



**AGAVE SILVER
CORPORATION**

MANAGEMENT'S DISCUSSION & ANALYSIS

THREE MONTHS ENDED JUNE 30, 2016

Agave Silver Corp.

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This document constitutes Management's Discussion and Analysis ("MD&A") of the financial and operational results of Agave Silver Corp. ("Agave" or the "Company") for the three months ended June 30, 2016. This MD&A supplements, but does not form part of the unaudited condensed interim financial statements of the Company for the three months ended June 30, 2016, and should be read in conjunction with the annual audited consolidated financial statements of Agave for the years ended March 31, 2016 and 2015 and the related notes thereto. All dollar figures stated herein are expressed in Canadian dollars, unless otherwise specified.

Unless indicated otherwise, all financial data in this MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

FORWARD LOOKING STATEMENTS

Certain statements in this MD&A, other than statements of historical fact, constitute "forward-looking information" within the meaning of Canadian securities legislation, and the United States Private Securities Litigation Reform Act of 1995. "Forward-looking information" includes, but is not limited to, statements with respect to potential mineralization and geological merits of the Company's exploration projects the Company's future plans, exploration and drilling programs, objectives, business strategy, budgets, projected costs, financial results, expected cash runway and liquidity, and requirements for additional capital. In certain cases, forward-looking information can be identified by the use of words such as "plans", "expects", "contemplates", "budget", "possible", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "believes", or variations of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved".

Forward-looking information is based on assumptions regarding future events and other matters and involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Assumptions on which forward-looking information in this MD&A is based include the assumption that strategic alternatives are available to the Company, the assumption the Company will continue as a going concern and will continue to be able to access the capital required to advance its projects and continue operations. Risks and uncertainties include, among others: inherent risks involved in the exploration and development of mineral properties; uncertainties involved in interpreting drill results and other exploration data; potential for delays in exploration activities; geology, grade and continuity of mineral deposits; possibility that future exploration results may not be consistent with the Company's current expectations; reduction in future prices of precious metals; currency fluctuations; accidents, labor disputes and other risks associated with the mining industry; delays in obtaining governmental approvals; uncertainties relating to the availability and costs of financing required in the future; events adversely affecting the cash resources and estimated cash availability; and competition and loss of key employees. Other risks and uncertainties are discussed throughout this MD&A and, in particular, in the section below entitled "Risks and Uncertainties".

In making the statements in this MD&A containing forward-looking information, the Company has applied several material assumptions, including but not limited to, assumptions regarding the ability of the Company to obtain, on reasonable terms, the necessary financing to complete the exploration and

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development of its property interests, as well as the future profitable production or proceeds from the disposition of the Company's exploration and evaluation assets.

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

The Company disclaims any intention or obligation to update or revise the forward-looking information in this MD&A, whether as a result of new information, events or otherwise, except as required by applicable securities legislation. Accordingly, readers are cautioned not to put undue reliance on forward-looking information.

1.1 DATE OF THE MD&A

The MD&A was approved by the Board of Directors on August 29, 2016.

1.2 OVERVIEW

Agave is a junior resource company engaged in the exploration and development of mineral properties.. It currently maintains an early stage exploration property in Canada. Agave was incorporated on October 12, 1966 in the Province of British Columbia under the Business Corporations Act of British Columbia.

Agave maintains its corporate office at #1601-675 West Hastings Street, in Vancouver, BC.

The Company's common shares trade on the TSX Venture Exchange (AGV), the OTCBB Exchange (Pink) (ASKDF) and the Frankfurt Exchange (DFL).

Over the past two year the Company has been able to secure financing that allowed it to pay off the majority of outstanding current payables. To help in our cost saving measures, the President, Ron Lang, has deferred most of his salary. That which has been paid was settled by way of issuance of shares for debt in June 2015.

Agave's loss for the three months ended June 30, 2016 ("Q1 2017") was \$37,284 or \$0.00 per share compared to Agave's income of \$34,605 or \$0.00 per share in the three months ended March 31, 2016 ("Q1 2016").

The Company has one operating segment, which is the exploration and evaluation of mineral properties. The Company's principal operations are carried out in Canada.

