ITEM 7: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Special Note on Forward-Looking Statements

Certain statements contained in this report (including information incorporated by reference) are "forward-looking statements." The Company's forward-looking statements include current expectations and projections about future production, results, performance, prospects and opportunities, including reserves and other mineralization. The Company has tried to identify these forward-looking statements by using words such as "may," "might," "will," "expect," "anticipate," "believe," "could," "intend," "plan," "estimate" and similar expressions. These forward-looking statements are based on information currently available and are expressed in good faith and believed to have a reasonable basis. However, the forward-looking statements are subject to risks, uncertainties and other factors that could cause actual production, results, performance, prospects or opportunities, including reserves and mineralization, to differ materially from those expressed in, or implied by, these forward-looking statements.

Given these risks and uncertainties, readers are cautioned not to place undue reliance on the forward-looking statements. Projections and other forward-looking statements included in this report have been prepared based on assumptions, which the Company believes to be reasonable, and in accordance with United States generally accepted accounting principles ("GAAP") or any guidelines of the Securities and Exchange Commission ("SEC"). Actual results may vary, perhaps materially. Readers are strongly cautioned not to place undue reliance on such projections and other forward-looking statements. All subsequent written and oral forward-looking statements attributable to Hunt Mining Corporation or to persons acting on the Company's behalf are expressly qualified in their entirety by these cautionary statements. Except as required by federal securities laws, the Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Users of these documents should read the following discussion and analysis of the Company's financial condition and results of operations together with its financial statements and related notes in this annual report on Form 10-K. This discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Actual results may differ materially from those anticipated in these forward-looking statements as a result of many factors, including those set forth under "Risk Factors" in this annual report on Form 10-K.

The Company

Hunt Mining Corp. is a mineral exploration company incorporated on January 10, 2006 under the laws of Alberta, Canada and, together with its subsidiaries, is engaged in the exploration of mineral properties in Santa Cruz Province, Argentina.

Effective November 6, 2013, the Company continued from the Province of Alberta to the Province of British Columbia. The Company's registered office is located at 25th Floor, 700 W Georgia Street, Vancouver, B.C. V7Y 1B3. The Company's head office is located at 23800 E Appleway Avenue, Liberty Lake, Washington, 99019 USA.

During the year ended December 31, 2018, the major sources of funding were from collection of 2017 silver-gold concentrate receivables, new sales of silver-gold concentrate and proceeds from loans. The Company incurred net operating losses of $3,530,301 for the year ended December 31, 2018 but was profitable in 2017 by approximately $1.66 million. The Company remains focused on evaluating its mining properties in Argentina, with near term prospects of mining the La Josefina gold property and the continuation of production of silver-gold concentrate from the Mina Martha property. The Company is also reviewing strategic opportunities, focusing primarily on development of mineral properties.

During the year ended December 31, 2018, the Company sold concentrate containing 1,360 ounces of gold at an average price of $1,221 and 186,078 ounces of silver at an average price of $15.24 for net proceeds of $3,961,399. 148 tonnes of gold/silver concentrate were shipped during the year ended December 31, 2018 with average grades of Au 285.92 g/mt and Ag 39,113 g/mt. This concentrate was produced from the La Josefina project for testing and the Mina Martha project. Concentrate produced as a result of metallurgical testing on La Josefina was from approximately 1,700 tonnes of material with average grade of 26.52 Au g/mt. Concentrate produced from Mina Martha was from approximately 12,900 tonnes of material with average grade of 416.71 Ag/mt.

Ongoing production at the Martha Project is being undertaken without established mineral resources or reserves and the Company has not established the economic viability of the operations on the Martha Project. As a result, there is increased uncertainty and economic risks of failure associated with these production activities

Results of Operations

For the Years Ended December 31, 2018 compared to December 31, 2017

Liquidity and Capital Resources

For the year ended December 31, 2018 the Company had a net loss of $3,564,180, or $0.06 per basic share, compared to a net income of $1,655,914 or $0.03 per basic share, for the year ended December 31, 2017. The decrease was due to the Company following its strategic plan by focusing more of its resources on the advancement of the La Josefina project. Consequently, sales of silver and gold concentrate decreased.

