



Management's Discussion and Analysis

Third Quarter Report - September 30, 2018

(Expressed in Canadian dollars, unless otherwise noted)

November 29, 2018

For further information on Gunpoint Exploration Ltd., reference should be made to its public filings on SEDAR at www.sedar.com. Information is also available on the Company's website at www.gunpointexploration.com. This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited condensed consolidated interim financial statements for the nine ended September 30, 2018 and audited annual consolidated financial statements for the year ended December 31, 2017, and related notes thereto which have been prepared in accordance with International Financial Reporting Standards. The MD&A contains certain Forward Looking Statements which are provided at the end of the report.

OVERVIEW

Gunpoint Exploration Ltd. (the "Company" or "Gunpoint") is focused on the acquisition and exploration of precious metals located in the United States, Mexico and Guatemala. Gunpoint's primary property is the Talapoosa gold project ("Talapoosa") in Nevada, USA.

The Company trades on the TSX Venture Exchange under the symbol "GUN". The Company has its head office in Vancouver, B.C.

HIGHLIGHTS – period ended September 30, 2018

- The Company's cash position as at September 30, 2018 was \$1.1 million.
- The Company has 100% ownership in Talapoosa after Timberline was unable to make the US\$2.0 million option payment due March 31, 2018.
- Riverside Resources Inc. has expanded the exploration footprint at La Cecilia and identified four additional mineralized targets.

TALAPOOSA (NEVADA, USA)

Overview

The Company owns a 100% interest in the Talapoosa project located in Lyon County, Nevada (the "Talapoosa Property"). The Talapoosa Property is a low-sulphidation gold-silver property in the Walker Lane gold trend of western Nevada, approximately 45 kilometres east of Reno. The property consists of 509 unpatented lode mining claims owned by the Company, 26 unpatented lode mining claims leased from Sierra Denali Minerals, 4 additional fee land sections leased from Sario Land and Livestock, two additional fee land sections leased from Nevada Bighorns Unlimited Foundation and a portion of one additional fee land section owned by American Gold Nevada. The total land package for the property is contiguous and covers 14,870 acres. The unpatented lode mining claims are administered by the Bureau of Land Management.

The Talapoosa Property has a National Instrument 43-101 Standards for Disclosure for Mineral Projects ("NI 43-101") compliant resource estimate (September 2010) hosting a measured and indicated resource of 632,000 ounces of gold (23.1 million tons at a grade of 0.035 oz/t AuEq) and an inferred resource of 326,000 ounces of gold (12.6 million tons at a grade of 0.033 oz/t AuEq) using a cut-off of 0.015 oz/t gold equivalent.

During 2011 the Company completed 15 core holes totaling 3,251 meters at the Talapoosa Property. With the 2011 drill data, the Company re-modeled and re-interpreted the resource with independent consultants. In 2013, Tetra Tech WEI Inc. (“Tetra Tech”) provided an updated NI 43-101 resource estimate adding approximately 380,000 ounces of gold and 5.4 million ounces of silver compared to the previous NI 43-101 resource estimate. Set out in the table below is the updated Measured and Indicated Resource Estimate by Tetra Tech:

Cutoff Au g/t	Ore Type	Category	Tonnes	Grade Au g/t	Grade Ag g/t	Contained gold (ounces)	Contained silver (ounces)
0.45	Oxide	Measured	2,835,890	1.29	18.96	117,253	1,728,323
0.45	Sulphide	Measured	12,741,180	1.22	16.50	501,215	6,760,763
0.45	Oxide	Indicated	1,280,900	1.10	14.25	45,328	586,999
0.45	Sulphide	Indicated	11,504,500	0.94	12.36	349,005	4,573,274
0.45	Oxide	Total M&I	4,116,870	1.23	17.49	162,581	2,315,321
0.45	Sulphide	Total M&I	24,245,860	1.09	14.54	850,220	11,334,037
0.45	Oxide + Sulphide	Total M&I	28,362,500	1.11	14.97	1,012,802	13,649,358
0.45	Oxide - Sulphide	Inferred	10,159,000	0.72	6.65	233,532	2,172,766

