

**Metalero Mining Corp.**  
**Management Discussion and Analysis**  
**For the nine months ended July 31, 2024 and 2023**

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This Management's Discussion and Analysis ("MD&A") supplements, but does not form part of, the consolidated condensed interim financial statements of Metalero Mining Corp. ("Metalero" or the "Company") and the notes thereto for the nine months ended July 31, 2024 and 2023 (the "Financial Statements"). Consequently, the following discussion and analysis of the results of operations and financial condition for Metalero Mining Corp., should be read in conjunction with the Financial Statements which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are stated in Canadian dollars unless otherwise indicated. The reader should be aware that historical results are not necessarily indicative of future performance. This MD&A has been prepared based on information known to management as of October 1, 2024.

### **General**

This MD&A was reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on October 1, 2024.

The Company's critical accounting estimates, significant accounting policies and risk factors have remained substantially unchanged and are still applicable to the Company unless otherwise indicated. All amounts are expressed in Canadian dollars unless noted otherwise.

Additional information relating to the Company, including regulatory filings, can be found on the SEDAR website at [www.sedarplus.ca](http://www.sedarplus.ca).

### **Forward-Looking Statements**

Certain statements contained in this MD&A may constitute forward-looking statements. These forward-looking statements can generally be identified as such because of the context of the statements, including such words as "believes", "anticipates", "expects", "plans", "may", "estimates", or words of a similar nature. Such forward-looking statements involve a number of 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 anticipated future results and/or achievements expressed or implied by such forward-looking statements, which speak only as of the date the statements were made. Readers are therefore advised to consider the risks associated with any such forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth herein.

### **Description of Business and Overview**

The Company was incorporated under the Business Corporations Act (British Columbia) on June 25, 2018. Its common shares were listed for trading on the TSX Venture Exchange under the trading symbol "CRTS", on the OTC PK Venture Market under the trading symbol "CRTTF". The Company's head office is at 250 South Ridge NW, Suite 300, Edmonton, Alberta, T6H 4M9.

The Company is in the business of evaluating opportunities worldwide to acquire and explore mineral properties. To date, its principal business activities have been focussed in Nevada, USA, a perennially top-ranked exploration and mining jurisdiction. All of the Company's Nevada projects are considered to be in the exploration stage. The Company has not determined whether these properties contain mineral resources that are economically recoverable. These Nevada properties are available for acquisition via sale, option and/or joint venture mechanisms with third parties to complete drill programs, with the Company retaining an interest in the outcomes.

Effective February 13, 2024, the Company consolidated its issued and outstanding common shares on a basis of one (1) post-consolidation common share for every fifteen (15) pre-consolidation shares (the "Share Consolidation"). On February 13, 2024, the Company changed its name from Cortus Metals Inc. to Metalero Mining Corp. The Company's shares are listed on the TSX Venture Exchange under the trading symbol "MLO".

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With the share consolidation and change of name and symbol, Metalero has a new mandate to acquire an advanced exploration project. This will include changes to the board and management and concurrent financing. The Company will also complete several shares for debt settlements and a private placement to honour subscription deposits. Management will continue to farm-out the remaining two Nevada projects (Goldrun and Roberts Creek), which will generate some cash for operations. This restructuring and strategic pivot will ensure Metalero is well-funded and well-positioned to deliver returns for shareholders as the market anticipates an easing of interest rates and a favourable investment climate is predicted for metals during 2024.

On May 16, 2024, the Company optioned the Grayson and Powerline properties in Nevada to Vulcan Resources Corp. The Option Agreement grants Vulcan the exclusive right to purchase all the Company's right, title, and interest in the mining claims comprising the Properties, subject to an existing underlying 2.0% net smelter returns royalty (as described below), in consideration of an aggregate payment to the Company of:

1. In respect of the Grayson Property, the sum of US\$592,720 in annual installments over the next 5 years from the listing date of the Optionee's common shares (the "**Vulcan Shares**") on a recognized stock Exchange, of which US\$22,720 has been paid; and
2. In respect of the Powerline Property, the sum of US\$584,555 in annual installments over the next 5 years from the Listing Date of the Vulcan Shares, of which US\$14,555 has been paid;

Up to 50% of these installments may be paid by Vulcan in Vulcan Shares; and provided that Vulcan completes 4,000 metres of drilling on the Properties within 3 years of the Listing Date, and issues to the Company 1.0 million Vulcan Shares upon the completion of a NI 43-101 technical report with an inferred gold mineral resource or a preliminary economic assessment on any of the Properties. The Properties are subject to an existing 2.0% net smelter returns royalty (the "**NSR**") reserved to 1205919 B.C. Ltd., an arm's length party. One-half of this NSR (1%) can be purchased US\$1.5M.