Working capital decreased from 2017 to 2018 by $2,308,144 due to the reduction in concentrate sales resulting in increases of short-term payables, accrued liabilities of approximately $110,000 and an increase in loan payable and current portion of long-term debt of $2.1M.

Total assets decreased from 2017 to 2018 by $631,106. The significant factors attributing to this decrease were reduced trade receivables of $670,000, a net reduction in value of property plant and equipment of $447,000 and an increase in concentrate inventory of $580,000. The trade receivable reduction stemmed from the lower sales levels in 2018. Property Plant and Equipment had additions of approximately $500,000 in 2018 but depreciation for the year was approximately $948,000.

Additions of $486,589 to asset retirement obligations coupled with accretion of $74,370 were the major contributors to non-current liabilities increasing from 2017. Long-term debt decreased by $115,577. The net increase to non-current liabilities was $419,386.

Total shareholder’s equity decreased from 2017 to 2018 by the net loss and comprehensive income (loss) for the year of $3.29M.

Summary of Results of Operations:

	December 31, 2018	**December 31, 2017**	**Change** Favorable (Unfavorable)
Net income (loss) for the year	(3,564,180)	1,655,914	(5,220,094)
Net income (loss) per share – basic:	(0.06)	0.03	(0.09)
Net income (loss) per share – diluted:	(0.06)	0.01	(0.07)
Working capital	(7,616,966)	(5,308,822)	(2,308,144)
Total assets	7,900,222	8,531,328	(631,106)
Total non-current liabilities	2,561,416	2,142,030	(419,386)
Total shareholders’ equity	(4,839,422)	(1,544,661)	(3,294,761)

The Company is in exploration phase and has incurred losses since its inception up to 2018. In 2017 and it began selling silver and gold concentrate from Mina Martha and in 2018 began selling gold and silver concentrate as part of metallurgical testing at La Josefina. As shown in the accompanying consolidated financial statements, the Company has an accumulated loss of $39,557,836 through December 31, 2018. The Company intends to fund operations for the next twelve months from the sale of material from the Mina Martha property and the Josefina property.

Financial Position

Cash

Cash increased marginally in 2018. Operating cash outflows were $2,193,591, a decrease from 2017 of approximately $5.6M from lower production and sales levels. There were cash outflows from the purchase of property and equipment of $178,059. The company compensated for these cash outflows by increasing funds from financing activities. Net cash inflow from financing was approximately $2.4M, an increase over 2017 of approximately $3.4M.

Accounts Receivable

The reduced sale of concentrate played a significant role in the Company's decreased accounts receivable balance in 2018. Receivables from the sale of concentrate decreased from 2017 by approximately $700,000.

Inventory

There remained approximately $913,000 of combined mineral inventory and supplies at December 31, 2018.

Property, plant and equipment

Property plant and equipment consists of office furniture, computer equipment, geological equipment, and the Mina Martha plant and equipment assets. The primary reason for the increase in asset costs was additions to the asset retirement obligation of approximately $486,000 for work performed on La Josefina project. During the year, the plant and equipment, that had been repaired as part of the initial capitalization of the Martha facilities, functioned with fewer than anticipated repairs. Furthermore, in 2018 it was determined that the facilities at Martha would be adequate and successful in processing material from la Josefina and potentially other projects. For this reason, management revised its estimate of the useful life on the plant and buildings at the Martha site, extending the projected useful life for 87 months from December 31, 2018. Depreciation for the year was approximately $948,000 (Note 10 of Consolidated Financial Statements).

Accounts payable, accrued liabilities, bank indebtedness and taxes payable.

There were overall increases to these current liabilities of only approximately $110,000 primarily because the majority of continued mining and exploration activities with lower volumes of concentrate sold were funded with short term debt. Focus on exploration of La Josefina was furthered in 2018 with the aim to develop further mining plans with corresponding cost/benefit analysis.

Loan Payable and Long-term Debt

The Company increased net loans to related parties during the year by approximately $1,429,000. Also, during 2018, the company acquired a loan of $700,000 secured by concentrate sales which, during the course of the year, was repaid in full and then redrawn. This loan had an outstanding balance of $591,280 at December 31, 2018. Subsequent to December 31, 2018 this loan was repaid in full and then redrawn again in the amount of $600,000 (Note 23 of Consolidated Financial Statements)

Off-balance sheet arrangements

At December 31, 2018, the Company had no material off-balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to us.

