

# **ALTIPLANO METALS INC.**

(the “Company” or “Altiplano”)

**Form 51-102F1**

## **MANAGEMENT’S DISCUSSION and ANALYSIS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020**

The following Management’s Discussion and Analysis (“MD&A”) supplements, but does not form part of, the unaudited consolidated financial statements of the Company and the notes thereto for the three and nine months ended September 30, 2020 (the “Financial Statements”). Consequently, the following discussion and analysis of the results of operations and financial condition of Altiplano 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 November 30, 2020.

### **Forward-Looking Statements**

Certain statements contained in the following MD&A and elsewhere constitute forward-looking statements. 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 any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these 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 below. The Company assumes no obligation to update or revise forward looking statements to reflect new events or circumstances except as required by law.

Altiplano is relying upon past production records, underground sampling and related activities and current diamond drilling to estimate grade and widths of the mineralization to reactivate production. The Farellon mine was previously in production dating back to the 1970’s with a reported historical production (to a depth of 70 m) yielding approximately 300,000 tonnes at an average grade of 2.5% copper and 0.5g/t gold. This material was processed locally and sold to ENAMI. The decision to commence production on the Farellon deposit is not based on a feasibility study of mineral reserves demonstrating economic and technical viability and there is increased uncertainty and economic and technical risks of failure associated with the production decision.

The MDA may contain historical exploration data that have not been verified by Altiplano Metals Inc. and may not be accurate or complete, and therefore the information should not be relied upon. A qualified person has not done sufficient work to classify any historical estimates as current mineral resources or mineral reserves and the issuer is not treating the historical estimates as current mineral resources or mineral reserves

### **Description of Business**

Altiplano Metals Inc. (APN: TSXV) is a TSX Venture listed Tier 2 junior resource company and reporting issuer in the provinces of Alberta and British Columbia. The Company’s shares are also listed for trading on the OTC Pink Market, in the United States, under the trading symbol “ALTPF” and on the Tradegate Exchange, in Europe, under the trading symbol “WKN: A2JNFG”. The Company is focused on evaluating and acquiring exploration projects with significant potential for advancement from discovery through to production, in Canada and abroad. Management has a successful track record of investing in undervalued assets, adding value through technical and market expertise; and delivering returns to shareholders.

## Recent activity

During 2020, the Company received gross proceeds of approximately USD \$1,630,000 (2019 - USD \$1,999,369) from the sale of mineralized bulk sample material. These proceeds are partially funding the continued progress of its operations at the historic Farellon Copper Gold Mine.

To support the operation at Farellon, the Company completed a Promissory Agreement with SBX Chile to purchase a mill and processing facility (the "Plant"). The Agreement involves the purchase of crushing and grinding equipment and a flotation plant with sufficient capacity to process 250 tonnes/day to support 5,000 tonnes/month from the Company's Farellon project. The Plant has been on recent care and maintenance and includes: primary, secondary, and tertiary crushing, milling, two 5' x 10' ball mills, and a full flotation circuit. The Plant will be demobilized and moved approximately 280 kms to the Mill Site. The move and assembly of the Plant is expected to be completed in Q1 2021, and once completed, the Company will be in a position to save on trucking costs, toll mill fees and produce a high grade copper concentrate available to be sold to the local and international markets.

In addition, the Company signed two lease agreements for land where the Plant will be located (the "Mill Site"). This Mill Site is approximately 15 kms from the Farellon project and hosts power, water and transportation infrastructure to support the Plant. In preparation for the delivery of the Plant, the Company will begin the civil work required, which will involve land surveying, ground preparation, electrical and water connections, and pouring of cement footings.