Effective June 10, 2024, Metalero appointed Robert L'Heureux, M.Sc., P.Geol., as President, CEO, and Director of the company. In conjunction with this appointment Mr. Sean Mager resigned as President and CEO and remains with MLO as a Director and Advisor.

### **Nevada Property Summaries**

#### **Company Results and Outlook - Mineral Exploration Projects**

The Metalero portfolio includes a core of 6 projects (Grayson, Powerline, Roberts Creek, Cobre, West Ivanhoe and Goldrun) located across north-central Nevada, USA. The portfolio is the product of data compilation across all geological scales and diligent project evaluation. These projects are drill-ready targets underpinned by geochemical or geophysical data or a combination of the two.

#### **Recent exploration activities**

- The Company has not undertaken any recent exploration.

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**Overview of Projects and Prospects**

**Metalero Projects**

Metalero has registered 997 claims across 6 core projects. These projects were generated from regional targeting and have been followed up by varying amounts of geological, geochemical, and geophysical data. Some projects are still at the early stages of development and require an initial investment in less costly geochemical or geophysical data prior to turning conceptual targets into drill-ready targets. The Metalero portfolio contains 4 projects that the company considers drill ready. The concepts behind these projects have been corroborated through geochemical and/or geophysical studies, and the ground remains to be tested with a drill rig.

**(a) Cobre**

The Cobre project is a Carlin-type gold target located 34 kilometers east of Wells in Elko County, Nevada. Federal lode claims at Cobre were filed in 2020 and 2021; they cover highly prospective targets that reside 9 km northeast of Nevada Gold Mines' producing Long Canyon Mine.

The Cobre project area lies over pediment covered by alluvium and post-mineral volcanic rocks. Regional gravity suggests that the cover over much of the project area is relatively thin. Carbonate rocks with extensive zones of silicification/jasperoid replacement crop out on the range and project beneath cover on the pediment. Siltstones containing relicts of oxidized pyrite have also been found within the project area. Gravity and magnetics suggest buried horsts and grabens within the same pull-apart basin as the Long Canyon deposit.

Previous fieldwork at Cobre consisted of a 327 line-kilometer detailed high-resolution ground magnetic survey, structural and geological mapping, and interpretation. Faults and possible alteration zones have been interpreted from results of the magnetic survey. A variably developed, thick layer of caliche is present in the upper portions of alluvial cover. Caliche can form through the decalcification of carbonate rocks and may indicate hydrothermal alteration. Analogously, the primary ore hosts at Long Canyon are carbonate rocks. Geochemistry results indicate anomalous abundances of gold, silver, arsenic, mercury, and antimony in soil. Geochemical results will be used in conjunction with geophysical data to delineate drill targets.

**(b) Goldrun**

Two potential targets exist within the Goldrun property. These are an Eocene-aged gold-copper skarn, and Carlin-type gold. The project is located 25 kilometers southeast of Winnemucca in Humboldt County, Nevada. At Goldrun, 92 claims are owned 50% by Metalero and 50% by McDowell-Matlack. The project is surrounded by numerous past producing gold and copper mines along an extension of the Getchell Trend, 40 kilometers northwest of the producing Phoenix Mine.

Previous fieldwork on the project included preliminary soil and rock sampling as well as a ground magnetic survey that encompassed most of the project area. Rock chip samples yielded up to >4 g/t gold and >29 g/t silver in sulfide-rich quartz veins. In the northeast portion of the project, gold-in-soil anomalies indicate the potential for Carlin-type mineralization. In the central and northern parts of the project, ground magnetic highs surrounding a magnetic low suggest an intrusive body with an internal hydrothermally altered zone. This body could be associated with Phoenix-style copper-gold skarn deposits. An expansion of the ground magnetic survey grid and additional surface samples and mapping should be conducted to define future drill targets.

