

**CENTENARIO GOLD CORP.**  
(formerly AADIRECTION CAPITAL CORP.)  
(the “Company”)

**MANAGEMENT DISCUSSION AND ANALYSIS**

**For the Year Ended December 31, 2024**

This management’s discussion and analysis (“MD&A”) focuses on significant factors that affected Centenario Gold Corp. (formerly AADirection Capital Corp.) and its subsidiaries (collectively, “Centenario” or the “Company”) during the relevant reporting period and to the date of this report. The MD&A supplements, but does not form part of, the audited consolidated financial statements of the Company and the notes thereto for the year ended December 31, 2024. Consequently, the following discussion and analysis should be read in conjunction with the audited consolidated financial statements, and the notes thereto, for the year ended December 31, 2024. All amounts presented in this MD&A are in Canadian dollars unless otherwise indicated.

The information contained within this MD&A is current to June 30, 2025.

## **Company Overview**

Centenario Gold Corp. (formerly AADirection Capital Corp.) (the “Company” or “CTG”) was incorporated under the Business Corporations Act of British Columbia on December 1, 2020 and was a capital pool company as defined by TSX Venture Exchange (“TSXV”) Policy 2.4 (the “Policy”). The Company completed its initial public offering (“IPO”) on August 17, 2021 and its shares commenced trading on the TSXV under the symbol AAD.P.

On October 26, 2023, the Company completed its qualifying transaction (the “Transaction”) under TSXV Policy 2.4 – Capital Pool Companies, and it concurrently changed its name from AADirection Capital Corp. to Centenario Gold Corp. Following completion of the Transaction, the Company now operates as a Tier 2 exploration issuer listed on the TSXV under the trading symbol CTG. Its principal business is to acquire, explore, and develop interests in mineral projects in Mexico.

The Company’s head office address and registered office address is Suite 615 – 800 West Pender Street, Vancouver, BC, V6C 2V6.

## **Reverse Takeover**

The Transaction was completed pursuant to a plan of arrangement (the “Arrangement”) dated October 26, 2023 between AADirection Capital Corp. (the “CPC”) and Centenario Gold Corp. (the “Legal Acquiree” or “CGC”) whereby the former issued 35,499,156 of its common shares for 100% of the issued and outstanding common shares of the latter on a one-for-one basis. The Transaction resulted in a reverse takeover (“RTO”) of the CPC by the Legal Acquiree as, immediately after the completion of the Transaction, the shareholders of the Legal Acquiree owned 86% of the Company.

Pursuant to the Arrangement, the Legal Acquiree and a wholly-owned subsidiary of the CPC amalgamated to form a new company under the corporate name 1403285 B.C. Ltd. which will carry on the business previously carried on by the Legal Acquiree.

Pursuant to the term of the Arrangement, prior to the completion of the Transaction, in October 2023, the Legal Acquiree completed a private placement financing of 11,703,672 subscription receipts (the "Subscription Receipts") at \$0.15 per subscription receipt. Immediately prior to the closing of the Transaction, each Subscription Receipt automatically converted, without payment of additional consideration or further action by the holder thereof, into one unit (each, a "Unit") of the Legal Acquiree just prior to the amalgamation. Each Unit was comprised of one common share (each, a "Common Share") in the capital of the Legal Acquiree and one half of one common share purchase warrant (each whole warrant, a "Warrant"), exercisable at \$0.30 per Warrant share for a period of two (2) years from issuance which securities were immediately exchanged 1:1 for securities of the CPC. Immediately prior to the RTO, the capital structure of the legal acquiree comprised the following: (i) 35,499,156 issued and outstanding common shares; (ii) warrants exercisable for 1,268,992 common shares at \$0.20 per share; (iii) warrants exercisable for 5,851,834 common shares at \$0.30 per share; and (iv) finders' warrants exercisable for 784,986 common shares at \$0.15 per share.