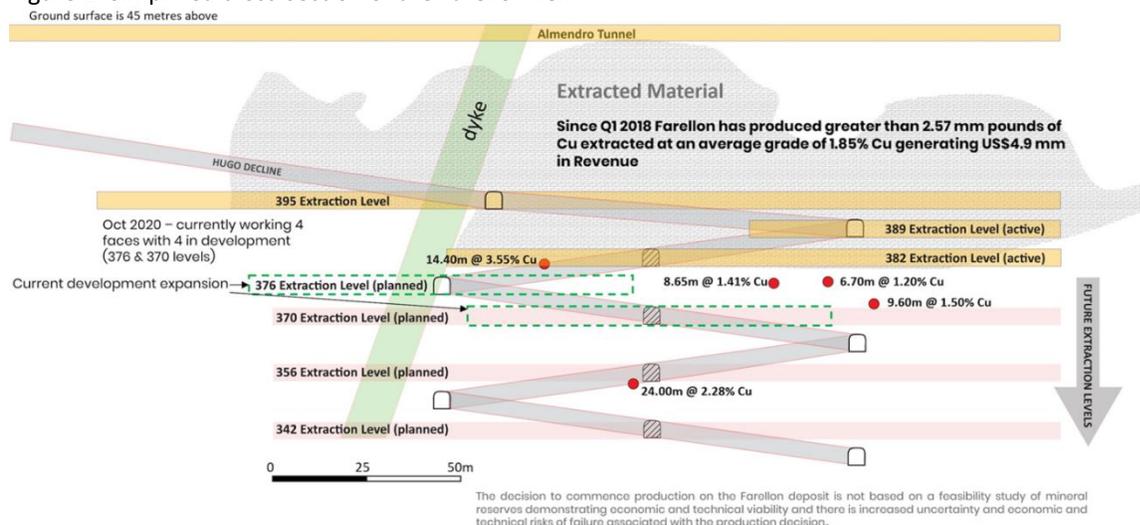
As part of ongoing development underground at Farellon, the Company has advanced the Hugo decline to the 382M and 389M levels. The advancement of the decline provides access to deeper parts of the vein system, which was intersected in 5 diamond drill holes completed in late 2019 (see Table 1).

Table 1 – 2019 Drill Results

<b>Drill Hole</b>	<b>Length (m)</b>	<b>Azimuth</b>	<b>Dip (°)</b>	<b>Vein from (m)</b>	<b>Vein to (m)</b>	<b>Interval (m)</b>	<b>Estimated True Width (m)</b>	<b>Average Cu grade (%)</b>
19FNDH033	35.8	110	-35	23.40	32.05	8.65	4.90	1.41
19FNDH034	32.6	150	-38	23.50	30.20	6.70	1.53	1.20
19FNDH035	43.0	118	-36	26.10	35.70	9.60	2.97	1.50
19FNDH036	31.2	205	-43	15.00	29.40	14.40	2.50	3.55
19FNDH037	88.0	110	-50	53.50	77.50	24.00	4.30	2.28

This advancement provides access for further extraction of the Farellon mineralization below the 395M level. The drilling completed in 2019 indicates that the vein system persists to depth with similar grades and widths. From Q1 2018, Altiplano has extracted 81,366 tonnes of mineralized material at an average grade of 1.84% Copper. This compares closely to the vein's Inferred mineral resource, which was 278,360 tonnes at an average grade of 1.92% Copper (and 0.12 g/t Au) at a 1.0% Cu cut-off grade, as discussed in an independent Technical Report by APEX Geoscience Ltd. The Company plans to continue diamond drilling to provide additional information on the geometry of the vein system, as well as its resource potential, and to guide the Hugo exploratory drift advancement.

Figure 1: Simplified cross-section of the Farellon vein.



The Farellon mine was previously in production dating back to the 1970's with a reported historical production (to a depth of 70 m) yielding approximately 300,000 tonnes at an average grade of 2.5% copper and 0.5g/t gold. This material was processed locally and sold to ENAMI. Altiplano is relying upon past production records, underground sampling and related activities and diamond drilling to estimate grade, widths and tonnage of the mineralization to reactivate production. The decision to commence production on the Farellon deposit is not based on a feasibility study of mineral reserves demonstrating economic and technical viability and there is increased uncertainty and economic and technical risks of failure associated with the production decision.

### Acquisition

In January of 2017, the Company entered into a definitive earn-in and joint venture agreement (the "Agreement") with Comet Exploration Ltd. ("Comet") in respect of acquiring a participating interest in a joint venture (the "CJV") on two copper and gold projects called the Farellon and Maria Luisa projects, which are located near the town of La Serena, Republic of Chile (collectively, the "Projects"). Comet is a private Australian exploration and development company with a focus in Chile principally in base metal and gold projects, held through its Chilean subsidiary. Pursuant to the Agreement, the Company would have earned up to an initial 20%, 35% or 50% interest in the CJV, by funding expenditures up to an aggregate of US\$0.75 million, US\$1.25 million, or US\$2.0 million respectively. In November of 2017, Altiplano completed its US\$2.0 million in funding requirements to earn a 50% interest in the CJV.