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**(c) Grayson**

The Grayson project is an epithermal gold target located 90 kilometers southwest of Winnemucca in Pershing County, Nevada. Project claims, which lie 24 km southeast of the Relief Canyon mine, were initially registered between 2016 - 2020. The Grayson project is on shallow pediment covered by alluvium and post-mineral volcanic rocks. Tertiary-aged, basin-forming, steeply-dipping normal faults intersect Mesozoic-aged Luning-Fencemaker thrust faults, juxtaposing Triassic limestone and shales. Antimony, mercury, and fluorite deposits are present in the range, coincident with the thrust faults. Such deposits of gold pathfinder elements are commonly peripheral to gold mineralization. At Grayson, jasperoid after limestone with up to 640 ppb gold sampled by Metalero lies at the edge of the pediment inside the halo of peripheral antimony, mercury, and fluorite deposits.

The stratigraphic and structural controls of mineralization at Relief Canyon mine, which has a resource of 789,000 oz of gold (measured-indicated) and 45,200 oz of gold (inferred) in 2018<sup>1</sup> are representative of the stratigraphy and structure present within the Grayson project area. At Relief Canyon, gold ore is concentrated below the intersection of steep Tertiary feeder faults and Luning-Fencemaker thrust faults, hosted by Triassic limestones and shales, and fluorite is a common hydrothermal accessory mineral in the ore deposit.

Previous work on the Grayson project included mapping, soil sampling, a ground magnetic survey on a portion of the project, and drilling on the east side of the property. Drilling predates Metalero's history with the project and was designed to test geochemical anomalies in soil. Drill targets were not reached due to the thickness of alluvial/volcanic cover, so Metalero followed up this drilling with a gravity study covering 48.8 km<sup>2</sup> to support new targets much closer to the range and outcropping bedrock.

The 2020 - 2022 fieldwork programs included mapping, a soil sample survey, rock chip sampling, a high-resolution, detailed ground magnetic survey, and a gravity survey. A total of 737 infill soil samples were collected at 60 m sample spacing over 44 line km's (ln-km), encompassing an area of 11.7 km<sup>2</sup> in the southern portion of the Grayson project. Of those, 369 soil samples were sent in for assay at ALS Global. Geochemical results display zones of elevated gold and important gold pathfinder elements, including arsenic, mercury, and antimony. A 59.3 line-kilometer high-resolution ground magnetic survey was completed in the southern portion of the Grayson project, covering an area of 40.9 km<sup>2</sup>. Linear magnetic lows coincide with mapped structures and alteration, suggesting these structures extend to the basin below shallow alluvial cover. A gravity survey, completed in the southern portion of Grayson over 48.8 km<sup>2</sup>, indicates achievable drill targets below shallow quaternary cover. The current fieldwork program has enhanced the understanding of structural and stratigraphic controls and defined drill targets.

**(d) Powerline**

The Powerline project is located 66 kilometers southwest of Winnemucca in Pershing County, Nevada. Powerline is located 8 kilometers northeast of the Spring Valley gold deposit and along a south extension of the Getchell Trend, a northeast-trending linear alignment of gold deposits thought to represent a major crustal structure in northern Nevada. At Powerline, a north-northeast trending normal fault zone intersects the Getchell trend. This fault zone passes through the Relief Canyon, Coeur Rochester, and Spring Valley gold-silver deposits.

Most of the Powerline project is located on alluvium-covered pediment adjacent to numerous historical silver and antimony mines in the range. Historical mines are primarily along NW-trending structures that project into the basin intersect the NE-trending fault zone that hosts the Relief Canyon, Coeur Rochester, and Spring Valley gold-silver deposits to the south. Silver and antimony mines on the range formed in a northwest-trending corridor project onto the pediment to intersect the main north-northeast fault through the major deposits. These elements are common pathfinders to gold mineralization, often peripheral to the central hydrothermal hot spot in large Nevada gold deposits. Cropping out on the range and projected under cover on the pediment are felsic volcanic rocks of the Triassic Koipato formation—the same unit that hosts gold and silver mineralization at Spring Valley and Coeur Rochester.

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The 2021 - 2022 field programs included a detailed high-resolution ground magnetic survey, a gravity survey, and soil and rock geochemistry. Geochemical results indicate anomalous gold zones and key gold pathfinder elements, including antimony, arsenic, silver, and mercury. Rock chip samples yielded up to 84 ppb gold and 6,490 ppb silver. Gravity data indicate that alluvial cover over bedrock is shallow along the western portion of the property. A 128 line-kilometer high-resolution ground magnetic survey over the entirety of the Powerline project displays linear magnetic lows coinciding with the mapped northeast-trending faults that intersect northwest-trending epithermal vein trends projected from the range. To date, exploration has defined spatially associated structural controls and geochemical anomalies and has aided in drill target determination.