Upon completion of the Transaction, the shareholders of the Legal Acquiree owned approximately 86% of the issued and outstanding common shares of the Company. For accounting purposes, the Transaction is considered as a "reverse takeover". A reverse takeover transaction involving a non-public operating entity and non-operating public company is in substance a capital transaction, rather than a business combination. These financial statements are presented as a continuation of the Legal Acquiree but are issued in the name of the Company as a legal parent. The Transaction has been measured at the fair value of the shares and warrants that are deemed to have been issued to the Company's historical shareholders. Accordingly, the transaction has been recorded in these financial statements using a basis of accounting as summarized below:

- a) The historical equity of the CPC has been eliminated and the excess of the fair value of deemed issuance of the equity instruments over the fair value of the net assets acquired has been recorded as listing expense in comprehensive loss for the period;
- b) The retained earnings (deficit) and other equity balances presented in these financial statements are those of the Legal Acquiree;
- c) The assets and liabilities of the Legal Acquiree are included in these Financial Statements on pre-transaction basis of accounting;
- d) The net assets of the CPC were measured at their estimated fair value on the date of the Transaction; and
- e) Comparative information presented in these financial statements is that the Legal Acquiree.

Pursuant to the terms of the QT, the CPC advanced \$150,000 to the Legal Acquiree to pay the annual Eden property option payment and towards other expenses in connection with the closing of the Transaction.

The total purchase price has been allocated as follows:

Consideration given up:

6,000,000 common shares - \$0.15/share	\$ 900,000
	<u>900,000</u>

Net Assets Acquired:

Cash	252,936
GST receivable	4,374
	<u>257,310</u>

Listing expense	<u>\$ 642,690</u>
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In connection with the Qualifying Transaction, certain members of the board of directors have resigned from the Company. The board of directors and management is now comprised of:

Douglas Fulcher (President, Chief Executive Officer and Corporate Secretary and Director)  
 Alain Charest (VP Exploration and Director)  
 John Hamilton (Chief Financial Officer)  
 Kevin Milledge (Director)  
 Pablo Mendez (Director)  
 Xiao Qin (Mary) Ma (Director)

## **Mineral Property**

### **Eden Property, Durango/Sinaloa, Mexico**

On March 24, 2021, the Company entered into an option agreement (the "Eden Agreement") with arm's-length third parties (the "Optionors"), where by it obtained an exclusive option to acquire a 100% interest in the Eden Property, located in Sinaloa, Mexico. The Eden Property comprised two contiguous titled mineral concessions, El Eden and El Eden 1, covering approximately 2,489 hectares, and was subject to a 1.0% net smelter return ("NSR") royalty.

To maintain and exercise the option, the Company was required to make aggregate cash payments of US\$710,000 and incur a minimum of US\$3,000,000 in exploration expenditures.

The Company completed an initial drill program on the 'Buenavista' vein-breccia structures in March 2024. The drilling program confirmed the continuity of the strike, and down-dip extensions of the mineralized 'Buenavista' system but the assay results returned only anomalous gold and silver values. Due to the disappointing results, the Company's inability to raise additional funds for a follow up drill program on other targets on the Eden Property, and recent cartel violence in the State of Sinaloa, the Company has determined not to continue exploration activities on the Eden Property. The Company is now in the process of reviewing other projects to acquire subject to financing.

## Financing activity during the year ended December 31, 2024

On January 11, 2024, the Company issued 333,333 units at a price of \$0.15 per unit for gross proceeds of \$50,000. Each unit consisted of one common share and one half of one common share purchase warrant. Each whole warrant is exercisable at a price of \$0.30 per warrant share for a period of two years from the date of issuance. The Company incurred share issue costs of \$1,282 in connection with the private placement.

## Incentive Stock Options

At December 31, 2024, the Company had the following incentive stock options outstanding enabling holders to acquire the following common shares of the Company:

Number of Options	Exercise Price	Expiry Date
600,000	\$0.10	August 16, 2026
3,100,000	\$0.15	October 30, 2028
<u>3,700,000</u>		

## Share Purchase Warrants

At December 31, 2024, the Company had the following share purchase warrants outstanding enabling holders to acquire the following common shares of the Company:

Number of Warrants	Exercise Price	Expiry Date
1,268,992	\$0.20	January 30, 2025
5,851,834	\$0.30	October 26, 2025
166,666	\$0.30	January 11, 2026
<u>7,287,492</u>		

\* Subsequent to December 31, 2024, 1,268,992 warrants set to expire on January 30, 2025 expired unexercised.