(1) Prepared in accordance with NI 43-101 and the Canadian Institute of Mining, Metallurgy and Petroleum classification system

(2) The 2013 resource model used ordinary kriging grade estimate within a three-dimensional block model with mineralized zone defined by wireframed solids

(3) Resource estimate was completed in imperial units with the following conversions:

- 1 gram/tonne = 0.0291667 troy oz/short ton
- 1tonnes = 1.10231 short ton

(4) A base cutoff grade of 0.45 g/t Au was used for reporting resources

(5) Capping was implemented for gold grades at 23.52 g/t and silver grades at 329.14 g/t

Option agreement – Timberline Resources Corporation

On April 1, 2015, the Company granted Timberline an option (“Option”) to acquire from Gunpoint’s subsidiary, American Gold Capital US Inc. (“American Gold”), a 100% interest in the Talapoosa gold project located in Nevada. In consideration for the option, Timberline paid US\$300,000 and issue 2.0 million shares of common stock of Timberline to American Gold.

Pursuant to the Agreement, Timberline has until September 12, 2017 to exercise the Option to acquire a 100% interest in Talapoosa (the “Option Period”). Timberline can exercise the Option by making a US\$10.0 million cash payment to American Gold. For a period of five years after Timberline exercises the Option, Timberline would be required to pay American Gold an additional US\$10.0 million (payable in cash and Timberline common shares) if the daily price of gold averages US\$1,600 per ounce or greater for a period of ninety consecutive trading days. American Gold retains a 1% net smelter royalty on Talapoosa which Timberline can purchase for US\$3.0 million.

On August 10, 2015, Timberline filed a “Preliminary Economic Assessment on the Talapoosa Project” (“PEA”) on SEDAR (for further details, please see the full PEA on www.sedar.com). At a 5% discount rate, the PEA indicated an after-tax NPV of US\$136 million and 39% IRR at US\$1,150/oz gold and US\$16/oz silver.

On October 20, 2016, the Option Agreement was amended. The Company agreed to extend the Option (“Extended Option”) 18 months from September 12, 2017 to March 31, 2019. In consideration for the Extended Option, Timberline will pay US\$1 million and issue an additional 3.5 million common shares to the Company. In addition, Timberline’s repurchase option for the Company’s 1% net smelter return royalty (“NSR”) on Talapoosa has been eliminated.

The amended terms of the Option Agreement are as follows:

- Payment of US\$1 million and one million common shares of Timberline by March 31, 2017 (Received).
- Payment of US\$2 million and one million common shares of Timberline by March 31, 2018.
- A final payment of US\$8 million and 1.5 million common shares of Timberline by March 31, 2019 (“Option Exercise Closing Date”).
- Timberline undertakes cumulative project expenditures of a minimum of US\$7.5 million by December 31, 2018.

- Elimination of Timberline's US\$3 million purchase option of the 1% NSR retained by the Company upon Timberline's acquisition of Talapoosa.
- The Contingent Payment based on escalating gold prices has been amended such that if gold prices average greater than or equal to US\$1,600 over any 90-day period ("Trigger Event") within a 5-year period commencing on the Option Exercise Closing Date, Timberline will pay Gunpoint an additional US\$10 million of which a minimum of US\$5 million will be payable within six months of the trigger event, and the remaining US\$5 million payable within twelve months of the Trigger Event, with both payments payable in cash or, at Timberline's discretion, up to 50% in shares.

Pursuant to the Option Agreement Timberline did not make the option payment due March 31, 2018 to Gunpoint. Accordingly, Timberline's option to acquire the Talapoosa gold project has terminated and 100% ownership of Talapoosa has reverted back to the Company. In total, Gunpoint has received US\$1.3 million and 3.0 million common shares of Timberline.