1.21 Hastings Highland Property, Ontario

Effective May 9, 2015 the Company and Hastings Highland Resources Limited ("Hastings") entered into an agreement with respect to the exclusive option to earn a 90% interest in Hastings' Limerick Township nickel-copper property located in Ontario, Canada, however the Company was unable to secure the requisite financing and terminated the option on September 3, 2015.

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1.22 Kaslo Silver Property, British Columbia

The 100% owned 4,000 Ha Kaslo Silver Property ("Kaslo"), a silver target, hosts eleven historic high-grade silver mineralized zones within a 14 kilometres of favourable stratigraphy. Nine high-grade silver-lead-zinc mines operated on the Kaslo Property at various times from 1895 to 1966. The property is located 12 kilometres west of Kaslo in southern British Columbia.

Expenditures incurred by the Company on Kaslo in the three months ended June 30, 2016 (June 30, 2015 amounts in parentheses) amounted to \$260 ((\$3,777)) and are composed of the following: geological and geophysical - \$Nil ((\$2,905)); land lease and property taxes - \$260 (\$Nil); and travel and accommodation - \$Nil ((\$872)).

Dr. Derek McBride, P.Eng., has reviewed the Company's previous exploration programs, summarized above and is the Company's supervisor and "Qualified Person" with respect to this property for the purpose of NI 43-101.

1.3 RESULTS OF OPERATIONS

Three months ended June 30, 2017 compared to three months ended June 30, 2016

Statement of Operations and Comprehensive Income (Loss)

	Three months ended June 30,	
	2016	2015
Expenses		
Exploration and evaluation costs (Note 6)	\$ 260	\$ (3,777)
Foreign exchange	--	(336)
General and administrative (Notes 9)	7,809	12,551
Professional fees	12,016	16,413
Salaries and benefits (Note 8)	15,000	39,939
Shareholder communications	2,199	3,853
Stock-based compensation (Note 10)	--	25,873
Loss Before Other Income (Expenses)	(37,284)	(94,516)
Other Income (Expenses)		
Gain on settlement of debt (Note 8)	--	129,121
Total Other Income (Expenses)	--	129,121
Net Income (Loss) and Comprehensive Income (Loss) for the Period	\$ (37,284)	\$ 34,605

In Q1 2017, Agave's net loss was \$37,284, or \$0.00 per common share, compared to a net income of \$34,605, or \$0.00 per common share in Q1 2016.

Exploration costs of \$260 (2016 - (\$3,777)) were related to the Kaslo project.

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Total expenses other than exploration and evaluation costs were \$37,024 (2016 - \$98,293). Significant differences between the levels of expenditures in Q1 2017 and Q1 2016 respectively, include the following:

General and administrative expenses, consisting of depreciation and office and administration, decreased by \$4,742 from \$12,551 to \$7,809 . This is primarily due to decreased directors' and officers' liability insurance costs.

Professional fees decreased by \$4,397 from \$16,413 to \$12,016. Included in costs for both periods are legal, audit and tax preparation fees. The decrease was primarily a result of reduced audit fees.

Salaries and benefits decreased by \$24,939 from \$39,939 to 15,000 as a result of severance payments for staff being made in Q1 2016 with no comparable payments in Q1 2017.

Shareholder communications decreased by \$1,654 from \$3,853 to \$2,199. The costs in both years are primarily associated with statutory listing costs, filing fees and news release dissemination.

1.4 SUMMARY OF QUARTERLY RESULTS

The Company's selected quarterly results for the eight most recently completed interim financial periods are below. The tables below provide the total exploration costs incurred in the eight quarters in the past two years on a project-by-project basis and administration costs and other income or expenses for the eight quarters in the previous two years:

	Kaslo Silver Property, British Columbia	Nuevo Milenio Property, Mexico	Totals
Fiscal 2015			
Second Quarter	5,062	104,560	109,622
Third Quarter	(7,885)	54,961	47,076
Fourth Quarter	1,127	--	1,127
Fiscal 2016			
First Quarter	(3,777)	--	(3,777)
Second Quarter	760	--	760
Third Quarter	--	--	--
Fourth Quarter	1,127	--	1,127
Fiscal 2017			
First Quarter	260	260	--

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Quarterly information for the eight quarters to June 30, 2016, is summarized as follows:

Statement of Operations Data	Three months ended September 30, 2015	Three months ended December 31, 2015	Three months ended March 31, 2016	Three months ended June 30, 2016
General and administrative expenses and other expenses	46,449	67,409	31,160	37,024
Exploration and evaluation costs	760	--	1,127	260
Net loss (income) and comprehensive loss (income)	46,502	67,409	37,153	37,284
Net loss (income) per common share	0.00	0.00	0.00	0.00

Statement of Operations Data	Three months ended September 30, 2014	Three months ended December 31, 2014	Three months ended March 31, 2015	Three months ended June 30, 2015
General and administrative expenses and other expenses	93,613	120,041	95,796	98,293
Exploration and evaluation costs	5,062	(7,885)	1,127	(3,777)
Gain on settlement of debt	--	--	--	(129,121)
Loss on sale of discontinued operations	104,560	54,961	(684,023)	--
Net loss (income) and comprehensive loss (income)	203,235	167,117	(587,100)	(34,605)
Net loss (income) per common share	0.01	0.00	(0.02)	0.00

1.5 LIQUIDITY AND CAPITAL RESOURCES

The Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements to accredited investors and institutions. The Company has issued common shares in each of the past few years, pursuant to private placement financings and the exercise of warrants and options.

At June 30, 2016, Agave had a working capital deficiency of \$272,861 compared to a working capital deficiency of \$237,139 at March 31, 2016, and a deficit of \$34,290,042 at June 30, 2016 compared to \$34,302,758 at March 31, 2016.

Current assets increased by \$13,212 to \$27,875 as at June 30, 2016 from \$14,663 at March 31, 2016.

Total liabilities increased by \$48,934 to \$300,736 at June 30, 2016 from \$251,802 as at March 31, 2016. Accounts payable and accrued liabilities decreased from \$23,371 to \$21,305 and accounts payable, related parties increased from \$228,431 to \$279,431.

Agave's operations consist, almost exclusively, of cash consuming activities given that its mineral project is in the early exploration stage. Agave will need to receive additional equity capital or other funding from the joint venture of, or the sale of its property this fiscal year, and failing that, may cease to be

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economically viable. To date, the only sources of funds that have been available to the Company are the sale of equity capital, the sale of the Company's property or loans made from related parties.

The Company does not have sufficient cash on hand to meet its current liabilities. The Company has a working capital deficit as at August 29, 2016.

In June, 2015 the Company closed the first and final tranche of a non-brokered private placement ("Private Placement") of units ("Units") of the Company at a price of \$0.05 per Unit by issuing an aggregate of 5,000,000 Units for gross proceeds of \$250,000. Each Unit is comprised of one common share of the Company and one common share purchase warrant ("Warrant"), each Warrant entitling the holder thereof to purchase one additional common share of the Company at a price of \$0.10 for a term of 24 months after the closing of the Private Placement.

In June, 2015 the Company issued 1,147,500 shares at a deemed price of \$0.02 in partial settlement of \$52,500 of deferred salary payable to Ron Lang since his appointment as President in October, 2013 and settlement in full of director's fees arrears incurred prior to his appointment as President.

Agave is continuously reviewing strategies for private placement equity financings as well as other forms of financings that would carry the Company through the fiscal year.

1.6 OFF STATEMENT OF FINANCIAL POSITION ARRANGEMENTS

There are no off statements of financial position arrangements.

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1.7 TRANSACTIONS WITH RELATED PARTIES

Remuneration of directors and key management personnel of the Company was as follows for the three months ended June 30, 2016 and 2015:

	Three months ended June 30,	
	2016	2015
Salaries, fees and benefits	\$ 15,000	\$ 39,393
Stock based compensation	--	22,304

Related party balances as at March 31, 2016 and 2015 were as follows:

Balances at:	June 30, 2016	March 31, 2016
Payables:		
Lang Mining Corporation (a)	\$ 48,364	\$ 42,555
Dauntless Developments Ltd. (a)	118,567	88,376
Directors and Officers (b)	112,500	97,500
Totals	\$ 279,431	\$ 228,431

- (a) Lang Mining Corporation ("Lang Mining") and Dauntless Developments Ltd. ("Dauntless Developments") are private companies controlled by the Company's President, Ronald M. Lang and Jennifer Susan Lang. Mr. Ronald Lang is also President of Lang Mining and a director of Dauntless Developments. Lang Mining and Dauntless Developments provided the Company with non-interest bearing loans, with no specified terms of repayment.
- (b) The directors' and officers' balances include fees and expenses owing to directors and officers .