## Agent's and Finder's Warrants

At December 31, 2024, the Company had the following share purchase warrants outstanding enabling holders to acquire the following common shares of the Company:

Number of Warrants	Exercise Price	Expiry Date
400,000	\$0.10	August 16, 2026
784,986	\$0.15	October 26, 2025
<u>1,184,986</u>		

## Selected Annual Information

The summary of historical financial information for the last three fiscal years is presented below:

<b>STATEMENT OF OPERATIONS AND DEFICIT DATA</b>	<b>Year Ended December 31, 2024</b>		<b>Year Ended December 31, 2023</b>		<b>Year Ended December 31, 2022</b>	
Revenues	\$	NIL	\$	NIL	\$	NIL
Total expenses	\$	1,041,759	\$	1,485,077	\$	856,894
Net loss	\$	1,336,748	\$	2,127,767	\$	855,212
Basic and diluted net loss per share	\$	0.03	\$	0.08	\$	0.05
Weighted average number of shares outstanding		41,823,357		26,186,797		18,681,585
<b>BALANCE SHEET DATA</b>	<b>Year Ended December 31, 2024</b>		<b>Year Ended December 31, 2023</b>		<b>Year Ended December 31, 2022</b>	
Cash	\$	3,653	\$	407,565	\$	115,033
Working capital surplus (deficit)	\$	(109,114)	\$	941,144	\$	(265,434)
Total assets	\$	10,782	\$	1,209,088	\$	335,813
Shareholders' equity (deficiency)	\$	(109,114)	\$	1,178,916	\$	(51,352)

## Results of Operations

### Summary of Quarterly Results (unaudited)

Three months ended:	31-Dec-24	30-Sep-24	30-Jun-24	31-Mar-24	31-Dec-23	30-Sep-23	30-Jun-23	31-Mar-23
Basis of preparation	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
Revenue	\$ Nil	\$ Nil	\$ Nil	\$ Nil				
Loss for the period	(384,670)	(182,040)	(243,373)	(526,665)	(1,523,693)	(159,174)	(217,574)	(227,326)
Basic and diluted loss per share	\$ -	\$ -	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)

## Financial Results of Operations - For the year ended December 31, 2024

During the year ended December 31, 2024, the Company incurred a net loss of \$1,336,748 (2023 - \$2,127,767) comprised of operating expenses of \$1,041,759 (2023 - \$1,485,077) and a loss from other items of \$294,989 (2023 - \$642,690). The operating expenses were mainly comprised exploration and evaluation costs of \$440,544 (2023 - \$708,367) incurred on the Eden property drill program, investor relations and marketing expenses of \$388,798 (2023 - \$87,558) and management and consulting fees of \$108,912 (2023 - \$203,048). These increases were partially offset by a reduction in project generation costs to \$nil (2023 - \$13,596), stock-based compensation expense of \$Nil (2023 - \$300,700) and a decrease in professional fees to \$20,261 (2023 - \$66,136) due to lower legal fees.

Other items for the year ended December 31, 2024 were comprised mainly of \$297,753 (2023 - \$Nil) for the impairment of exploration and evaluation assets as the Company determined not to continue exploration activities on the Eden Property.

During the year ended December 31, 2024, cash decreased by \$403,912 (2023 – increase of \$292,532). Cash used by operations during the year ended December 31, 2024 was \$392,781 (2023 – \$2,006,127). This was mainly due to the net loss of \$1,336,748 (2023 - \$2,127,767) which was partially offset by the impairment of exploration and evaluation assets, a non-cash expense of \$297,753 (2023 - \$Nil), a decrease of \$548,757 (2023 – increase of \$550,315) in prepaid expenses, and an increase of \$89,724 (2023 – decrease of \$349,141) in accounts payable and accrued liabilities. There was no increase or decrease (2023 - increase of \$70,702) in value added tax (“VAT”) receivable as the Company elected to expense VAT going forward from December 31, 2023.