As at September 30, 2018, the market value of Gunpoint's 3.0 million shares was \$315.0 (December 31, 2017 - \$885.0)

OTHER EXPLORATION PROJECTS

Le Cecilia (Sonora Statu, Mexico)

In 2010, the Company acquired La Cecilia from Chesapeake Gold Corp. (TSX-V: CKG) together with three other properties for consideration that resulted in Chesapeake becoming a majority shareholder. Chesapeake currently owns 73% of the Company. Located in northeastern Sonora State, Mexico, La Cecilia comprises three mineral concessions totalling 794 hectares and hosts epithermal gold mineralization in a rhyolite dome setting.

The La Cecilia Property is a low-sulphidation, epithermal-type gold-silver system related to two well-developed northwest and northeast trending sets of faults centred on "Cerro Magallanes", a rhyolite dome complex. The mineralization occurs as high grade in vein structures and as lower grade within broader zones of stockworks and breccias. Numerous other anomalous zones of silicification, brecciation and argillic alteration exist across the extent of the flow dome complex, an area of more than one kilometre by two kilometres.

On January 31, 2017, the Company entered into an agreement ("Option Agreement") with Riverside Resources Inc. (TSX-V: RRI) whereby Riverside has been granted an option to acquire a 100% interest in Gunpoint's La Cecilia-Margarita gold project ("La Cecilia").

Pursuant to Option Agreement and subject to TSX Venture Exchange approval (Received), Riverside has the right to acquire a 100% interest in La Cecilia by making \$250,000 in cash payments and issuing 1.0 million Riverside common shares to the Company over three years per following schedule:

- A payment of \$10,000 upon execution of the Option Agreement; (Received);
- A \$15,000 cash payment and issuance of 100,000 common shares of Riverside concurrent with the execution of registerable agreement in Mexico which occurred on April 24, 2017 ("the Effective Date") (Received);
- A \$25,000 cash payment and issuance of 200,000 common shares of Riverside on or before the first anniversary of the Effective Date (Received);
- A \$75,000 cash payment and issuance of 400,000 common shares of Riverside on or before the second anniversary of the Effective Date;
- A \$125,000 cash payment and issuance of 400,000 common shares of Riverside on or before the third anniversary of Effective Date

To date, Gunpoint has received \$50,000 and 300,000 common shares of Riverside. As at September 30, 2018, the market value of Riverside's 300,000 common shares was \$55,500.

Riverside completed a regional soil sampling program which expanded the targets around the central Cerro Magallanes dome complex. The soil sampling survey outlined several large linear anomalies. Four new mineralized targets, Casa de Piedro, Los Llanos, Cruz and Cruz II are being further defined and advanced.

For further information on further information such as technical disclosure and qualified person related to the exploration program, please visit <https://www.rivres.com/index.php/projects/riverside-owned-projects/cecilia-goldproject>.

Riverside will be responsible for the property taxes and holding costs to maintain La Cecilia in good standing during the term of the agreement. As at September 30, 2018 the Company had recorded La Cecilia at nil value due to a previous impairment. The consideration received from Riverside will be recognised as income.

La Gitana (Oaxaca State, Mexico)

The Company owns a 75% interest in the La Gitana property located in Oaxaca State, Mexico (the “La Gitana Property”). The La Gitana Property is a large low sulphidation epithermal system hosting precious metals mineralization that is both structurally and lithologically controlled. During 2005 and 2006, the Company completed 40 diamond drill holes comprising 8,462 meters on the La Gitana Property. The drill program primarily tested Cerro di Oro, a 1.5 kilometer long, northwest trending, structurally-controlled, epithermal system where gold-silver mineralization is found as high-grade shoots in a set of northwest trending, sub-vertical structures, and as low grade disseminations within broad zones of quartz stockworks and breccias.

A NI 43-101 compliant technical report on the La Gitana Property concluded that the exploration program undertaken by the Company on the Cerro di Oro zone of the La Gitana Property (including detailed surface mapping and sampling, ground geophysics and diamond drilling) provided sufficient information to confirm the existence of well-defined gold-silver mineralization extending 500 meters in length, 50 to 150 meters wide and 50 to 300 meters deep. Step-out drilling also discovered additional gold-silver mineralization along strike for over 300 meters to the southeast.