Contractual Obligations

		Payments due by period			
	Total	< 1 year	1-3 years	3-5 years	> 5 years
Loan Payable	$ 2,836,141	$2,836,141	$ -	$ -	$ -
Long-term Debt	1,615,445	362,428	770,100	482,917	-
TOTAL	$ 4,451,586	$3,198,569	$770,100	$482,917	$ -

Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and the liquidation of liabilities in the normal course of business. During the year ended December 31, 2018, the Company had net loss of $3,564,180. As at December 31, 2018, the Company had an accumulated deficit of $39,557,836. The Company intends to continue funding operations through operation of the Martha mine, La Josefina project and equity financing arrangements, which may be insufficient to fund its capital expenditures, working capital and other cash requirements for the year ending December 31, 2019

These factors, among others, raise substantial doubt about the Company's ability to continue as a going concern. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Additional Information and Accounting Pronouncements

Discussed below are the accounting policies that the Company believes are critical to its financial statements due to the degree of uncertainty regarding the estimates or assumptions involved and the magnitude of the asset, liability, revenue or expense reported.

The significant accounting policies used in the preparation of these consolidated financial statements are described below.

(a) Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial assets and financial liabilities to fair value.

(b) Consolidation

The Company's consolidated financial statements consolidate the accounts of the Company and its subsidiaries. All intercompany transactions, balances and unrealized gains or losses from intercompany transactions are eliminated on consolidation.

(c) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rates of exchange prevailing at the reporting date. Non-monetary assets and liabilities are translated at the exchange rate prevailing at the transaction date. Revenues and expenses are translated at average exchange rates throughout the reporting period. Gains and losses on translation of foreign currencies are included in the consolidated statement of operations.

The Company's functional currency is the Canadian dollar. All of the Company's subsidiaries have a US dollar functional currency. Financial statements are translated to their US dollar equivalents using the current rate method. Under this method, the statements of operations and comprehensive loss and cash flows for each period have been translated using the average exchange rates prevailing during each period. All assets and liabilities have been translated using the exchange rate prevailing at the balance sheet date. Translation adjustments are recorded as income or losses in other comprehensive income or loss. Transaction gains and losses resulting from fluctuations in currency exchange rates on transactions denominated in currencies other than the functional currency are recognized as incurred in the accompanying consolidated statement of loss and comprehensive loss.

(d) Financial instruments

The Company measures the fair value of financial assets and liabilities based on US GAAP guidance, which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements.

The Company classifies financial assets and liabilities as held-for-trading, available-for-sale, held-to-maturity, loans and receivables or other financial liabilities depending on their nature. Financial assets and financial liabilities are recognized at fair value on their initial recognition, except for those arising from certain related party transactions, which are accounted for at the transferor's carrying amount or exchange amount.

Financial assets and liabilities classified as held-for-trading are measured at fair value, with gains and losses recognized in net income. Financial assets classified as held-to-maturity, loans and receivables, and financial liabilities other than those classified as held-for-trading are measured at amortized cost, using the effective interest method of amortization. Financial assets classified as available-for-sale are measured at fair value, with unrealized gains and losses being recognized as other comprehensive income until realized, or if an unrealized loss is considered other than temporary, the unrealized loss is recorded in income.

See Note 17 to the Consolidated Financial Statements for fair value disclosures.

(e) Cash and equivalents

Cash and equivalents include cash on hand, deposits held with banks and other liquid short-term investments with original maturities of three months or less. The Company has no cash equivalents for all periods presented.

(f) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of an asset.

Repairs and maintenance costs are charged to the consolidated statement of operations and comprehensive loss during the period in which they are incurred.

Depreciation is calculated to amortize the cost of the property, plant and equipment over their estimated useful lives using the straight-line method. Plant, buildings, equipment and vehicles are stated at cost and depreciated straight line over an estimated useful life of three to eight years. Depreciation begins once the asset is in the state intended for use by management.

The Company allocates the amount initially recognized in respect of an item of property and equipment to its significant parts and depreciates separately each such part. Residual values, method of depreciation and useful lives of the assets are reviewed annually and adjusted if appropriate.

Gains and losses on disposals of property, plant and equipment are determined by comparing the proceeds with the carrying amount of the asset and are included as part of other gains or losses in the consolidated statement of operations and comprehensive loss.