During the year ended December 31, 2024, cash used by investing activities was \$59,849 (2023 – cash provided of \$149,176). This was comprised of \$62,094 (2023 - \$102,764) for the option payment paid per the Eden Property option agreement and \$2,245 (2023 - \$Nil) received on the sale of equipment. In 2023, the Company acquired cash of \$252,936 upon the completion of the RTO.

During the year ended December 31, 2024, cash provided by financing activities was \$48,718 comprised entirely of net proceeds received upon the completion of a private placement financing.

During the year ended December 31, 2023, cash provided by financing activities was \$2,149,483. The Company received net proceeds of \$2,026,002 upon the completion of two private placement financings and \$131,333 received upon the exercise of 656,666 share purchase warrants. These proceeds were offset by \$7,852 for payment of the principal portion of an office lease.

## **Financial Results of Operations - For the three months ended December 31, 2024**

The Corporation incurred a net loss of \$384,670 during the three months ended December 31, 2024. Operating expenses were kept to a minimum during the period as the had limited cash resources. The loss was mainly comprised of \$297,753 (2023 - \$Nil) for the impairment of exploration and evaluation assets as the Company determined not to continue exploration activities on the Eden Property.

The Corporation incurred a net loss of \$1,523,693 during the three months ended December 31, 2023. The loss was mainly due to exploration expenditures of \$372,662 incurred on the Eden Property. RTO transaction costs totaled \$642,690. The loss was also due to management and consulting fees of \$67,937, investor relations and marketing expenses of \$86,963 and professional fees of 13,776. Stock-based compensation, a non-cash expense, was \$300,700 which accounted for the value of stock options granted in October 2023 using the Black-Scholes valuation method.

## **Liquidity and Capital Resources**

As at December 31, 2024, the Company had cash of \$3,653 and a working capital deficit of \$109,114. As the Company will not generate funds from operations for the foreseeable future, the Company is primarily reliant upon the sale of equity securities in order to fund operations. Since inception, the Company has funded operations through the issuance of equity securities on a private placement basis.

The Company is expected to experience negative cash flows indefinitely. The Company cannot offer any assurances that expenses will not exceed management's expectations. The Company will require additional funds and will be dependent upon its ability to secure equity and/or debt financing, the availability of which cannot be assured.

## **Related Party Transactions**

Related parties include the Board of Directors, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions.

The Company had the following transactions with related parties during the year ended December 31, 2024:

1. Paid or accrued fees of \$60,000 (2023 - \$90,000) for management and geological services to Alain Charest, the former CEO of the Company and current VP, Exploration, which were included in exploration costs and project generation expenses;
2. Paid or accrued management fees of \$52,000 (2023 - \$60,000) to Digga Holdings, a private company controlled by Douglas Fulcher, the President and CEO of the Company;
3. Paid or accrued management fees of \$25,000 (2023 - \$45,000) to Copewood Capital Corp., a private company controlled by Jonathan Younie, the former CFO of the Company; and
4. Paid or accrued rent and office administration expenses of \$38,189 (2023 - \$54,893) to Pamicon Development Corp., a private company 10% owned by Douglas Fulcher and 90% owned by Kevin Milledge, a director of the Company.

There was \$98,955 owing to related parties as at December 31, 2024 (December 31, 2023 - \$21,890). These amounts are unsecured, non-interest bearing, and due on demand.

## **Off Balance Sheet Arrangements**

The Company has not entered into any off balance sheet arrangements, other than previously disclosed, that have, or are reasonably likely to have, an impact on the current or future results of operations or the financial condition of our Company.

## **Accounting Policies**

The preparation of financial statements requires management to establish accounting policies, estimates and assumptions that affect the timing and reported amount of assets, liabilities, revenues and expenses. These estimates are based on historical experience and on various other assumptions that management believes to be reasonable under the circumstances and require judgement on matters which are inherently uncertain. Details of the material accounting policies can be found in Note 3 of the audited financial statements for the year ended December 31, 2024.