El Escorpion (Guatemala)

Chesapeake has an option to purchase the El Escorpion (“El Escorpion”) property, a 900 hectare concession in eastern Guatemala.

The El Escorpion Property is located 85 kilometers by paved road southeast of Guatemala City. The El Escorpion Property is situated seven kilometers southwest and along trend of Tahoe Resources Inc.’s Escobal deposit which has a NI 43-101 compliant indicated mineral resource of 367 million ounces of silver grading 422 g/t, plus 37 million ounces of silver grading 254 g/t in the inferred category. Mineralization at Escobal is associated with steeply dipping and northeast-southwest trending intermediate sulfidation epithermal silver rich quartz veins with significant values in gold, lead and zinc. The Escobal land package completely surrounds the Escorpion project.

Previous mapping and sampling have identified two prospective areas with intermediate sulfidation epithermal precious and base metal mineralization. The outcropping mineralization at El Escorpion appears to have many similarities to that at Escobal and occurs in a fault controlled, intermediate sulfidation epithermal system characterized by several multistage, subparallel silver-lead-zinc quartz-carbonate veins and stockworks. To date, the northeast-southwest trending system has been traced continuously for over 1500 meters along strike and remains open to the northeast and southwest. The system is characterized by carbonate-minor quartz vein swarms in the southwest (Mina Blanca zone) and quartz stockworks and quartz veins in the northeast part of the concession (Escorpion –Los Pozos zones). The epithermal system is hosted in volcanoclastic sediments, porphyritic andesites and rhyodacitic rocks, the same rock types which host mineralization at Escobal.

To earn a 100% interest in El Escorpion, Chesapeake agreed to pay US\$351,000 in option payments over 5 years. The vendor carries a 1% NSR which can be purchased for US\$585,000.

On June 14, 2013, the Company concluded an agreement in respect of El Escorpion with Chesapeake, whereby Gunpoint will acquire a 100% interest in El Escorpion. Gunpoint has agreed to acquire a 100% interest in El Escorpion by issuing and granting the following to Chesapeake.

- 500,000 common shares of Gunpoint
- 500,000 warrants exercisable at \$1.50 per share for a term of five years
- A 1.5% NSR royalty in the event Chesapeake purchases the existing 1.0% NSR
- 1.0 million common shares of Gunpoint in the event a NI 43-101 measured and indicated resource estimate of 1.0 million gold equivalent ounces is achieved on the Escorpion property.

On August 19, 2015, the Ministry of Energy and Mines granted title for the El Escorpion concessions. In late 2016, the Constitutional Court of Guatemala temporarily suspended permits for several mineral concessions in the country including El Escorpion. The Constitutional Court is seeking a review of the stakeholder engagement process. Gunpoint has initiated a follow up consultation with the local community to support the cancellation of the suspension. To date, the vendor has received US\$331,000 of the US\$351,000 property purchase. The vendor has agreed to an extension of the final payment of \$20.0 to purchase El Escorpion until the exploration suspension is lifted.

SUMMARY OF INTERIM CONSOLIDATED LOSS

In \$000s	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Exploration	(1.5)	(1.9)
General & administration ⁽¹⁾	(59.3)	(50.9)
Share based compensation	(45.3)	23.6
	(106.1)	(29.2)
Finance (cost) income, net	(27.0)	(27.0)
Foreign exchange gain (loss)	65.9	(100.3)
Unrealized loss on investment	(485.0)	-
Other Income(expenses)	85.9	71.5
Net loss	(466.3)	(85.0)
Unrealized loss on available for sale investments	-	(214.8)
Net gain (loss) and comprehensive loss	(466.3)	(299.8)
Basic/Diluted loss per share	(0.01)	(0.00)

(1) General and administration (“G&A”) consists of general and administrative expenses and professional fees