(g) Mineral properties and exploration and evaluation expenditures

All exploration expenditures are expensed as incurred. Expenditures to acquire mineral rights, to develop new mines, to define further mineralization in mineral properties which are in the development or operating stage, and to expand the capacity of operating mines, are capitalized and amortized on a units-of-production basis over proven and probable reserves.

Should a property be abandoned, its capitalized costs are charged to the consolidated statement of loss and comprehensive loss. The Company charges to the consolidated statement of loss and comprehensive loss the allocable portion of capitalized costs attributable to properties sold. Capitalized costs are allocated to properties sold based on the proportion of claims sold to the claims remaining within the project area.

(h) Long-lived assets

Long-lived assets held and used by the Company are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. For purposes of evaluating the recoverability of long-lived assets, the recoverability test is performed using undiscounted net cash flows related to the long-lived assets. If such assets are considered to be impaired, the impairment recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of their carrying amount or fair value less costs to sell.

(i) Asset retirement obligations

The Company records the fair value of an asset retirement obligation as a liability in the period in which it incurs a legal constructive obligation associated with the retirement of tangible long-lived assets that result from the acquisition, construction, development, and/or normal use of the long-lived assets. The Company also records a corresponding asset, which is amortized over the life of the asset. Subsequent to the initial measurement of the asset retirement obligation, the obligation is adjusted at the end of each period to reflect the passage of time (accretion expense) and changes in the estimated future cash flows underlying the obligation (asset retirement cost).

(j) Income taxes

The Company accounts for income taxes under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under the asset and liability method, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is recognized if it is more likely than not that some portion or all of the deferred tax asset will not be recognized.

(k) Share-based compensation

The Company offers a share option plan for its directors, officers, employees and consultants. ASC 718 "Compensation – Stock Compensation" prescribes accounting and reporting standards for all share-based payment transactions in which employee services are acquired. Transactions include incurring liabilities, or issuing or offering to issue shares, options, and other equity instruments such as employee stock ownership plans and stock appreciation rights. Share-based payments to employees, including grants of employee stock options, are recognized as compensation expense in the financial statements based on their fair values. That expense is recognized over the period during which an employee is required to provide services in exchange for the award, known as the requisite service period (usually the vesting period).

The Company accounts for stock-based compensation issued to non-employees and consultants in accordance with the provisions of ASC 505-50, "Equity Based Payments to Non-Employees." Measurement of share-based payment transactions with non-employees is based on the fair value of whichever is more reliably measurable: (a) the goods or services received; or (b) the equity instruments issued. The fair value of the share-based payment transaction is determined at the earlier of performance commitment date or performance completion date.

(l) Earnings (loss) per share

The calculation of earnings (loss) per share ("EPS") is based on the weighted average number of shares outstanding for each period. The basic EPS is calculated by dividing the earnings or loss attributable to the equity owners of the Company by the weighted average number of common shares outstanding during the period.

The computation of diluted EPS assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on the earnings per share. The treasury stock method is used to determine the dilutive effect of the warrants and share options. When the Company reports a loss, the diluted net loss per common share is equal to the basic net loss per common share due to the anti-dilutive effect of the outstanding warrants and share options.

(m) Silver and gold recovery (loss), net of expenses

Recovery of concentrate and other income is recognized when title and the risks and rewards of ownership to deliver concentrate and commodities pass to the buyer and collection is reasonably assured. Sale of concentrate is classified as silver and gold recovery, net of expenses in profit and loss because the Company has not established proven or probable ore reserves and remains in the exploration stage as defined by Industry guide 7.

Not all overhead costs are applied against Silver and gold recovery. Since the Company has no resources or reserves, the Company is treated as an exploration company and as such, direct cost, portions of fixed costs and portions of variable costs are applied against Silver and gold recovery. Other administrative, office, professional fees, and travel are disclosed separately.

From time to time, some of the Company's sales of concentrate are made under provisional pricing arrangements where the final sale prices are determined by quoted market prices in a period subsequent to the date of sale. In these circumstances, sales are recorded at period end based on latest information about prices and quantities available to management for the expected date of final settlement. Under such arrangements, the Company's receivable changes as the underlying commodity market price varies, this component of the contract is an embedded derivative which is recognized at fair value with changes in fair value recognized in profit and loss and receivables. Subsequent variations in prices and metal quantities are recognized as they occur.