In December of 2017, Altiplano entered into a binding letter of intent (the "LOI") with Comet to acquire all of Comet's remaining 50% interest in the CJV. Pursuant to the LOI, the Company was to issue to Comet 7,500,000 common shares of Altiplano at a deemed value of \$0.20 per share and pay AUD50,000 to Comet in consideration of Comet's issuance to the Company of common shares of Comet at a price of AUD0.10 per share or lower, on the same terms as would be offered to arm's length third parties. In addition, Comet retained a 10% net profits interest in the Projects, until Comet has been paid \$1.5 million. The LOI was subject to certain conditions, including the acceptance of the TSX Venture Exchange.

On May 9, 2018 the parties executed a Supplemental Agreement (the "Supplemental Agreement") that outlined the various closing procedures for the transfer of Comet's remaining 50% interest in the CJV to Altiplano. Among other things, the Supplemental Agreement provided for the transfer of Comet's Chilean subsidiary to Altiplano, the delivery of Comet's release, and Comet's and Altiplano's mutual termination of the Agreement, in exchange for 7,500,000 common shares of Altiplano. The closing documents were held in escrow by a Chilean law firm, pending approval of the demerger transaction by the Chilean Tax Authority.

In September of 2018, the parties received approval of the demerger transaction and the closing documents were completed.

In April of 2020, the Company negotiated an amendment to eliminate the NPI for cash payments totalling \$200,000 and cancellation of the common shares of Comet.

### Overall Performance

Exploration costs have been partially offset by proceeds, from the sale of mineralized vein material extracted as part of the Company's bulk sampling and test programs. No production decision has been made and proceeds from sales prior to commencing commercial production are credited to the exploration and evaluation property. The Company relies on the issuance of common shares to finance exploration and to provide working capital.

### Selected Annual Information

The following table summarizes audited financial data for operations reported by the Company for the past three fiscal years:

Fiscal period ended	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017
Current assets (\$)	485,935	687,301	235,878
Capitalized exploration and evaluation expenditures (\$)	6,325,493	6,585,060	3,175,319
Current liabilities (\$)	646,957	559,946	143,490
Net loss (\$)	(832,126)	(2,211,692)	(1,373,793)
Basic and diluted loss per common share (\$)	(0.02)	(0.04)	(0.04)
Weighted average number of common shares outstanding	67,323,578	60,526,500	30,853,070

### Summary of Quarterly Results

The following table summarizes financial data for the eight most recently completed quarters:

Quarter ended	Sep 30, 2020	Jun 30, 2020	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018
Net loss (\$)	(160,856)	(107,780)	(257,445)	(167,041)	(392,895)	(189,717)	(82,473)	(491,532)
Basic and diluted net loss per common share (\$)	(0.00)	(0.00)	(0.00)	(0.01)	(0.01)	(0.00)	(0.00)	(0.00)

### Results of Operations

#### Three months ended September 30, 2020

During the three months ended September 30, 2020 ("the current quarter"), the Company incurred a net loss of \$160,856 compared to a net loss of \$392,895 during the three months ended September 30, 2019 ("2019" or "the comparative quarter"). General and administrative expenses for the current quarter, consisting of management fees, project evaluation fees, investor relations expenses, regulatory and filing fees, office and administration and professional fees, totaled \$171,302 (2019 - \$102,583). Corporate expenses in the current quarter include the following:

- Office and administrative expenses of \$33,451 (2019 - \$17,946) include office, accounting, and support fees incurred in the current quarter;
- Professional fees of \$33,154 (2019 - \$17,946) were incurred for legal fees pertaining to corporate legal counsel on general matters and acquisitions, and audit fees accrued for the audit of the Company's annual financial statements;
- Investor relations expenses of \$46,892 (2019 - \$24,990) include investor relations consulting, travel and on-line shareholder communication expenses;
- Regulatory and filing fees of \$3,132 (2019 - \$5,581) include transfer agent expenses incurred during the current and comparative quarter;
- Management fees of \$54,673 (2019 - \$33,730) include management services rendered in connection with corporate activity and project evaluation;

Partially offsetting the above expenses, the Company received interest income of \$2,382 (2019 - \$nil), recognized a gain on foreign exchange of \$26,099 (2019 - loss of \$91,613), depreciation expense of \$18,035 (2019 - \$nil) and an unrealized gain on investments of \$nil (2019 - \$1,199).

