

ROCHESTER RESOURCES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE MONTHS ENDED AUGUST 31, 2022

This discussion and analysis of financial position and results of operation is prepared as at October 28, 2022 and should be read in conjunction with the unaudited condensed consolidated interim financial statements and the accompanying notes for the three months ended August 31, 2022 of Rochester Resources Ltd. ("Rochester" or the "Company"). The following disclosure and associated financial statements are presented in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included therein and in the following management discussion and analysis ("MD&A") are quoted in Canadian dollars.

Forward-Looking Statements

This MD&A contains certain statements that may constitute "forward-looking statements". Forward-looking statements include but are not limited to, statements regarding future anticipated exploration programs and the timing thereof, and business and financing plans. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward looking statements as a result of various factors, including, but not limited to, the Company's ability to identify one or more economic deposits on its properties, to produce minerals from its properties successfully or profitably, to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies.

Historical results of operations and trends that may be inferred from this MD&A may not necessarily indicate future results from operations. In particular, the current state of the securities markets for junior resource companies may render it difficult or impossible for the Company to raise the funds necessary to continue operations.

All of the Company's public disclosure filings, including its most recent management information circular, material change reports, press releases and other information, may be accessed via www.sedar.com and readers are urged to review these materials.

COVID-19

In March 2020 the World Health Organization declared the outbreak of a novel coronavirus, identified as "COVID-19", as a global pandemic. In order to combat the spread of COVID-19 governments worldwide have enacted emergency measures including travel restrictions, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets. The Company has implemented safety and physical distancing procedures while it continues operations at the Mina Real and San Francisco properties and exploration activities on the Santa Fe Property. The Company will continue to monitor the impact of the COVID-19 outbreak, the duration and impact which is unknown at this time, as is the efficacy of any intervention. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.

Company Overview and Going Concern

The Company is a junior natural resource company engaged in the exploration and development of the Mina Real and San Francisco Projects located in Mexico. The Company holds 100% undivided interests in the Mina Real and San Francisco Properties. In addition, the Company has an agreement to acquire a 70% interest in the Santa Fe Property.

During the three months ended August 31, 2022 the Company recorded a net loss of \$1,197,545 and, as at August 31, 2022, the Company had a working capital deficit of \$24,437,965. The Company has been unable to make all concession payments when due and, as at August 31, 2022, has unpaid government concession payments and related

carrying charges totalling \$3,195,781 (included in accounts payable and accrued liabilities). The Company's ongoing operations are dependent on extracting mineralized material from the Mina Real, San Francisco and Santa Fe properties and therefore, on the Company's ability to preserve its interest in the underlying mineral property interests. In the immediate term the Company's ability to continue as a going concern is dependent the market prices of gold and silver, its ability to continue improving its operations to maintain positive operating cash flow on a consistent basis, the continued financial support of its directors, shareholders and creditors and from the sale of additional common shares or other equity or debt instruments.

The Company is a reporting issuer in British Columbia, Alberta and Saskatchewan and trades on the TSX Venture Exchange ("TSXV") under the symbol "RCT", the Frankfurt Stock Exchange Open Market under the trading Symbol "R5IA" and on the Pink OTC Markets under the symbol "RCTFF". The Company's head office is located at #1305 - 1090 West Georgia Street, Vancouver, British Columbia, V6E 3V7.

Property Update

The Company holds a 100% interest in Mina Real which holds the Mina Real and San Francisco Properties, gold and silver property located in the state of Nayarit, Mexico, east of the state capital city of Tepic. Mina Real also owns 70% of Compania Minera Santa Fe S.A. de C.V. ("Compania Minera") which holds a 100% interest in the Santa Fe gold and silver property located immediately east of the Mina Real Property. Through Mina Real the Company has an agreement to acquire a 70% interest in one concession (the "Santa Fe Property") located near the Mina Real Property. Under the terms of the agreement the Company agreed to implement a program of exploration to determine if the Santa Fe Property can be economically exploited. In addition, if the exploration work is successful, the Company agreed to provide the necessary capital to construct a processing plant capable of processing a minimum of 200 tonnes per day. The Company has conducted limited exploration on the Santa Fe Property and is unable to advance the development until it resolves its liquidity problems and secures additional financing. The Company is required to pay an ongoing monthly fee of US \$10,000 to the 30% concession owners of the Santa Fe Property. In August 2022 the Company made a payment of US \$150,000 and, as at August 31, 2022, US \$90,000 remained unpaid.