The Company incurred a net loss of \$466,300 for the period ended September 30, 2018, compared to a net loss of \$85,000 in 2017. As a result of the adoption of IFRS 9 in January 1, 2018, unrealized losses from investment are now classified as part of the calculation of net loss instead of being included in Other Comprehensive Income (“OCI”) previously. For the first nine months in 2018, the Company has an unrealized loss from investment of \$485,000, compared to a loss of \$214,800 in 2017. The investment loss is due to the decline in market value from the Company’s holdings in Timberline, Julian and Riverside shares. In the first three quarters of the year, a foreign exchange gain of \$65,900 was recognized compared to a \$100,300 loss in the same period in 2017. This was due to the foreign exchange movement between the US Dollar against the Canadian Dollar.

Other income relates to the \$25,000 cash payment and 200,000 common shares received from the La Cecilia transaction with Riverside. The income received in the first three quarters of 2018 was \$85,900, compared to \$71,500 in the same period in 2017.

The Company recognized a share-based compensation expense of \$45,300 in the current quarter, compared to a \$23,600 share-based compensation gain in 2017. The current year expense is due to granting share options in April 2018. The share-based compensation gain in 2017 was due to the cancellation of unvested stock options.

Consolidated quarterly loss – 8 quarters historic trend

In \$000s	3mths 30-Sep-18	3mths 30-Jun-18	3mths 31-Mar-18	3mths 31-Dec-17	3mths 30-Sep-17	3mths 30-Jun-17	3mths 31-Mar-17	3mths 31-Dec-16
Exploration	(1.1)	(0.1)	(0.3)	(0.6)	(0.2)	(0.3)	(1.4)	-
Net gain (loss) before taxes	(162.5)	(77.0)	(226.8)	(37.0)	(71.5)	1.6	(15.1)	(38.0)
Deferred income tax recovery	-	-	-	156.1	-	-	-	(27.2)
Net (loss) income after taxes	(162.5)	(77.0)	(226.8)	(119.1)	(71.5)	1.6	(15.1)	(65.2)
Total comprehensive (loss) income	(162.5)	(77.0)	(226.8)	(112.4)	(352.0)	(435.3)	487.5	(315.1)
Basic/Diluted (loss) income per share	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)	0.00	(0.00)	(0.00)
Total assets	7,362.3	7,489.3	7,533.8	7,737.7	8,063.2	8,418.6	8,851.8	8,380.5

Three months ended September 30, 2018 vs. all prior quarters historically.

The Company incurred a net loss before tax of \$162,500 for the three months ended September 30, 2018, which was higher compared to prior quarters from 2016 to 2018, except for Q1 2018. The higher net loss (similar with Q1 2018) was mainly due to a \$135,300 unrealized loss on investment. The investment loss is now classified as net loss before tax due to adoption of IFRS9 in January 2018. Unrealized gains and losses were previously included in other comprehensive income. In addition, the Company also recognized a \$27,200 expense on share-based compensation in Q3 2018.

During the third quarter of this year, the Company's corporate activities were focused on reviewing and evaluating the technical work undertaken by Timberline and updating the project's database. As well, the Company maintained its La Gitana, Rio Minas and El Escorpion properties in good standing and coordinated due diligence activities for potential joint venture or divesture.

Total assets decreased over the past fiscal year mainly due to the fluctuation in fair value of its long-term investments.

LIQUIDITY AND CAPITAL RESOURCES

In \$000s, three months ended	September 30, 2018	September 30, 2017
Cash outflows from operating activities	(25.0)	(37.5)
Cash inflow (outflow) from investing activities	(233.4)	1,343.0
Net cash flows	(258.4)	1,305.5
Cash balance	1,100.4	1,357.7

As at September 30, 2018, the Company's net working capital was \$165,800, compared to a net working capital of \$373,800 at December 31, 2017. The decline in net working capital is due to the reduction of the cash balance and marketable securities to fund the Company's operating activities. Funds were primarily used to update Talapoosa's technical database and maintain the project's annual land payments and taxes. Marketable securities decreased due to volatility in the equity market.