In the comparative quarter, the Company also recognized a non-cash share-based compensation expense in the amount of \$197,500 for options issued to directors and officers during the year.

Other comprehensive loss for the three months ended September 30, 2020 totaled \$105,269 (2019 - \$537,454) and consisted of a gain on translation of foreign operations of \$37,552 (2019 loss of - \$144,559) arising from the translation of the Company's foreign operations. Total comprehensive loss for the three months ended September 30, 2020 is the sum of net income or loss and other comprehensive income or loss.

#### Nine months ended September 30, 2020

During the nine months ended September 30, 2020 ("the current period"), the Company incurred a net loss of \$526,081 compared to a net loss of \$665,085 during the nine months ended September 30, 2019 ("2019" or "the comparative period"). General and administrative expenses for the current period, consisting of management fees, project evaluation fees, investor relations expenses, regulatory and filing fees, office and administration and professional fees, totaled \$436,572 (2019 - \$383,441). Corporate expenses in the current period include the following:

- Office and administrative expenses of \$82,091 (2019 - \$54,368) include office, accounting, and support fees incurred in the current period;
- Professional fees of \$138,116 (2019 - \$157,447) were incurred for legal fees pertaining to corporate legal counsel on general matters and acquisitions, and audit fees incurred for the audit of the Company's annual financial statements;
- Investor relations expenses of \$56,144 (2019 - \$79,206) include investor relations consulting, travel and on-line shareholder communication and promotion expenses;
- Regulatory and filing fees of \$25,926 (2019 - \$25,272) include transfer agent expenses incurred during the current and comparative periods;
- Management fees of \$134,295 (2019 - \$67,148) include management services rendered in connection with corporate activity and project evaluation;

Partially offsetting the above expenses, the Company received interest income of \$3,353 (2019 - \$nil), recognized a loss on foreign exchange of \$49,660 (2019 - \$75,978), depreciation expenses of \$18,035 (2019 - \$nil) and an unrealized loss on investments of \$25,167 (2019 - \$8,166).

In the comparative period, the Company also recognized a non-cash share-based compensation expense in the amount of \$197,500 for options issued to directors and officers during the year.

Other comprehensive loss for the nine months ended September 30, 2020 totaled \$577,586 (2019 – \$912,012) and consisted of a loss on translation of foreign operations of \$69,540 (2019 - \$246,927) arising from the translation of the Company's foreign operations. Total comprehensive loss for the three months ended September 30, 2020 is the sum of net income or loss and other comprehensive income or loss.

## **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.

The Company's cash and cash equivalents and listed equity investments are classified as Level 1, whereas accounts receivable and prepayments, and accounts payable and accrued liabilities are classified as Level 2, and non-listed equity investments are classified as Level 3. As at September 30, 2020, the Company believes that the carrying values of cash, accounts payable and accrued liabilities approximate their fair values because of their nature and relatively short maturity dates or durations.

### *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:

#### Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of three types of risk: currency risk, interest rate risk, other price risk.

#### Currency risk

Currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates relative to their functional currency. The amount of foreign currency held is nominal.

#### Interest rate risk

Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Company's financial instruments. The Company holds no interest-bearing financial liabilities; therefore, interest rate risk is limited to potential decreases on the interest rate offered on cash held with its financial institution. The Company considers this risk to be minimal.

### Credit risk

Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily concentrated in its cash and accounts receivable. Cash are held at reputable financial institutions in Canada and Chile. The Company's maximum exposure to credit risk at September 30, 2020, is \$626,894 (December 31, 2019 - \$136,961).

### Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company monitors its risk by monitoring the maturity dates of its existing debt and other payables. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

To achieve this objective, the Company regularly monitors working capital positions and updates spending plans as considered necessary. Monthly working capital and expenditure reports are prepared by the Company's finance function and presented to management for review and communication to the Board.

As at September 30, 2020, the Company's working capital surplus was \$133,957 (December 31, 2019 – deficit of \$161,022) and it does not have any monetary long-term liabilities. The continuing operations of the Company are dependent upon its ability to obtain adequate financing and to commence profitable operations in the future.

