b>\$ 588</b>	<b>\$ 956</b>
<b>Financial liabilities measured at amortized cost</b>		
Accounts payable and accrued liabilities	\$ 1,188	\$ 550
Due to related parties	4,824	226
Lease liabilities	159	42
Other liability	17,216	-
<b>Total financial liabilities</b>	<b>\$ 23,387</b>	<b>\$ 818</b>

### **Fair Value Hierarchy**

Financial instruments measured at fair value are classified into one of the three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values.

The three levels of the fair value hierarchy are:

- Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Investments in traded equity securities are valued using level one inputs. Investments in warrants are valued using level two inputs.

### **CAPITAL MANAGEMENT**

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to advance its mineral properties. The Company defines its capital as all components of equity and short-term debt. The Company manages its capital structure and makes adjustments to it to effectively support the acquisition and exploration of mineral properties. The property in which the Company currently has an interest is in the exploration stage; as such, the Company is dependent on external financing to fund its activities.

The Company will seek to raise additional amounts as needed by way of equity financing or debt to carry out its planned corporate development and general administrative costs. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company's investment policy is to hold cash in interest-bearing bank accounts or highly liquid short-term interest-bearing investments with maturities of one year or less and which can be liquidated at any time without penalties. The Company is not subject to externally imposed capital requirements and does not have exposure to asset-backed commercial paper or similar products. There have been no changes to the Company's approach to capital management during the nine months ended September 30, 2019.

## **RELATED PARTY TRANSACTIONS**

*(Tabular amounts are expressed in thousands of Canadian dollars)*

The Company had transactions during the three and nine months ended September 30, 2019 and 2018 with related parties consisting of officers, HPX, the OMNI Parties, which are members of the same HPX group, and a company that is owned partially by Cordoba. These transactions are in the normal course of operations and are measured at the exchange amount of the services rendered.

### *Expenses*

During the three and nine months ended September 30, 2019, the Company incurred \$9,000 and \$45,000 respectively (2018 - \$159,000 and \$209,000) in E&E expenditures and corporate administration expenditures with HPX. The costs incurred consist of technical and managerial services provided for the Company's exploration projects, as well as corporate travel expenditures. Additionally, during the three and nine months ended September 30, 2019, the Company charged HPX approximately \$22,000 and \$67,000, respectively (2018 - \$63,000 and \$192,000), relating to E&E salaries and expenses.

During the three and nine months ended September 30, 2019, the Company incurred approximately \$Nil and \$1.17 million, respectively (2018 - \$Nil and \$1.10 million) in E&E expenditures with CMH, one of the OMNI Parties. The costs incurred relate to the Company's Option Agreement to earn a 100% interest in the Alacran Deposit.

During the three and nine months ended September 30, 2019, the Company incurred \$284,000 and \$688,000 respectively (2018 - \$60,000 and \$332,000) in E&E and corporate administration expenditures with Global Mining Management Corporation ("GMM"), a private company based in Vancouver. Cordoba held 8.3% of GMM's common shares at September 30, 2019 (December 31, 2018 - 8.3%). The costs incurred consist of administrative, technical and managerial services provided to the Company on a pro-rata cost sharing basis under the provisions of the "Shareholders' Corporate Management and Cost Sharing Agreement" between the Company and GMM. The investment in GMM is held at \$Nil on the condensed interim consolidated statements of financial position.

### Amounts due to related parties

	September 30, 2019	December 31, 2018
GMM payables and accrued liabilities	\$ 174	\$ 114
HPX payables and accrued liabilities	721	112
HPX short-term loan	3,930	-
<b>Total due to related parties</b>	<b>\$ 4,825</b>	<b>\$ 226</b>

The payables and accrued liabilities owing to GMM and HPX are unsecured, non-interest-bearing and payable on demand.

In June 2019, the Company arranged short-term loan financing of US\$2.40 million from HPX under the terms of the Promissory Note. The Promissory Note has a maturity date of December 31, 2019, and an interest rate of 10% per annum, with interest accruing daily and all interest compounding only at maturity. The interest rate will increase to 12% per annum in the event that the Company does not repay the amount owing upon the maturity date. On September 24, 2019, the Company announced it had agreed with HPX to convert the principal and interest owed to HPX under short-term indebtedness obligations into common shares of the Company. The total owed to HPX was US\$2.94 million (\$3.90 million), arising from 2019 advances under the Promissory Note and deferral of the fourth option payment under the Alacran Option Agreement. On October 2, 2019, upon conversion of the debt, Cordoba issued 65,059,800 common shares at a price of C\$0.06 per share.

On September 25, 2019, the Company arranged additional short-term loan financing of US\$500,000 from HPX, under the terms of the Promissory Note. At September 30, 2019, the total carrying value of the Promissory Note including accrued interest was approximately US\$3.06 million (\$3.93 million). Interest expense of approximately \$65,000 and \$83,000 was accrued on the Promissory Note for both the three and nine months ended September 30, 2019.

On November 11, 2019, the Company announced that it had arranged an additional short-term loan of US\$425,000 from HPX, under the same terms of the Promissory Note.