The Mina Real Property consists of 11 mining concessions and one mineral claim encompassing a total area of 21,367.42 hectares. The contiguous Santa Fe Property consists of one mining concession totaling 3,852.66 hectares. The San Francisco Property consists of twelve mining concessions encompassing 18,125.05 hectares.

The terrain on the properties is rugged and steep with deeply incised valleys. Elevations range from 800 to 1,600 meters above sea level. The climate is sub-tropical and characterized by a dry and a wet season.

At present there is no Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") or National Instrument ("NI") 43-101 compliant Resources or Reserves for the Mina Real Property, the Santa Fe Property or the San Francisco Property.

The Company has been processing mineralized material since 2007 when it commissioned a 200 tonne per day cyanidation plant.

The Company has conducted mining operations without defined mineral resources and the production decision was not based on a feasibility study of mineral reserves that has demonstrated technical or economic viability.

Operations

A mining study to establish the technical feasibility and economic viability of the Mina Real Property has not been completed nor does the project host a mineral resource. As a result there is increased uncertainty and risk of economic and technical failure.

Mill operating statistics for three months ended August 31, 2022 (“Q1/2023”), the three months ended May 31, 2022 (“Q4/2022”) and three months ended August 31, 2021 (“Q1/2022”) are provided in the table below:

RESULTS	Q1/2023 (Jun 1, 2022 - Aug 31, 2022)	Q4/2022 (Mar 1, 2022 - May 31, 2022)	Q1/2022 (Jun 1, 2021 - Aug 31, 2021)
Tonnes Processed	15,092 tonnes	14,943 tonnes	15,547 tonnes
Gold Grade	2.36 g/t	2.22 g/t	1.96 g/t
Silver Grade	189.06 g/t	210.85 g/t	160.73 g/t
Gold Recovery	95.64 %	95.27 %	93.96 %
Silver Recovery	50.22 %	50.35 %	52.83 %
Gold Produced	1,095 ounces	1,015 ounces	919 ounces
Gold Sold	1,078.714 ounces	999.567 ounces	904.870 ounces
Silver Produced	46,072 ounces	51,007 ounces	42,444 ounces
Silver Sold	44,689.835 ounces	49,476.331 ounces	41,170.699 ounces
Gold Equivalent Produced	1,616 ounces	1,652 ounces	1,519 ounces
Developed Meters	1,085 meters	811 meters	978 meters
Samples Taken	6,796 samples	8,884 samples	6,737 samples
Diamond Drilling Meters	0 meters	63 meters	0 meters
Access Road Kilometers	0 kilometers	0 kilometers	0 kilometers

Q1/2023 Compared to Q4/2022

Production of gold during Q1/2023 was 8% higher than production during Q4/2022 (1,095 ounces compared to 1,015 ounces). Silver production during Q1/2023 was 10% lower than Q4/2022 (46,072 ounces compared to 51,007 ounces). Although a 149 tonnes increase in tonnes processed in Q1/2023, the lower silver grade combined with the slightly lower silver recovery resulted in a 2% decrease in gold equivalent produced in Q1/2023 (1,616 ounces in Q1/2023 compared to 1,652 ounces in Q4/2022).

The grades and recoveries of both gold and silver fluctuate dependent upon which part of the Cholita and Agua Negra project areas the majority of the mineralized material processed is transported from. The Agua Negra area has higher amounts of manganese which causes lower recoveries of silver.

Q1/2023 Compared Q1/2022

During Q1/2023 the Company produced 1,095 ounces of gold and 46,072 ounces of silver compared to 919 ounces of gold and 42,444 ounces of silver during Q1/2022. The gold equivalent produced during the Q1/2023 was 1,616 ounces as compared to 1,519 ounces during Q1/2022 reflecting the higher grade in both gold and silver and the higher gold recovery in Q1/2023 compared to Q1/2022 which more than offset the decrease in tonnes processed and lower silver recovery.