### Classification of financial instruments

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

	<b>September 30 2020</b>	<b>December 31 2019</b>
Financial assets at amortized cost:		
Cash	\$ 481,832	\$ 29,766
Accounts receivable	145,062	107,195
Financial assets at FVTPL:		
Investments	2,916	73,694
	<b>\$ 629,810</b>	<b>\$ 210,655</b>

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

	<b>September 30 2020</b>	<b>December 31 2019</b>
Non-derivative financial liabilities:		
Accounts payable and accrued liabilities	\$ 667,290	\$ 584,905
Promissory notes	\$ 753,140	\$ -
	<b>\$ 1,420,430</b>	<b>\$ 584,905</b>

### Determination of fair value

The statements of financial position carrying amounts for cash, accounts receivable and accounts payable and accrued liabilities approximate fair value due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

## 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.

## **Related party transactions**

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 incurred and paid fees to directors and officers for management and professional services as follows:

<b>For the nine months ended</b>	<b>September 30 2020</b>	<b>September 30 2019</b>
Management fees paid to key management and directors	\$ 132,500	\$ 65,332
Investor relations fees paid to a director	45,000	46,000
Investor relations fees paid to a corporation controlled by key management	-	14,345
Rent paid to corporation controlled by key management	30,150	33,500
Office and admin fees paid to a corporation controlled by key management	36,000	25,328
	<b>\$ 243,650</b>	<b>\$ 184,505</b>

At September 30, 2020, accounts payable and accrued liabilities include \$252,613 (December 31, 2019 - \$269,050) 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.

## **Liquidity and Capital Resources**

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.

Working capital surplus at September 30, 2020 was \$576,292 compared to a deficit of \$161,022 at December 31, 2019. As of the date of this MD&A, the Company has working capital of approximately \$1.5 million.

On October 15, 2020, the Company completed a non-brokered private placement of 9,571,430 units at \$0.175 per unit to raise \$1,675,000 in gross proceeds. Each unit consisted of one common share and one non-transferable share purchase warrant of the Company. Each whole warrant is exercisable to acquire one additional common share at \$0.25 per share until two years from issuance. The Company also paid finders' fees of \$17,854 and issued 102,024 agent warrants to certain arm's length finders. Each whole agent warrant is exercisable to acquire one additional common share at \$0.25 per share until two years from issuance.

On March 18, 2020, the Company completed a non-brokered private placement of 8,333,333 units at \$0.06 per unit to raise \$500,000 in gross proceeds. Each unit consisted of one common share and one-half non-transferable share purchase warrant of the Company. Each whole warrant is exercisable to acquire one additional common share at \$0.10 per share until two years from issuance. The Company also paid finders' fees of \$22,400 and issued 373,333 agent warrants to certain arm's length finders. Each whole agent warrant is exercisable to acquire one additional common share at \$0.06 per share until two years from issuance.

On March 25, 2020, the Company completed a debt financing to raise \$800,000 in loans from certain arm’s length investors of the Company. Under the terms of the debt financing, the loans were advanced in escrow until a total of at least \$1,250,000 was raised pursuant to this debt financing, or any other financings of the Company, and the date such condition is met is the (the “Escrow Release Date”). With completion of the private placement on March 18, the escrow release condition was met.

The loans will mature three years from the Escrow Release Date. The loans will bear interest at 8.0% per annum and will be repayable by the Company in twenty-four (24) equal instalments of principal and interest, commencing one year after the Escrow Release Date, and thereafter on the first business day of each month until the maturity date.

As compensation to the lenders for the risk of repayment of the Loans, Altiplano issued non-transferable common share purchase warrants (the “Bonus Warrants”) to purchase common shares of the Company equal to 100% of the principal amount of the loans divided by \$0.10 per share. The Bonus Warrants are exercisable at a price of \$0.10 per warrant share, for a maximum period of up to the maturity date subject to the following acceleration provisions: The number of warrant shares exercisable under the warrants will be reduced by one twenty-fourth (1/24th) of the original total number of warrant shares exercisable, on the first anniversary of the Escrow Release Date, and on the first business day of each month thereafter, until reduced to zero by the maturity date, and unless such Bonus Warrants are exercised by the lender before the date of such reduction.

Subsequent to September 30, 2020, the Company received exercises of 1,774,666 for gross proceeds of \$177,467.