Cash outflow from operating activities for the nine months ended September 30, 2018 was primarily due to updating the Talapoosa database and holding costs to maintain the Company's properties in good standing.

Cash inflow from financing activities was \$nil for the nine months ended September 2018 and the comparative period in 2017.

Cash outflow from investing activities for the nine months ended September 30, 2018 was \$233,400 compared to an inflow of \$1,343,000 in first nine months in 2017. The expenses incurred related to Talapoosa were for the project's

taxes and property payments. The cash inflow in the previous year was from Timberline’s Talapoosa option payment (US\$1 million) and Riverside’s option payment (\$25,000)

The Company’s ability to continue as a going concern is dependent on the Company’s ability to raise funds. The Company has placed its mineral properties on care and maintenance until the Company can obtain additional financing.

SHAREHOLDERS’ EQUITY

As at the September 30, 2018 and the date of this report the Company had 43,501,600 shares.

As at September 30, 2018 and the date of this report, the Company did not have share purchase warrants outstanding.

The following is a summary of stock option outstanding as at September 30, 2018 and the date of this report:

Number of options	Vested	Exercise price per share	Expiry Date
905,000	905,000	\$0.25	23-Apr-19
1,500,000	-	\$0.25	2-May-23
2,405,000	905,000		

REGULATORY DISCLOSURES

Off-Balance Sheet Arrangements

As at the date of this report, the Company does not have any off-balance sheet arrangements.

Related Party Transactions

The Company’s related parties include its subsidiaries, associates over which it exercises significant influence, Chesapeake, and key management personnel. Transactions with related parties for goods and services are made on normal commercial terms and are considered to be at arm’s length.

For the nine months ended September 30, 2018, there was \$12,750 (September 30, 2017 - \$18,750) paid to the Chief Financial Officer. As at September 30, 2018, the total accrued amount was \$nil (September 30, 2017 - \$nil).

As at September 30, 2018, the Company still has a promissory note in the principal amount of \$700,000 (plus related accrued interest) outstanding. The promissory note and accrued interest is indebted to the President of the Company. This promissory note was originally a convertible debenture in the prior year. The conversion expired January 1, 2018.

As of September 30, 2018, an amount of \$1,049,100 was due to Chesapeake, the parent of the Company (December 31, 2017 - \$1,036,200). These amounts are unsecured and non-interest bearing.

	September 30, 2018		December 31, 2017		
	In \$000s	Carrying value	Fair value	Carrying value	Fair value
Financial assets					
<i>Fair value to profit and loss ("FVTPL")</i>					
Cash and cash equivalents		1,100.4	1,100.4	1,279.6	1,279.6
<i>Available-for-sale</i>					
Long-term investment		596.6	596.6	1,029.6	1,029.6
Financial liabilities					
<i>Other financial liabilities</i>					
Accounts payable & accrued liabilities		243.7	243.7	216.8	216.8
Promissory note		700.0	700.0	-	-
Due to related party		1,049.1	1,049.1	1,036.2	1,036.2

Financial Instruments

The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices).

The following table sets forth the Company's assets and liabilities measured at fair value on a recurring basis by level within the fair value hierarchy. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The following table sets forth the Company's assets and liabilities measured at fair value on a recurring basis by level within the fair value hierarchy. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

	In '000			
	Level 1	Level 2	Level 3	Total September 30, 2018
Cash	\$ 1,100.4	\$ -	\$ -	\$ 1,100.4
Long-term investment	596.6	-	-	596.6

	In '000			
	Level 1	Level 2	Level 3	Total December 31, 2017
Cash	\$ 1,279.6	\$ -	\$ -	\$ 1,279.6
Long-term investment	1,029.6	-	-	1,029.6

Capital Management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue the development of its resource properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

In the management of capital, the Company includes the components of shareholders' equity as well as cash and investments.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue new shares, issue new debts, acquire or dispose of assets or adjust the amount of cash and cash equivalents, and investments.