Drifting

The allocation for drifting amongst areas during each of Q1/2023, Q4/2022 and Q1/2022 is as follows:

Area	Q1/2023 (meters)	%	Q4/2022 (meters)	%	Q1/2022 (meters)	%
Tajos Cuates	0	0%	0	0%	0	0%
Florida NW	0	0%	0	0%	0	0%
Florida SE Project	0	0%	0	0%	0	0%
San Francisco Project	1,085	100%	811	100%	978	100%
TOTAL DRIFTING	1,085	100%	811	100%	978	100%

Distribution of the development during each of Q1/2023, Q4/2022 and Q1/2022, by activity, is as follows:

Type of Drifting	Q1/2023 (meters)	%	Q4/2022 (meters)	%	Q1/2022 (meters)	%
Exploration	502	46%	247	31%	432	44%
Stope Preparation	583	54%	564	69%	546	56%
TOTAL DRIFTING	1,085	100%	811	100%	978	100%

Exploration and Development Activities

The Company has ongoing exploration and development programs at the Mina Real Project to identify additional mineralized material to provide mill feed for operations.

Mill Area

As at the date of this MD&A work on the 10' x 10' mill is underway however the Company is still waiting for the delivery of spare parts for clutch, lubrication system for crown and pinion, and for PSI protections and temperatures. There is no timeline for completion of the updating of the 10' x 10' mill.

Repairs commenced during late March 2022 to replace elevator cylinders, heads and worn liners and transmission bands on the 6' x 5' mill. As of the date of this MD&A the work is still in progress.

Selected Financial Data

The following selected financial information is derived from the unaudited condensed consolidated interim financial statements of the Company.

Three Month Period Ending	Fiscal 2023	Fiscal 2022				Fiscal 2021		
	Aug 31/22 \$	May 31/22 \$	Feb 28/22 \$	Nov 30/21 \$	Aug 31/21 \$	May 31/21 \$	Feb 28/21 \$	Nov 30/20 \$
Operations:								
Revenues	3,489,068	3,888,512	3,134,698	3,487,557	3,309,050	3,223,202	3,520,570	3,028,611
Cost of sales	(3,647,375)	(2,810,726)	(4,152,561)	(3,285,718)	(3,060,951)	(2,491,575)	(2,789,185)	(2,103,983)
Depletion and amortization	(147,293)	(238,847)	(107,908)	(103,648)	(103,648)	(114,978)	(70,103)	(70,103)
Provision for site restoration	(32,507)	(21,607)	(21,007)	(20,576)	(21,353)	(16,493)	(16,966)	(16,905)
Income (expenses), excluding impairment	(820,710)	(1,612,196)	142,009	(82,665)	(877,389)	293,297	103,108	(860,753)
Impairment of exploration and evaluation assets	(38,728)	(38,935)	(83,159)	(36,938)	(101,760)	(57,426)	(60,989)	(152,387)
Comprehensive income (loss)	(1,197,545)	(648,799)	(1,087,928)	(41,988)	(856,051)	836,027	686,435	(175,520)
Basic and diluted income (loss) per share	(0.03)	(0.01)	(0.03)	(0.00)	(0.02)	0.03	0.02	(0.01)
Statement of Financial Position:								
Working capital (deficit)	(24,437,965)	(23,509,745)	(23,134,637)	(22,695,735)	(22,376,308)	(21,538,187)	(22,401,586)	(23,881,675)
Total assets	6,015,402	6,099,482	5,640,239	5,472,903	5,147,277	5,478,360	4,484,553	3,418,042
Provision for site restoration	(1,640,148)	(1,480,790)	(1,356,643)	(1,394,500)	(1,240,036)	(1,255,839)	(1,186,879)	(1,114,430)
Total lease liabilities	(317,202)	(474,663)	(460,360)	(376,516)	(416,107)	(340,725)	Nil	Nil

Results of Operations

Three Months Ended August 31, 2022 ("Q1/2023") Compared to Three Months Ended May 31, 2022 ("Q4/2022")

During Q1/2023 the Company reported comprehensive loss of \$1,197,545 compared to comprehensive loss of \$648,799 for Q4/2022, an increase in loss of \$548,746. The increase in loss was primarily due the Company reporting an operating loss of \$338,107 during Q1/2023 compared to operating income of \$817,332 in Q4/2022, partially offset by a foreign exchange loss in Q1/2023 of \$371,176 compared to a foreign exchange loss of \$1,036,838 in Q4/2022.