### Leases

In December 2018, a former officer of the Company financed a vehicle on behalf of the Company for operations at the Perseverance Project. The Company is leasing this vehicle from the former officer. At September 30, 2019, the lease liability for the vehicle was approximately \$37,000 with a remaining lease term of 62 months and an interest rate of 11.29%.

### Other Liability

At September 30, 2019, approximately \$14.63 million of the other liability is due to CMH, one of the OMNI Parties.

### Key Management Compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include certain directors and officers. For the three and nine months ended September 30, 2019 and 2018, key management compensation includes:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2019	2018	2019	2018
Salaries and benefits	\$ 128	\$ 247	\$ 510	\$ 656
Share-based payments (i)	119	-	119	517
<b>Total Key Management Compensation</b>	<b>\$ 247</b>	<b>\$ 247</b>	<b>\$ 629</b>	<b>\$ 1,173</b>

(i) Share-based payments represent fair value of stock options granted during the reporting period estimated on the date of grant using the Black-Scholes option pricing model.

## SHARE POSITION AND OUTSTANDING WARRANTS AND OPTIONS

The Company is authorized to issue an unlimited number of common shares without par value.

At November 13, 2019, the Company had the following issued and outstanding:

- 365,490,261 common shares
- 49,405,128 share purchase warrants with a weighted average exercise price of \$0.13.
- 8,604,038 stock options with a weighted average exercise price of \$0.37. Each stock option is exercisable to purchase one common share of the Company at prices ranging from \$0.065 to \$1.00.
- 1,534,614 deferred share units
- 281,671 restricted share units

## ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS

For the disclosure required under Section 5.3 of National Instrument 51-102 – *Continuous Disclosure Obligations*, please see “Exploration Update”, “Selected Quarterly Information” and “Exploration and Evaluation Expenditures”.

## OTHER DATA

Additional information related to the Company is available for viewing under the Company’s profile at [www.sedar.com](http://www.sedar.com).

## ADOPTION OF NEW AND AMENDED IFRS PRONOUNCEMENTS

The Company has consistently applied the accounting policies set out in Notes 2 and 3 of the Company’s audited consolidated financial statements for the year ended December 31, 2018 to all the periods presented in this MD&A, with the exception of the application of IFRS 16, *Leases* (“IFRS 16”).

Effective January 1, 2019, the Company adopted IFRS 16 using the modified retrospective application method, where the 2018 comparatives have not been restated.

IFRS 16 introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset (“ROU asset”) and a lease liability at the lease commencement for all leases, except for short-term leases (lease terms of 12 months or less) and leases of low value assets. At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assesses whether the

contract involves the use of an identified asset, whether the Company has the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement and if the Company has the right to direct the use of the asset.

In applying IFRS 16 for all leases, except as noted above, the Company (i) recognizes the ROU asset and lease liabilities in the statements of financial position, initially measured at the present value of future lease payments; (ii) recognizes the depreciation of ROU assets and interest on lease liabilities in the consolidated statements of loss and comprehensive loss; and (iii) separates the total amount of cash paid into a principal portion and an interest portion in the consolidated statements of cash flows. For short-term leases and leases of low value assets, the Company has opted to recognize a lease expense on a straight-line basis, and this expense is presented within operating expenses in the condensed interim consolidated statements of loss and comprehensive loss.

The Company has made use of the following practical expedients available on transition to IFRS 16:

- Recognize ROU assets at the amount of the lease liability for each lease at the date of initial application;
- Apply the recognition exemptions for low value leases and leases that end within 12 months of the date of initial application;
- Accounting for non-lease components and lease components as a single lease component.

In transitioning to IFRS 16, the Company analyzed its contracts to identify whether they are or contain a lease arrangement. This analysis identified contracts containing leases that resulted in the recognition of an increase of approximately \$182,000 to both the Company's ROU assets and lease liabilities on initial application of IFRS 16. The incremental borrowing rate for lease liabilities initially recognized on adoption of IFRS 16 was 14%.

#### **ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED BUT NOT YET APPLIED**

There are no other new or revised IFRS standards and interpretations, not yet effective, that would be expected to have a material impact on the Company.

#### **RISKS AND UNCERTAINTIES**

The Company is engaged in mineral exploration and development activities which, by nature, are speculative. Due to the high-risk nature of the Company's business and the present stage of the Company's various projects, an investment in the Company's common shares should be considered a highly speculative investment that involves significant financial risks, and prospective investors should carefully consider all of the information disclosed in this MD&A and the Company's other public disclosures, including the risks described in the "Risks and Uncertainties" section of the Company's MD&A for the year ended December 31, 2018, prior to making any investment in the Company's common shares.

In addition to the risk factors found in the annual MD&A, significant reliance is placed on HPX, the Company's controlling shareholder, for providing ongoing financing to the Company. Failure of HPX to provide or participate in financing, or the inability of HPX to provide or participate in financing, would likely result in difficulty for Cordoba to attract separate third party investment. Should this occur, there would be significant doubt as to Cordoba's ability to continue as a going concern.