### **Outstanding Share Data**

The following table summarizes the Company’s outstanding share capital:

	<b>November 30, 2020</b>
Common shares outstanding:	88,765,195
Stock options (weighted average exercise price of \$0.16)	6,100,750
Warrants (weighted average exercise price of \$0.12)	12,026,413
<b>Fully diluted common shares outstanding</b>	<b>106,892,358</b>

### **Mineral Properties**

#### ***Farellon***

##### Farellon - Overview

The Farellon copper-gold project is located ~ 40 km south of La Serena, Chile. The project lies within the coastal Iron Oxide Copper Gold (IOCG) belt, which runs for hundreds of kilometres and hosts important IOCG and/or porphyry-type copper-gold deposits such as Andacollo, Mantos Blancos, Candelaria, and Mantos Verde. These deposits, including Farellon, are spatially associated with the Atacama fault system. The Atacama Fault System (AFS) is the most important regional structure of the Coastal Cordillera and likely controlled the emplacement of IOCG and porphyry-type ore deposits and associated magmatic rocks. An independent Technical Report by APEX Geoscience Ltd. (APEX) of Edmonton, Alberta, Canada summarizing the project geology and copper-gold potential was filed on SEDAR in March 2017.

The Farellon project consists of a system of multiple Fe-Cu-Au-veins that strike northeast and dip ~72° to the southeast. The main veins (Farellon, Laura, and Rosario) have been traced in outcrop and underground workings for more than 1.2 km, range in width from 1 to 10 m (~2 m average) and are well mineralized over much of their strike lengths. Historic underground mining has yielded grades on the order of 2.5% copper and 0.5 parts per million (ppm) gold. Currently, there is no National Instrument (NI) 43-101 compliant resources on the property. However, a maiden mineral resource estimate centered only on the Farellon vein reports an inferred mineral resource of 278,360 tonnes at an average grade of 1.92% Cu and 0.12 ppm Au, Based on historic underground mining and recent underground and surface mapping, the Company anticipates similar resources can be expected to be contained in the Laura and Rosario veins.

The Farellon project continues to be explored for copper/gold bearing magnetite veins that have seen historical production at shallow levels. The February 2017 Technical Report on Altiplano's Chilean projects (Dufresne, 2017) recommended a significant work program at the Farellon project that includes drilling, underground sampling, surface surveying (including a UAV survey), underground surveying, geophysical surveying, underground development and bulk sampling, all of which was incorporated into a maiden mineral resource estimation technical report in 2018. Altiplano has completed a geophysical magnetometer survey and is currently executing a bulk sampling effort intended to evaluate Cu mineralization that has recently been encountered adjacent to the new (2017) Farellon decline, which was advanced to the 395m level in 2017.

#### Farellon - Maiden Resource Estimate

Results of the maiden inferred resource estimate by APEX Geoscience Ltd. are reported on Table 1. The estimate is centered on the 395M Level at the Farellon Copper-Gold (Cu-Au) vein and yields 278,360 tonnes at an average grade of 1.92 % Cu and 0.12 ppm Au at a lower cutoff of 1.0 % Cu, utilizing a minimum horizontal width of 1.2 m. The actual average vein width from all sampling is 1.84 m. APN filed a technical report supporting this mineral resource estimate in May 2018. The estimate was done utilizing a total of 403 samples including 173 underground channel samples and 230 diamond drill core samples. Drilling yielded copper grades of up to 9.45 % over 1.14 m core length and channel sampling on the 395M level yielded grades up to 11.9 % Cu over 2.85 m true width. The 2017 Farellon drill program collar information and significant intersections are summarized in Tables 2–3 below.

*Table 1: Farellon Maiden Inferred\* Mineral Resource Estimate*

<b>Lower Cu Cutoff</b>	<b>Volume m<sup>3</sup></b>	<b>Tonnes</b>	<b>Density</b>	<b>Copper (%)</b>	<b>Gold (ppm)</b>
0.50%	92,930	385,640	4.15	1.59	0.11
0.75%	77,560	321,860	4.15	1.78	0.12
<b>1.00%</b>	<b>67,070</b>	<b>278,360</b>	<b>4.15</b>	<b>1.92</b>	<b>0.12</b>
1.25%	49,530	205,560	4.15	2.20	0.12
1.50%	38,290	158,910	4.15	2.44	0.11
1.75%	34,890	144,800	4.15	2.52	0.12
2.00%	31,129	129,190	4.15	2.60	0.12

The estimated mineral resource was produced using inverse distance squared (ID2). The resource is based upon creating a composite file from the individual assays out to the full width of the mineralized portion of the vein including any intervening low-grade samples (resulting in 109 composite samples). Search ellipses were based upon geology and variography. No capping was applied. A block model was created using a 2x2x2 m parent block size and sub-blocking down to 1x1x1 m. Drill core and channel sampling included an appropriate number of standards and blanks. No issues were identified in the QAQC work.