(n) Inventories

Mineral concentrate and mineralized material stockpiles are physically measured or estimated and valued at the lower of cost or net realizable value. Net realizable value is the estimated future sales price of the product the entity expects to realize when the product is processed and sold, less estimated costs to complete production and bring the product to sale. Where the time value of money is material, these future prices and costs to complete are discounted.

If the stockpile is not expected to be processed in 12 months after the reporting date, it is included in noncurrent assets and the net realizable value is calculated on a discounted cash flow basis.

Cost of silver concentrate and mineralized material stockpiles is determined by using the weighted average method and comprises direct costs and a portion of fixed and variable overhead costs incurred in converting materials into concentrate, based on the normal production capacity.

Materials and supplies are valued at the lower of cost or net realizable value. Any provision for obsolescence is determined by reference to specific items of stock. A regular review is undertaken to determine the extent of any provision for obsolescence.

Recent Accounting Pronouncements

Restricted Cash

In November 2016, ASU No. 2016-18 was issued related to the inclusion of restricted cash in the statement of cash flows. This new guidance requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents. This update is effective in fiscal years, including interim periods, beginning after December 15, 2017 and early adoption is permitted. The adoption of this guidance will result in the inclusion of the restricted cash balances within the overall cash balance and removal of the changes in restricted cash activities, which are currently recognized in other financing activities, on the Statements of Consolidated Cash Flows. Furthermore, an additional reconciliation will be required to reconcile cash and cash equivalents and restricted cash reported within the Consolidated Balance Sheets to sum to the total shown in the Statements of Consolidated Cash Flows. The adoption of this ASU had no material impact on the Company's consolidated financial statements.

Intra-Entity Transfers

In October 2016, ASU No. 2016-16 was issued related to the intra-entity transfers of assets other than inventory. This new guidance requires entities to recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. This update is effective in fiscal years, including interim periods, beginning after December 15, 2017 and early adoption is permitted. The adoption of this ASU had no material impact on the Company's consolidated financial statements.

Statement of Cash Flows

In August 2016, ASU No. 2016-15 was issued related to the statement of cash flows. This new guidance addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. This update is effective in fiscal years, including interim periods, beginning after December 15, 2017 and early adoption is permitted. The adoption of this ASU had no material impact on the Company's consolidated financial statements.

Leases

In February 2016, ASU No. 2016-02 was issued related to leases. The new guidance modifies the classification criteria and requires lessees to recognize the assets and liabilities arising from most leases on the balance sheet. This update is effective in fiscal years, including interim periods, beginning after December 15, 2018 and early adoption is permitted. The Company has evaluated all contracts which could be classified as leases under the new standards and determined that any impact as a result of adoption would not be material.

Investments

In January 2016, ASU No. 2016-01 was issued related to financial instruments. The new guidance requires entities to measure equity investments that do not result in consolidation and are not accounted for under the equity method at fair value and recognize any changes in fair value in net income. This new guidance also updates certain disclosure requirements for these investments. This update is effective in fiscal years, including interim periods, beginning after December 15, 2017 and early adoption is not permitted. The adoption of this ASU had no material impact on the Company's consolidated financial statements.

Revenue recognition

In May 2014, ASU No. 2014-09 was issued related to revenue from contracts with customers. This ASU was further amended in August 2015, March 2016, April 2016, May 2016 and December 2016 by ASU No. 2015-14, No. 2016-08, No. 2016-10, No. 2016-12 and No. 2016-20, respectively. The new standard provides a five-step approach to be applied to all contracts with customers and also requires expanded disclosures about revenue recognition. In August 2015, the effective date was deferred to reporting periods, including interim periods, beginning after December 15, 2017 and will be applied retrospectively. Early adoption is not permitted. The adoption of this ASU had no material impact on the Company's consolidated financial statements.

ITEM 7A: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information under this item.

ITEM 8: FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

See audited financial statements previously filed with the SEC

The consolidated financial statements and supplementary information filed as part of this Item 8 are listed under Part IV, Item 15, "Exhibits, Financial Statement Schedules" and contained in this annual report on Form 10-K.