**(e) Roberts Creek**

The Roberts Creek project is a Carlin-type gold target located 33 kilometers northwest of Eureka in Eureka County, Nevada. Roberts Creek is situated along the Battle Mountain-Eureka Trend in the Gold Bar district, 5 kilometers south of McEwen Mining's Gold Bar project comprising. The Gold Bar deposits are hosted in Paleozoic carbonate rock units; these units project beneath the alluvial cover into the Roberts Creek project area.

Exploration programs at the Roberts Creek project have included soil geochemical surveys, a detailed high-resolution ground magnetic survey, and a gravity survey. The geochemical dataset comprises 558 samples collected over 57 line-kilometers, and the ground magnetic survey encompasses 149 line-kilometers at 200 m line spacing. The combined results of these studies have defined several zones of anomalous gold and Carlin-type pathfinder elements along intersections of mineralized structures from Gold Bar in the range. Furthermore, gravity data indicate shallow depths of alluvium over bedrock. Initial drill targets were delineated from fault interpretations, geophysical surveys, and geochemical anomalies.

**(f) West Ivanhoe**

The West Ivanhoe project area is located 7 kilometers southwest of Metalero's North Ivanhoe prospect, and 77 kilometers northwest of Elko in Elko County, Nevada. West Ivanhoe is a Miocene epithermal target analogous to the Hollister Mine, 6 km southeast along the Carlin Trend.

Surface structures, alteration, vein textures, and the presence of strongly silicified outcrops indicate the potential for a high-grade epithermal deposit analogous to Hollister. A detailed ground magnetic survey covering the entirety of the project area, totaling 133.6 line-km (surveyed at 200m line spacing), was completed in March 2021. The results from the survey suggest northeast and northwest structures that correlate with structures mapped at surface. Assay results are pending for 367 soil samples collected over 45 line-kilometers at 120 m spacing are being evaluated.

References

1. Technical Report and Feasibility Study for the Relief Canyon Project, Pershing County, Nevada, USA. Pershing Gold Corporation. July 6, 2018.
2. Mineral Resource Estimate and NI43-101 Technical Report for the Sandman Gold Property, Nevada, USA. Gold Bull Resources Corp. January 20, 2021.
3. Technical Report and Economic Assessment for Paramount Gold Nevada Corp. Sleeper Project, Humboldt County, Nevada. December 10, 2015.

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**Operating Results, Financial Condition and Liquidity**

**Summary of financial results**

**Selected Annual Financial Information**

Years ended	October 31, 2023	October 31, 2022 \$	October 31, 2021 \$
Total assets (\$)	563,389	647,631	5,044,638
Mineral properties (\$)	446,358	450,417	4,651,069
Current liabilities (\$)	1,049,208	1,317,656	506,375
Net loss (\$)	590,895	5,961,436	747,368
Weighted average shares	79,516,492	47,545,338	34,250,381
Basic and diluted net loss per common share (\$)	(0.01)	0.13	0.02

**Summary of Quarterly Results**

Selected financial data published for operations of the Company during the last eight quarters are as follows:

1/3 months ended (in Dollars)	Jul 2024	Apr 2024	Jan 2024	Oct 2023	Jul 2023	Apr 2023	Jan 2023	Oct 2022
Net loss	(168,179)	(46,823)	(64,353)	(289,101)	(112,368)	(90,348)	(99,078)	(5,443,311)
Basic and Diluted net loss per share	(0.02)	(0.00)	(0.01)	(0.01)	(0.00)	(0.00)	(0.00)	(0.11)
Total Assets	479,062	537,911	553,414	563,389	432,728	794,478	629,849	647,631
Total Liabilities	1,278,702	1,111,572	1,148,052	1,128,674	1,103,481	1,302,863	1,482,961	1,427,165

**Financial Condition**

The financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to obtain adequate financing in the future.

At July 31, 2024, the Company had current assets of \$7,490 (October 31, 2023 - \$30,079), current liabilities were \$1,226,689 (October 31, 2023 - \$1,049,208) and working capital deficit of \$1,219,199 (October 31, 2023 - \$1,019,129). At the date of this MD&A, the company had working capital deficit of approximately \$1.3M, to be funded by equity placements, debt settlements for common shares and cost recoveries from property transactions.