Three Months Ended August 31, 2022 Compared to Three Months Ended August 31, 2021

During the three months ended August 31, 2022 ("Q1/2023") the Company reported comprehensive loss of \$1,197,545 compared to a comprehensive loss of \$856,051 for the three months ended August 31, 2021 ("Q1/2022"), an increase in loss of \$341,494. The increase in loss was attributed to an increase in operating loss of \$461,205 from operating income of \$123,098 in Q1/2022 to an operating loss of \$338,107 in Q1/2023 partially offset by a decrease in foreign exchange loss from a loss of \$468,519 in Q1/2022 to a loss of \$371,176 in Q1/2023.

Production

During the three months ended August 31, 2022 the Company sold 1,616 gold equivalent ounces and realized revenues of \$2,159 per gold equivalent ounce as compared to the sale of 1,488 gold equivalent ounces and realized revenues of \$2,224 per gold equivalent ounce during the three months ended August 31, 2021.

The Company's cost of operations per gold equivalent ounce sold during the three months ended August 31, 2022 was \$2,368 as compared to \$2,141 during the three months ended August 31, 2021.

Direct operating cost of sales for the three months ended August 31, 2022 and 2021 comprise the following:

	2022 \$	2021 \$
Mine costs	1,686,977	1,458,632
Mill costs	874,615	625,311
Service department costs	<u>1,085,783</u>	<u>977,008</u>
	<u>3,647,375</u>	<u>3,060,951</u>

General and administrative expenses of \$216,172 were reported for the three months ended August 2022 compared to \$145,131 during the three months ended August 31, 2021, an increase of \$71,041. A summary of expenses are as follows:

	2022 \$	2021 \$
Accounting and administrative	10,500	15,000
Audit	57,590	-
Director and officer compensation	15,020	14,798
Legal	6,307	3,487
Office	42,905	28,749
Professional fees	3,158	6,910
Regulatory fees	1,300	1,300
Salaries and benefits	76,784	72,895
Transfer agent fees	541	605
Travel	<u>2,067</u>	<u>1,387</u>
	<u>216,172</u>	<u>145,131</u>

Exploration and Evaluation Assets

During the three months ended August 31, 2022 the Company incurred \$38,728 (2021 - \$101,760) additions on exploration and evaluation assets for the Santa Fe property, mainly due to ongoing monthly fees of US \$10,000 to the 30% concession owners and annual mineral concession payments. The Company also recorded an offsetting impairment charge of \$38,728 (2020 - \$101,760) to reflect management's determination to fully impair the Santa Fe property.

Property, Plant and Equipment

	Mineral Properties \$	Land \$	Buildings \$	Mill and Mine Equipment \$	Total \$
Cost:					
Balance, May 31, 2021	33,934,944	2,692,313	3,517,234	7,130,092	47,274,583
Additions	<u>-</u>	<u>-</u>	<u>-</u>	<u>636,146</u>	<u>636,146</u>
Balance, May 31, 2022	33,934,944	2,692,313	3,517,234	7,766,238	47,910,729
Additions	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,282</u>	<u>4,282</u>
Balance, August 31, 2022	<u>33,934,944</u>	<u>2,692,313</u>	<u>3,517,234</u>	<u>7,770,520</u>	<u>47,915,011</u>