In order to maximize ongoing development efforts, the Company does not pay out dividends.

The Company's investment policy is to invest its cash in highly liquid short-term interest-bearing investments, such as Canadian Government treasury bills, banker's acceptances or Guaranteed Investments Certificates, with initial maturity terms less than one year from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

Significant Accounting Policies

Please refer to the audited annual financial statements December 31, 2017, and unaudited interim financial statements for the period ended September 30, 2018, which were both filed on SEDAR.

RISKS AND UNCERTAINTIES

The Company is in the business of acquiring, exploring and developing gold and silver properties. The Company is exposed to a number of risks and uncertainties that are common to other resource exploration companies in the same business.

The risks and uncertainties described in this section are considered by management to be the most important in the context of the Company's business. The risks and uncertainties below are not inclusive of all the risks and uncertainties the Company may be subject to and other risks may apply.

Early Stage – Need for Additional Funds

Gunpoint has no history of profitable operations and its present business is at an early stage. The Company anticipates that it may make substantial capital expenditures for the acquisition, exploration, development and production of its mineral properties in the future. The Company currently has no revenue and may have limited ability to expend the capital necessary to undertake or complete future exploration or development programs. As such, the Company is subject to many risks common to other companies in the same business, including under-capitalization, cash shortages, and limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that Gunpoint will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations.

The Company expects to obtain financing in the future primarily through further equity and/or debt financing, as well as through joint venturing and/or optioning out the Company's properties to qualified mineral exploration companies. There can be no assurance that the Company will succeed in obtaining additional financing, now or in the future. Failure to raise additional financing on a timely basis could cause the Company to suspend its operation and eventually to forfeit or sell its interest in its properties.

Exploration and Development

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits, but also from finding mineral deposits that, though present, are of insufficient size and/or grade to return a profit from production.

The Company does not have any operating mines at present. All the Company's properties are in the exploration stage. There is no assurance that a commercially viable mineral deposit exists on any of the Company's properties and substantial additional work will be required in order to determine the presence of any such deposit.

All of the mineral claims to which Gunpoint has a right to acquire an interest are in the exploration stages only, and are without a known body of commercial ore. Upon discovery of a mineralized occurrence, several stages of exploration and assessment are required before its economic viability can be determined. Development of the subject mineral properties would follow only if favorable results are determined at each stage of assessment. Few precious and base metal deposits are ultimately developed into producing mines.

There is no assurance that Gunpoint's mineral exploration activities will result in any discoveries of commercial bodies of ore. The long-term profitability of Gunpoint's operations will in part be directly related to the costs and success of its exploration programs, which may be affected by a number of factors.

Operating Hazards and Risks

Mining operations involve many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome.

In the course of exploration, development and production of mineral properties, certain risks, and in particular unexpected or unusual geological operating conditions, including rock bursts, cave-ins, fires, flooding and earthquakes, may occur. Operations in which Gunpoint has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of mineral deposits, any of which could result in 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.

Although Gunpoint maintains liability insurance in an amount which it considers adequate, the nature of these risks is such that liabilities could exceed policy limits, in which event Gunpoint could incur significant costs that could have a materially adverse effect upon its financial conditions.

Supplies, Infrastructure, Weather and Inflation

Gunpoint's property interests are often located in remote, undeveloped areas and the availability of infrastructure such as surface access, skilled labour, fuel and power at an economic cost cannot be assured. These are integral requirements for exploration, production and development facilities on mineral properties. Power may need to be generated on site.

Due to the partial remoteness of its exploration projects, Gunpoint may be forced to rely on the accessibility of secondary roads and air transport for the supply of goods and services.

Metal Prices

The mining industry, in general, is intensely competitive and there is no assurance that a profitable market will exist for the sale of metals produced even if commercial quantities of precious and/or base metals are discovered. Factors beyond the control of Gunpoint may affect the marketability of metals discovered. Pricing is affected by numerous factors beyond Gunpoint's control, such as international economic and political trends, global or regional consumption and demand patterns, increased production and smelter availability. There is no assurance that the price of metals recovered from any mineral deposit will be such that they can be mined at a profit.