During the year ended March 31, 2016, the Company settled all debts owing to officers and directors, with the exception of partial salaries payable to the President, by cash payments totaling \$68,281 and the issuance of 1,147,500 common shares at \$0.02 per common share for \$22,950. These settlements resulted in a gain on settlement of debt in the amount of \$129,121. Also, the Company accrued rent payable to Lang Mining in the amount of \$30,000.

As at June 30, 2016, the balance payable to directors and officers is composed entirely of salary arrears payable to the President.

1.8 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires management to make judgments and estimates that affect the amounts reported in the financial statements and notes. By their nature, these judgments and estimates are subject to change and the effect on the financial statements of changes in such judgments and estimates in future periods could be material. These judgments and estimates are based on historical experience, current and future economic conditions, and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these judgments and estimates. The more significant areas are as follows:

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(a) Share-based Payment Transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 7.

(b) Going Concern

The assessment of the Company's ability to raise sufficient funds to finance its exploration and administrative expenses involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(c) Intangible Exploration and Evaluation Assets

Management is required to assess impairment in respect of intangible exploration and evaluation assets. Note 5 discloses the carrying value of such assets. The triggering events for exploration and evaluation assets are defined in IFRS 6 Exploration for and Evaluation of Mineral Properties and are as follows:

- the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area;
- sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

In making the assessment, management is required to make judgments on the status of each project and the future plans towards finding commercial reserves. The nature of exploration and evaluation activity is such that only a proportion of projects are ultimately successful and some assets are likely to become impaired in future periods.

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(d) Determination of Cash Generating Units

The determination of cash generating units (“CGUs”) requires judgment in defining a group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. CGUs are determined by similar geological structure, shared infrastructure, geographical proximity, commodity type, similar exposure to market risks and materiality.

(e) Accrued Liabilities

The Company has applied judgment in recognizing accrued liabilities, including judgment as to whether the Company has a present obligation (legal or constructive) as a result of a past event; whether it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and whether a reliable estimate can be made of the amount

1.9 CHANGES IN ACCOUNTING POLICIES

Changes in Accounting Standards Not Yet Adopted

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC that are mandatory for accounting periods beginning after January 1, 2016, or later periods. Updates that are not applicable or are not consequential to the Company have been excluded in the standards listed below.

The Company anticipates that the application of these standards, amendments, revisions and interpretations will not have a material impact on the results and financial position of the Company.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments is part of the IASB's wider project of replacing IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristic of the financial assets. This standard is effective for annual periods beginning on or after January 1, 2018.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers establishes a five-step model that will apply to revenue earned from a contract, regardless of the type of revenue transaction or the industry. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities. IFRS 15 is effective for annual periods beginning on or after January 1, 2018 with earlier adoption permitted.

IFRS 16 Leases

IFRS 16 Leases replaces IAS 17 – Leases and requires lessees to account for leases on the statement of

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financial position by recognizing a right to use asset and lease liability. The standard is effective for annual reports beginning on or after January 1, 2019, with earlier adoption permitted.

Amendments to IAS 1 Presentation of Financial Statements

The amendments are designed to encourage companies to apply professional judgment to determine what information to disclose in the financial statements. In addition, the amendments clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures. The amendment is effective for annual periods beginning on or after January 1, 2016.

1.10 INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

There was no change in the Company's internal controls over financial reporting ("ICFR") that occurred during the three months ended June 30, 2016, and which materially affected, or is reasonably likely to materially affect, the Company's ICFR.

1.11 FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Financial risk

The Company's activities expose it to a variety of financial risks including credit risk, liquidity risk and market risk. Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management. *Credit risk*

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations. The Company's maximum exposure to credit risk at the balance sheet dates under its financial instruments is summarized as follows:

	June 30, 2016	March 31, 2016
Cash	\$ 11,028	\$ 774
	\$ 11,028	\$ 774

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All of the Company's cash is held with major financial institutions in Canada, and management believes the exposure to credit risk with such institutions is not significant. Those financial assets that potentially subject the Company to credit risk are receivables. The Company considers the risk of material loss to be significantly mitigated due to the financial strength of the major financial institutions where cash and term deposits are held. In the three months ended June 30, 2016, no material provision has been recorded in respect of impaired receivables. The Company's maximum exposure to credit risk as at June 30, 2016, is the carrying value of its financial assets.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support normal operation requirements as well as the growth and development of its mineral property interests.