Table 2. 2017 Farellon Project Underground Drill Collars

DDH	Northing	Easting	ELEV (m)	Azimuth	Dip (Deg)	Depth (m)	Drill Station
17FND001	6657777.7	287617.4	421.2	152.5	-0.3	5.6	110
17FND002	6657825.2	287698.4	408.4	164.7	0.0	12.59	210
17FND003	6657830.6	287718.2	406.3	129.8	2.8	6.02	230
17FND004	6657831.1	287717.8	405.8	168.1	-28.5	9.66	230
17FND005	6657830.8	287718.1	407.4	129.4	28.8	11.4	230
17FND006	6657846.7	287742.3	402.6	144.5	-0.2	5.54	260
17FND007	6657848.1	287743.1	402.5	103.7	-1.2	7.78	260
17FND008	6657846.3	287741.0	402.0	200.0	0.0	5.6	260
17FND009	6657831.9	287719.0	406.1	91.4	-1.8	6.81	230
17FND010	6657830.1	287717.8	406.1	170.5	0.2	7.1	230
17FND011	6657830.1	287717.8	405.5	170.5	-30.0	10.5	230
17FND012	6657862.0	287757.0	400.3	148.0	0.0	21.25	280
17FND013	6657865.2	287766.2	399.8	103.8	0.3	24.74	290
17FND014	6657866.0	287765.8	399.8	89.7	-2.4	12.68	290
17FND016	6657833.3	287718.1	406.2	80.1	-2.0	12.99	230
17FND017	6657833.3	287718.1	405.5	79.9	-32.6	15.02	230
17FND018	6657864.2	287765.2	399.8	143.4	-0.7	11.72	290
17FND019	6657865.9	287765.7	399.3	91.5	-31.7	15.1	290
17FND020	6657892.3	287795.7	396.2	107.4	-2.2	19.82	330
17FND021	6657864.9	287766.0	399.1	130.0	-29.9	18.7	290
17FND022	6657863.7	287763.6	399.8	189.1	-0.5	13.85	290
17FND023	6657876.6	287774.4	398.0	76.9	-4.8	23.5	300
17FND024	6657891.5	287794.5	396.3	141.3	-1.1	16.54	327.5
17FND025	6657891.9	287795.3	396.3	120.0	-0.4	15.74	330
17FND026	6657891.6	287794.5	395.2	139.0	-27.0	6.9	327.5
17FND027	6657891.8	287794.9	395.3	139.8	-31.5	21.19	328.1
17FND028	6657896.0	287800.0	394.0	94.0	-30.0	15.23	338
17FND029	6657896.0	287800.0	394.0	144.0	-0.5	9.29	338
17FND030	6657896.0	287800.0	394.0	145.0	-22.0	10.54	338
18FND031	6657789.7	287630.3	420.5	147.1	-0.9	17.46	127.5

Table 3. 2017 Farellon Drill Program Intersection Summary.