	Mineral Properties \$	Land \$	Buildings \$	Mill and Mine Equipment \$	Total \$
Accumulated depletion, amortization and impairment:					
Balance, May 31, 2021	(33,934,944)	(2,692,313)	(3,130,214)	(5,987,338)	(45,744,809)
Depletion and amortization	<u>-</u>	<u>-</u>	<u>(48,377)</u>	<u>(359,264)</u>	<u>(407,641)</u>
Balance, May 31, 2022	(33,934,944)	(2,692,313)	(3,178,591)	(6,346,602)	(46,152,450)
Depletion and amortization	<u>-</u>	<u>-</u>	<u>(12,094)</u>	<u>(89,816)</u>	<u>(101,910)</u>
Balance, August 31, 2022	<u>(33,934,944)</u>	<u>(2,692,313)</u>	<u>(3,190,685)</u>	<u>(6,436,418)</u>	<u>(46,254,360)</u>
Carrying value:					
Balance, May 31, 2022	<u>-</u>	<u>-</u>	<u>338,643</u>	<u>1,419,636</u>	<u>1,758,279</u>
Balance, August 31, 2022	<u>-</u>	<u>-</u>	<u>326,549</u>	<u>1,334,102</u>	<u>1,660,651</u>

Development and production activities conducted during the three months ended August 31, 2022 are described in “Property Update” in this MD&A.

Financings

During the three months ended August 31, 2022 and 2021 the Company did not complete any equity financings.

Debt Settlements

Fiscal 2022

On February 1, 2022 the Company issued:

- (i) 3,750,000 common shares on the exercise of warrants in settlement of \$281,250 of Advances; and
- (ii) 6,000,000 common shares on the exercise of warrants in settlement of \$450,000 of Debentures.

Financial Condition / Capital Resources

During the three months ended August 31, 2022 the Company recorded a net loss of \$1,197,545 and, as at August 31, 2022, the Company had a working capital deficit of \$24,437,965. The Company’s ongoing operations are dependent on extracting mineralized material from the Mina Real and San Francisco properties and, therefore, on the Company’s ability to preserve its interest in the underlying mineral property interests. In the immediate term, the Company’s ability to continue as a going concern is dependent upon its ability to improve its operations to maintain positive operating cash flow from the Mina Real and Santa Fe properties on a consistent basis, to raise additional capital to fund its ongoing business operations and exploration projects and repay indebtedness as they come due. Additional capital may be sought from existing shareholders and creditors and from the sale of additional common shares or other equity or debt instruments. There is no assurance such additional capital will be available to the Company on acceptable terms or at all. In the longer term, the Company’s ability to continue as a going concern will be dependent upon the discovery of economically recoverable reserves and the achievement of profitable operations. Whether the Company can generate positive cash flow on a consistent basis and, ultimately, achieve profitability is uncertain. These uncertainties cast significant doubt upon the Company’s ability to continue as a going concern.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Proposed Transactions

The Company has no proposed transactions.

Changes in Accounting Policies

A detailed summary of all the Company's significant accounting policies and accounting standards and interpretations issued but not yet effective, is included in Note 3 to the May 31, 2022 audited annual consolidated financial statements.

Related Party Disclosures

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Certain of these entities transacted with the Company during the reporting period.

(a) *Transactions with Key Management Personnel*

The Company considers its key management to consist of the Company's Chairman (Mr. Eduardo Luna) the Chief Executive Officer ("CEO") (Mr. Nick DeMare) and the Chief Financial Officer ("CFO") (Mr. Jose Manuel Silva). During the three months ended August 31, 2022 and 2021 the following amounts were incurred:

	2022 \$	2021 \$
Professional fees - Mr. DeMare	6,120	6,120
Professional fees - Mr. Silva	5,900	5,678
	<u>12,020</u>	<u>11,798</u>

No fees were incurred with respect of Mr. Luna, in either the three months ended August 31, 2022 or 2021.

As at August 31, 2022 \$1,143,012 (May 31, 2022 - \$1,130,359) remained unpaid.