On February 28, 2023, the Company completed a non-brokered private placement financing for gross proceeds of \$475,000. Which was used for general working capital.

**Results of Operations for the three months ended July 31, 2024**

The Company did not generate revenue for the three month period ended July 31, 2024 and expenses incurred include advertising and promotion expense of \$155 (2023 - \$460), management fees to key executives of \$46,500 (2023 - \$16,500), office and administration of \$27,396 (2023 - \$27,172), professional fees including legal and accounting expenses of \$41,197 (2023 - \$57,593) and regulatory and filing fees of \$10,690 (2023 - \$709). The Company also recorded ROU asset depreciation of \$8,016 (2023 - \$Nil), interest expense of \$11,136 (2023 - \$409) and foreign exchange gain of \$19,581 (2023 - \$15,695).

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In addition, the Company incurred \$42,670 (2023 – \$25,220) of exploration expenses related to geological consulting and new project evaluation. In the comparative period the Company had additional exploration expenses related to administrative costs on its projects in Nevada.

**Results of Operations for the nine months ended July 31, 2024**

The Company did not generate revenue for the nine month period ended July 31, 2024 and expenses incurred include advertising and promotion recovery of \$47,930 (2023 – expense of \$5,849), management fees to key executives of \$79,500 (2023 - \$49,500), office and administration of \$80,506 (2023 - \$73,674), professional fees including legal and accounting expenses of \$73,971 (2023 - \$113,093) and regulatory and filing fees of \$28,047 (2023 - \$16,212). The Company also recorded ROU asset depreciation of \$23,871 (2023 - \$Nil), interest expense of \$16,318 (2023 – income of \$920) and foreign exchange gain of \$17,598 (2023 – \$21,151).

In addition, the Company incurred \$42,670 (2023 - \$67,801) of exploration expenses related to geological consulting and new project evaluation. In the comparative period the Company had additional exploration expenses related to administrative costs on its projects in Nevada.

The Company recovered advertising and promotion expenses in the current and comparative period by negotiating settlement of outstanding accounts payable for services provided.

**Capital Resources and Liquidity**

At July 31, 2024, cash was \$714 (October 31, 2023 - \$9,891).

During the nine months ended July 31, 2024, the net cash flows used in operating activities was \$140,426 (2023 – \$377,757), which is comprised of net loss for the period of \$279,355 (2023 - \$304,058), a decrease of GST receivable of \$1,479 (2023 – increase of \$1,063), a decrease of prepayments and deposits, and accounts receivable of \$11,933 (2023 – \$27,250) and a increase in accounts payable and accrued liabilities of \$100,185 (2023 – decrease of \$130,182).

During the nine months ended July 31, 2024, the net cash flows provided by investing activities was a \$40,000 (2023 - \$nil) recovery from option payments received for the Grayson and Powerline properties.

During the nine months ended July 31, 2024, the net cash flows provided by financing activity was \$91,249 (2023 - \$384,614) as net proceeds from shares issued in private placements, advanced share subscriptions received, and short-term loans received..

**Outstanding Share Data**

Metalero is authorized to issue an unlimited Class number of common shares without par value. As at the close of trading on April 2, 2024, the following common shares and warrants were outstanding:

Common shares issued	<b>6,336,356</b>		
	58,667	@	\$0.75 to November 4, 2024
	112,000	@	\$2.25 to August 26, 2025
Options outstanding	15,900	@	\$2.25 to January 28, 2026
Warrants outstanding	190,000	@	\$0.75 to February 28, 2025
	<b>6,712,923</b>		

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**Related Party Transaction**

Unless otherwise noted, related party transactions were incurred in the normal course of operations and are measured at the amount established and agreed upon by the related parties. The Company accrued fees to directors and officers for management and professional services as follows:

<b>For the nine months ended</b>	<b>July 31, 2024</b>	<b>July 31, 2023</b>
Management fees to key management and directors	\$ 79,500	\$ 49,500
Accounting fees included in professional fees	35,000	36,000
Geological consulting fees included in exploration expenses	40,000	-
	<u>\$ 154,500</u>	<u>\$ 85,500</u>

Related party balances

At July 31, 2024, accounts payable and accrued liabilities were \$421,228 (October 31, 2023 - \$318,816) due to key management, directors of the Company and companies controlled by management or directors for services provided. These amounts are unsecured, non-interest bearing and have no specific terms of repayment.