## Outstanding Share Data – as at June 30, 2025

	Number	Weighted Average	
		Price	Remaining Life in Years
Common shares, issued and outstanding	41,832,489		
Stock options	3,700,000	\$0.14	2.97
Share purchase warrants	6,018,500	\$0.30	0.30
Agent's/Finder's warrants	1,184,986	\$0.13	0.58
<b>Fully Diluted</b>	<b>52,735,975</b>		

At June 30, 2025, 5,281,124 common shares are being held in escrow with Odyssey Trust Company pursuant to a Tier 2 value security escrow agreement. These shares will be released from escrow every six months in three equal instalments commencing on October 27, 2025.

### Additional Disclosure for Junior Issuers

Additional disclosure concerning the Company's general and administrative expenses is provided in the Company's financial statements, which are available on SEDAR+ ([www.sedarplus.ca](http://www.sedarplus.ca)).

### Risks and Uncertainties

The Company's principal activity is mineral exploration. As such, the Company is exposed to a number of risks, including the financial risks associated with the fact that it has no operating cash flow and must access the capital markets to finance its activities. There can be no assurances the Company will continue to be able to access the capital markets for the funding necessary to acquire and maintain exploration properties and to carry out its desired exploration programs.

Other risks include, but are not limited to fluctuating metal prices, and environmental, political and economic issues. Additionally, few exploration projects successfully achieve development due to factors that cannot be predicted or foreseen. While risk management cannot eliminate the impact of all potential risks, the Company strives to manage such risks to the extent possible and practicable.

The Company has a small management team and the loss of a key individual or the inability to attract suitably qualified personnel in the future could materially and adversely affect the Company's business.

Although the Company has taken steps to verify the title to its mineral property, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

The Company has no significant source of operating cash flow and no revenues from operations. The Company has limited financial resources. Substantial expenditures are required to be made by the Company to establish ore reserves. The Company currently has no title or option on a mineral property after deciding not to continue its exploration of the Eden property. The Company is in the process of

identifying another mineral property. It is most likely that any property the Company does acquire will be in the exploration stage only, and will have no ongoing mining operations. Mineral exploration involves a high degree of risk and few properties which are explored are ultimately developed into producing mines. Exploration of a mineral property that the Company may acquire in the future may not result in any discoveries of commercial bodies of mineralization. If the Company's efforts do not result in any discovery of commercial mineralization, the Company will be forced to look for other exploration projects or cease operations.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its former properties that may result in material liability to the Company. The risks and uncertainties described in this section are not inclusive of all the risks and uncertainties the Company may be subject to.

The Company will be subject to normal market risks including fluctuations in foreign exchange rates. While the Company expects to manage its operations in order to minimize exposure to these risks, the Company has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure.

## **Approval**

The Board of Directors of the Company has approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

## **Going Concern of Operations**

The Company has prepared its financial statements in accordance with IFRS Accounting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

As of December 31, 2024, the Company has not generated any revenues and has incurred losses of \$5,053,366 since incorporation. The Company's continued existence and plans for future growth depend on its ability to obtain additional capital.

The Company's business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events and potential economic global challenges such as the risk of the higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company's business.

The above material uncertainties raise significant doubt about the Company's ability to continue as a going concern. Although the Company's financial statements have been prepared on a going concern basis, the

Company's continuing operations are dependent upon its ability to obtain adequate financing through debt or equity issuance.

## **Forward-Looking Statements**

This report contains forward-looking statements, including statements regarding the future success of our business, exploration and development strategies and future opportunities. Forward-looking statements include, but are not limited to, statements concerning estimates of expected capital expenditures, statements relating to expected future production and cash flows, statements relating to the continued advancement of the Company's exploration, and development projects, and other statements which are not historical facts. When used in this document, the words such as "could", "plan", "estimate", "expect", "intend", "may", "potential", "should", and similar expressions are forward-looking statements. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements. Important factors that can cause actual results to differ from these forward-looking statements include the potential that the Company's projects will experience technological and mechanical problems, changes in political conditions, changes in the availability to obtain project financings and other risks. Forward-looking statements are based on the opinions and estimates of management at the date that the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in forward-looking statements. The Company undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change. The reader is cautioned not to place undue reliance on forward-looking statements.