The Company's financial assets are comprised of its cash, short-term investments, marketable securities and amounts receivable and the Company's financial liabilities are comprised of its accounts payable, accrued liabilities and accounts payable, accrued liabilities and accounts payable, related parties, the contractual maturities of which at June 30, 2016 and March 31, 2016 and are summarized as follows:

	June 30, 2016	March 31, 2016
Cash	\$ 11,028	\$ 774-
Short-term investments	--	--
Accounts payable and accrued liabilities with contractual maturities – Within 90 days or less	(21,305)	(23,371)
Due to related parties with contractual maturities - Within 90 days or less	(279,431)	(228,431)

Interest rate risk

The Company has no significant exposure at June 30, 2016 to interest rate risk through its financial instruments.

Currency risk

The Company has no significant exposure at June 30, 2016 to currency risk through its financial instruments.

The Company has not hedged its exposure to currency fluctuations.

Financial assets and financial liabilities that bear interest at fixed rates are subject to fair value interest rate risk. The Company has no cash equivalents at June 30, 2016. In respect of financial assets, the Company's policy is to invest cash at floating rates of interest in cash equivalents, in order to maintain liquidity, while achieving a satisfactory return. Fluctuations in interest rates impact the amount of return the Company may realize but interest rate risk is not significant to the Company.

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Management of capital

The Company defines capital that it manages as equity. When managing capital, the Company's objective is to ensure the Company continues as a going concern as well as to achieve optimal returns to shareholders and benefits for other stakeholders. The Board of Directors does not establish a quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management team to sustain the future development of the business.

The Company's capital management approach is revised on an ongoing basis and reflects adjustments in light of economic conditions affecting metal markets and the mining industry in particular. Given the nature of its activities, the Company is dependent on financing to fund its operations. To maintain or adjust the capital structure, the Company may issue new shares, options and warrants, and issue debt. There were no changes in the Company's approach to capital management during the three months ended June 30, 2016. The Company is not subject to externally imposed capital requirements.

1.12 RISKS AND UNCERTAINTIES

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

The Company's financial condition, results of operations and businesses are subject to certain risks, certain of which are described below (and elsewhere in this MD&A):

Property risk

None of the Company's Canadian projects have reserves or demonstrated economic viability and there is no assurance that an economic or minable deposit will be found. If the Company acquires additional mineral properties, any material adverse development affecting the new mineral properties could also have a material adverse effect on the financial condition and results of operations.

Additional Funding Requirements

The Company is reliant upon additional equity financing in order to continue its business and operations, as it is in the business of mineral exploration and at present does not derive any income from its mineral assets. There is no guarantee that future sources of funding will be available to the Company. If the Company is not able to raise additional equity funding in the future, it will be unable to carry out its business.

Mineral Exploration

Mineral exploration involves a high degree of risk. Few properties that are explored are brought to production. Unusual or unexpected geological formations, formation pressures, structural weaknesses, fires, power outages, labour disruptions, flooding, explosions, tailings impoundment failures, cave-ins, landslides and the inability to obtain adequate machinery, equipment or labour are some of the risks involved in mineral exploration and exploitation activities. The Company has relied on and will continue to rely on consultants and others for mineral exploration and exploitation expertise. Substantial

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expenditures are required to establish mineral reserves and resources through drilling. There can be no assurance that the funds required will be obtained on a timely basis or at all. The economics of exploiting mineral reserves and resources discovered by the Company are affected by many factors, many of which are outside the control of the Company, including the cost of operations, variations in the grade recovered, price fluctuations in the metal markets, costs of processing and other equipment, and other factors such as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. There can be no assurance that the Company's mineral exploration and exploitation activities will be successful. Commodity Price Volatility

The price of various commodities that the Company is exploring for can fluctuate significantly, and is beyond the Company's control. The Company is specifically concerned with the prices of precious and base metals. While the Company would benefit from an increase in the value of precious and base metals, a decrease in the value of precious and base metals and other minerals could also adversely affect it.