(b) *Transactions with Other Related Parties*

- (i) During the three months ended August 31, 2022 \$3,000 (2021 - \$3,000) was incurred to the Company's Corporate Secretary (Mr. Harvey Lim). As at August 31, 2022 \$227,000 (May 31, 2022 - \$227,000) remained unpaid to the Company's non-executive directors and the Company's Corporate Secretary on account of past amounts accrued.
 - (ii) During three months ended August 31, 2022 the Company incurred a total of \$10,500 (2021 - \$15,000) to Chase Management Ltd. ("Chase"), a private corporation owned by Mr. DeMare, for accounting and administration services provided by Chase personnel, excluding Mr. DeMare's services. As at August 31, 2022 \$2,818 (May 31, 2022 - \$6,546) remained unpaid on account of past accrued fees.
- (c) The Company has received ongoing advances which bear interest at a rate of 9% per annum and have no fixed terms of repayment.
- As at August 31, 2022 \$859,891 (May 31, 2022 - \$844,702) of principal is due to Mr. Luna and \$71,062 (May 31, 2022 - \$68,552) is due to a private corporation controlled or affiliated with Mr. DeMare.
- (d) The Company has received ongoing advances which bear interest at a rate of 12% per annum and have no fixed terms of repayment.
- As at August 31, 2022 \$3,205,462 (May 31, 2022 - \$3,092,265) of principal is due to Mr. Luna and \$11,771 (May 31, 2022 - \$11,771) is due to a private corporation controlled or affiliated with Mr. DeMare.
- (e) The principal amounts under a \$950,000 secured debenture financing (the "Debentures") are subject to a monthly interest charge equivalent to \$12.67 multiplied by the greater of: (a) the monthly production of mineralized material from the Company's San Francisco Property, and (b) the average monthly production of mineralized material from the San Francisco Property, provided, however, that the monthly interest has a minimum monthly payment of \$5,067 per month and a maximum payment of \$15,833 per month.

As at August 31, 2022 Mr. Luna holds \$202,000 (May 31, 2022 - \$202,000) of the Debentures.

- (f) Indebtedness of \$3,631,000 is secured by the assets of the Company and interest is calculated at 9% per annum on the declining balance at the end of the month.

As at August 31, 2022 \$1,296,812 (May 31, 2022 - \$1,296,812) of principal and \$1,149,364 (2021 - \$1,119,946) of accrued interest was owed to a private corporation associated with Mr. DeMare.

Contingent Liability and Commitments

- (a) From time to time the Company becomes involved in various claims and litigation, including various governmental audits, as part of the normal course of operations. The Company has received communication from the Mexican state of Nayarit's Secretary of Administration and Finance in disagreement with the Company's position in settlement of certain if its payroll taxes payable and deductibility of certain expenses and has recalculated the amount to be payable as approximately \$1,745,000. The Company has engaged legal counsel to review and respond to the reassessments. While the outcome thereof cannot be predicted, based on the information currently available, the Company has made a provision of \$185,000 based on the expected value method, for the tax uncertainty which has been recorded in cost of sales. The Company believes the resolution of current pending claims and litigation will not have a material impact on the Company's financial position and results of operations.
- (b) The Company has only made partial government concession payments and accrued carrying charges on its concessions. As at August 31, 2022 \$3,195,781 (May 31, 2022 - \$2,987,892) of government concessions payments remained unpaid and are included in accounts payable and accrued liabilities.

Risks and Uncertainties

The Company advises that it did not base its production decision on a feasibility study of mineral reserves, demonstrating economic and technical viability, and, as a result, there may be an increased uncertainty of achieving any particular level of recovery of minerals or the cost of such recovery, including increased risks associated with developing a commercially mineable deposit. Historically, projects which proceed without a feasibility study have a much higher risk of economic and technical failure.

The Company competes with other mining companies, some of which have greater financial resources and technical facilities, for the acquisition of mineral concessions, claims and other interests, as well as for the recruitment and retention of qualified employees.

The Company is in compliance in all material regulations applicable to its exploration activities. Existing and possible future environmental legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted. Before production can commence on any properties, the Company must obtain regulatory and environmental approvals. There is no assurance that such approvals can be obtained on a timely basis or at all. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations.

The Company's activities are conducted in Mexico. Consequently, the Company is subject to certain risks, including currency fluctuations and possible political or economic instability which may result in the impairment or loss of mining title or other mineral rights, and mineral exploration and mining activities may be affected in varying degrees by political stability and governmental regulations relating to the mining industry.

Outstanding Share Data

The Company's authorized share capital is unlimited common shares without par value. As at October 28, 2022, there were 47,144,125 issued and outstanding common shares, share options to purchase 2,185,000 common shares at an exercise price of \$0.05 per share and warrants to purchase 1,843,243 common shares at an exercise price of \$0.075 per share.