Title Risks

Although Gunpoint has exercised the usual due diligence with respect to determining title to properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned. Gunpoint's mineral property interests may be subject to prior unregistered agreements, or transfers, or indigenous claims, and title may be affected by undetected defects.

Environmental Regulations, Permits and Licenses

Gunpoint's operations are subject to various laws and regulations in the various jurisdictions in which the Company operates that govern the protection of the environment, exploration, development, production, taxes, labour standards, occupational health, waste disposal, safety and other matters.

Environmental legislation provides restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact statements.

Environmental legislation is evolving in a direction of stricter standards and enforcement, and higher fines and penalties for non-compliance. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations. Gunpoint intends to fully comply with all environmental regulations.

The current operations of Gunpoint require permits from various United States, Mexican, and Guatemalan domestic authorities and such operations are governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental, mine safety and other matters.

Gunpoint believes that it is in substantial compliance with all material laws and regulations which currently apply to its activities. There can be no assurance, however, that all permits which Gunpoint may require for its operations and exploration activities will be obtainable on reasonable terms or on a timely basis or that such laws and regulations would not have an adverse effect on any mining project which the Company might undertake.

Competition and Agreements with Other Parties

The mining industry is intensely competitive in all its phases, and Gunpoint competes with other companies that have greater financial resources and technical capacity. Competition could adversely affect Gunpoint's ability to acquire suitable properties or prospects in the future.

Gunpoint may, in the future, be unable to meet its share of costs incurred under such agreements to which it is a party and it may have its interest in the properties subject to such agreements reduced as a result. Also, if other parties to such agreements do not meet their share of such costs, Gunpoint may not be able to finance the expenditures required to complete recommended programs.

Economic Conditions

Unfavorable economic conditions may negatively impact Gunpoint's financial viability. Unfavorable economic conditions could also increase Gunpoint's financing costs, decrease net income or increase net loss, limit access to capital markets and negatively impact any of the availability of credit facilities to the Company.

Dependence on Management

The Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption in the operations of Gunpoint could result and other persons would be required to manage Gunpoint.

FORWARD LOOKING STATEMENTS

This MD&A contains “forward-looking information” within the meaning of applicable Canadian securities legislation. Such forward-looking statements and information herein include, but are not limited to, statements regarding prospective metal production, timing and expenditures to develop the properties, mineral resources, grades and recoveries, cash costs per ounce, capital and operating expenditures and sustaining capital and the ability to fund mine development. The Company does not intend to, and does not assume any obligation to update such forward-looking statements or information, other than as required by applicable law.

Forward-looking statements or information involve known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company and its operations to be materially different from those expressed or implied by such statements. Such factors include, among others: ability to finance mine development, fluctuations in the prices of metals, fluctuations in the currency markets (particularly the Mexican peso, Canadian dollar and U.S. dollar); changes in national and local governments, legislation, taxation, controls, regulations and political or economic developments in Canada, the United States and Mexico; operating or technical difficulties in mineral exploration, development and mining activities; risks and hazards of mineral exploration, development and mining (including environmental hazards, industrial accidents, unusual or unexpected geological conditions, pressures, cave-ins and flooding); inadequate insurance, or inability to obtain insurance; availability of and costs associated with mining inputs and labour; the speculative nature of mineral exploration and development, diminishing quantities or grades of mineral reserves as properties are mined; risks in obtaining necessary licenses and permits, and challenges to the Company’s title to properties.

Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements or information, there may be other factors that cause results to be materially different from those anticipated, described, estimated, assessed or intended. There can be no assurance that any forward-looking statements or information will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements or information. Accordingly, readers should not place undue reliance on forward-looking statements or information.

Other technical information

Mr. Todd McCracken (P. Geo) of Tetra Tech is the Qualified Person as defined by NI 43-101 and is responsible for technical information in the updated Resource Estimate for Talapoosa.