Title to Mineral Properties

Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed or impugned. Although the Company has investigated its title to the mineral properties for which it holds an option or concessions or mineral leases or licences, there can be no assurance that the Company has valid title to such mineral properties or that its title thereto will not be challenged or impugned. For example, mineral properties sometimes contain claims or transfer histories that examiners cannot verify; and transfers under foreign law often are complex. The Company does not carry title insurance with respect to its mineral properties. A successful claim that the Company does not have title to a mineral property could cause the Company to lose its rights to explore, develop and mine that property, perhaps without compensation for its prior expenditures relating to the property.

Country Risk

The Company could be at risk regarding any political developments in the country in which it operates. Currently the Company is not pursuing the development any of its properties.

Uninsurable Risks

Mineral exploration activities involve numerous risks, including unexpected or unusual geological operating conditions, formation weaknesses, hydrogeological conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences and political and social instability. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could negatively affect the Company's profitability and financial position and the value of its common shares.

Environmental Regulation and Liability

The Company's activities are subject to laws and regulations controlling not only mineral exploration and exploitation activities but also the possible effects of such activities upon the environment. Environmental legislation may change and make mining uneconomic or result in significant environmental or reclamation costs. Environmental legislation provides for restrictions and prohibitions and a breach of environmental legislation may result in the imposition of fines and penalties or the suspension or closure of operations. In addition, certain types of operations require the submission of environmental impact statements and approval thereof by government authorities. Environmental

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legislation is evolving in a manner that may mean stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their directors, officers and employees. Permits from a variety of regulatory authorities are required for many aspects of mineral exploitation activities, including closure and reclamation. Future environmental legislation could cause additional expense, capital expenditures, restrictions, liabilities and delays in the development of the Company's properties, the extent of which cannot be predicted. In the context of environmental permits, including the approval of closure and reclamation plans, the Company must comply with standards and laws and regulations that may entail costs and delays, depending on the nature of the activity to be permitted and how stringently the regulations are implemented by the permitting authority. The Company does not maintain environmental liability insurance.

Regulations and Permits

The Company's activities are subject to a wide variety of laws and regulations governing health and worker safety, employment standards, waste disposal, protection of the environment, protection of historic and archaeological sites, mine development and protection of endangered and protected species and other matters. The Company is required to have a wide variety of permits from governmental and regulatory authorities to carry out its activities. Changes in these laws and regulations or changes in their enforcement or interpretation could result in changes in legal requirements or in the terms of the Company's permits that could have a significant adverse impact on the Company's existing or future operations or projects. Obtaining permits can be a complex, time-consuming process. There can be no assurance that the Company will be able to obtain the necessary permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Company from continuing or proceeding with existing or future operations or projects. Any failure to comply with permits and applicable laws and regulations, even if inadvertent, could result in the interruption or closure of operations or material fines, penalties or other liabilities.

Potential Dilution

The issue of common shares of the Company upon the exercise of the options and warrants will dilute the ownership interest of the Company's current shareholders. The Company may also issue additional options and warrants or additional common shares from time to time in the future. If it does so, the ownership interest of the Company's then current shareholders could also be diluted.

Agave Silver Corp.

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1.13 ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

The required disclosure on general and administrative expenses is presented in the schedule expenses by nature in Note 8 of the financial statements.

There were no research and development costs, deferred development costs or other material costs, whether capitalized, deferred or expensed, that were not referred to above.

1.14 OUTSTANDING SHARE DATA

The following details the share capital structure as of August 29, 2016, the date of this MD&A:

Authorized Capital

Unlimited number of common shares without par value.

Issued and Outstanding Capital

32,007,559 common shares are issued and outstanding

Stock Options Outstanding

Number of Options	Exercise Price (\$)	Expiry Dates
1,424,000	0.07	June 3, 2020
1,250,000	0.11	August 1, 2021

Warrants Outstanding

Number of Warrants	Exercise Price	Expiry Dates
5,000,000	\$0.10	June 17, 2017

Approval

The Board of Directors of Agave has approved the disclosure contained in the MD&A. A copy of this MD&A will be provided to anyone who requests it and can be located, along with additional information, on the SEDAR website at www.sedar.com.