At July 31, 2024, loans payable were \$103,800 due to key management and directors. These loans are unsecured, non-interest bearing and have no specific terms of repayment.

**Off-Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements.

**Financial instruments and risk management**

*Fair value of financial instruments*

IFRS requires disclosures about the inputs to fair value measurements for financial assets and liabilities recorded at fair value, including their classification within a hierarchy that prioritizes the inputs to fair value measurement.

The three levels of hierarchy are:

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

As at July 31, 2024, the Company believes that the carrying values of cash, accounts receivable, and accounts payable and accrued liabilities approximate their fair values because of their nature and relatively short maturity dates or durations.

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*Financial instruments risk*

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counter party limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is defined as the risk of loss associated with counterparty's inability to fulfill its payment obligations. The maximum exposure to credit risk is the carrying amount of the Company's financial assets.

Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle its obligations as they come due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds available to meet its short-term business requirements by taking into account the anticipated cash expenditures for its exploration and other operating activities, and its holding of cash and cash equivalents. The Company will pursue further equity or debt financing as required to meet its commitments. There is no assurance that such financing will be available or that it will be available on favourable terms.

As at July 31, 2024, the Company's financial liabilities consist of its accounts payable and accrued liabilities, which are all current obligations.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to foreign exchange risk is minimal.

Classification of financial instruments

Financial assets included in the consolidated statement of financial position are as follows:

	July 31, 2024	October 31, 2023
Financial assets at amortized cost		
Cash	\$ 714	\$ 9,891
	\$ 714	\$ 9,891

Financial liabilities included in the consolidated statement of financial position are as follows:

	July 31, 2024	October 31, 2023
Non-derivative financial liabilities		
Accounts payable and accrued liabilities	\$ 1,005,781	\$ 960,596
Lease liability	87,431	111,290
Loans	130,490	56,788
	\$ 1,223,702	\$ 1,128,674

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Capital management

The Company monitors its equity as capital.

The Company's objectives in managing its capital are to maintain a sufficient capital base to support its operations and to meet its short-term obligations and at the same time preserve investor's confidence and retain the ability to seek out and acquire new projects of merit. The Company is not exposed to any externally imposed capital requirements.

**Business Risk and Uncertainties**

The Company, like all companies in the mining sector, is exposed to a variety of risks which include title to mining interests, the uncertainty of finding and acquiring reserves, funding and developing those reserves and finding storage and markets for them. In addition, there are commodity price fluctuations, interest and exchange rate changes and changes in government regulations. The mining industry is intensely competitive, and the Company must compete against companies that have larger technical and financial resources. The Company works to mitigate these risks by evaluating opportunities for acceptable funding, considering farm-out opportunities that are available to the Company, operating in politically stable countries, aligning itself with joint venture partners with significant international experience and by employing highly skilled personnel. The mining industry is subject to extensive and varying environmental regulations imposed by governments relating to the protection of the environment and the Company is committed to operate safely and in an environmentally sensitive manner in all operations. Please also refer to Forward-Looking Statements.

**Management's Responsibility for Financial Information**

The Company's financial statements and the other financial information included in this management report are the responsibility of the Company's management, and have been examined and approved by the Board of Directors. The financial statements were prepared by management in accordance with generally accepted Canadian accounting principles and include certain amounts based on management's best estimates using careful judgment. The selection of accounting principles and methods is management's responsibility.

Management recognizes its responsibility for conducting the Company's affairs in a manner to comply with the requirements of applicable laws and established financial standards and principles, and for maintaining proper standards of conduct in its activities.

The Board of Directors supervises the financial statements and other financial information through its audit committee, the majority of which is comprised of non-management directors.

This committee's role is to examine the financial statements and recommend that the Board of Directors approve them, to examine the internal control and information protection systems and all other matters relating to the Company's accounting and finances. In order to do so, the audit committee communicates annually with the external auditors, with or without the Company's management, to review their respective audit plans and discuss the results of their examination. This committee is responsible for recommending the appointment of the external auditors or the renewal of their engagement.

**Qualified Person**

The disclosures contained in this MD&A regarding the Company's exploration & evaluation properties have been prepared by, or under the supervision of, Mr. Rob L'Heureux, M.Sc., P.Geol., President, CEO, and Director of the Company and a Qualified Person for the purposes of National Instrument 43-101.