DDH	From (m)	To (m)	Width (m)	Cu (%) W_Avg	
<b>17FND001</b>	2.5	4.9	2.4	0.93	includes
17FND001	3.1	3.7	0.6	3.22	
<b>17FND002</b>	8.9	11.6	2.7	0.76	includes
17FND002	10	10.8	0.8	1.95	
<b>17FND003</b>	2.34	5.13	2.79	0.84	includes
17FND003	2.34	3.63	1.29	1.54	
<b>17FND004</b>	3.03	6.98	3.95	0.92	includes
17FND004	4.01	5.35	1.34	1.75	
<b>17FND006</b>	1.07	2.57	1.5	0.88	
<b>17FND007</b>	2.15	6.72	4.57	1.59	includes
17FND007	2.15	5.12	1.57	2.28	
<b>17FND008</b>	1.57	4.96	3.39	0.87	includes
17FND008	2.67	3.17	0.5	2.31	
<b>17FND009</b>	2	5	3	0.65	includes
17FND009	3.12	3.62	0.5	2.53	
<b>17FND010</b>	3.29	4.87	1.58	1.79	includes
17FND010	3.29	3.87	0.58	1.84	
<b>17FND013</b>	17.9	22.42	4.52	0.10	
<b>17FND014</b>	4.79	8.72	3.93	0.26	
<b>17FNDH16</b>	4.87	10.1	5.23	0.52	includes
17FNDH16	5.8	7.2	1.4	1.50	
<b>17FNDH17</b>	9.17	13.52	4.35	0.55	includes
17FNDH17	10.59	11.79	1.2	1.75	
<b>17FNDH18</b>	6.2	9.2	3	1.14	includes
17FNDH18	6.7	7.7	1	2.55	
<b>17FNDH19</b>	6.6	9.11	2.51	1.93	includes
17FNDH19	6.6	7.12	0.52	1.66	and
17FNDH19	7.62	8.65	1.03	3.54	
<b>17FNDH20</b>	13.56	18.35	4.79	4.14	includes
17FNDH20	14.7	15.46	0.76	10.29	and
17FNDH20	16.66	17.8	1.14	9.45	
<b>17FND023</b>	20.65	22.9	2.25	0.55	
<b>17FND024</b>	8.82	12.29	3.47	0.88	includes
17FND024	8.82	9.36	0.54	1.28	and
17FND024	10.38	11.28	0.9	2.41	
<b>17FNDH25</b>	11.11	15.14	4.03	1.29	includes
17FNDH25	11.51	12.51	1	3.17	and
17FNDH25	14.03	14.54	0.51	1.28	
<b>17FND027</b>	14.27	18.75	4.48	1.51	includes
17FND027	15.82	17.45	1.63	3.74	
<b>18FND031</b>	7.68	8.53	0.85	0.62	

## Farellon 2018 Bulk Sampling Program Summary

### Farellon - Initial Bulk Sample (2,000 tonnes)

The initial bulk sampling program of 2,000 tonnes of Cu-Fe-Au mineralized vein material was extracted from the 395M level and the average grade of this material (1.89 % Cu) reported from toll milling supported the 1.92 % Cu grade estimated by APEX Geoscience LTD in their maiden inferred resource centered at the Farellon vein. The completion of toll milling for the initial bulk sample generated gross proceeds to the Company of US\$159,722 or US\$80 per tonne and helps to form a basis for analyzing its potential economics going forward.

### Farellon - Second Bulk Sample (5,000 tonnes)

A second bulk sample program of 5,000 tonnes of mineralized vein material was completed during the second quarter of 2018 with a total of 4,453 tonnes of copper-bearing material extracted dominantly from the 395M level. This material was sent to various processing facilities and sold as either copper-bearing material and or copper concentrate. The average grade of this material was 1.77% Cu. The proceeds generated on the sale of copper-bearing material or concentrate from the Bulk Sample averaged approximately US\$71 per tonne and, despite of the ~20% decrease of copper price.

### Farellon - Third Bulk Sample (11,000 tonnes)

A third bulk sample program of 11,000 tonnes of mineralized vein material was completed during the fourth quarter of 2018 with a total of 7,988 tonnes of copper-bearing material extracted dominantly from the 395M level and 401M level. This material was sent to various processing facilities and sold as either copper-bearing material and or copper concentrate. The average grade of this material was 1.46% Cu. The proceeds generated on the sale of copper-bearing material or concentrate from the Bulk Sample averaged approximately US\$87 per tonne. The Company is reviewing a magnetic separation process, to assess the production of a saleable iron-rich concentrate, along with the upgrading, separation and production of copper from lower and higher grade material.

## Farellon 2019 Bulk Sampling Program Summary

Between January 1st and March 31st, the Company extracted 7,836 tonnes of mineralized material at Farellon and processed 6,734 tonnes yielding an average grade of 1.58% Cu. During Q1, the Company received 589,000 USD for the sale of this material, producing an operating margin of 7,800 USD from Chilean operations.

Between April 1st and June 30th, the Company extracted 6,935 tonnes of mineralized material at Farellon and processed 5,750 tonnes at an average grade of 1.71% Cu. Compared to the previous quarter, this represents a 12% decrease in tonnes extracted but an 8% increase in copper grade achieved. The Company received US\$578,000 for the sale of this material during the quarter. During this period Altiplano achieved a milestone of 1 million pounds of copper processed and sold since the start of bulk sample evaluations.

Between July 1st and September 30th, the Company extracted 5,578 tonnes of mineralized material at Farellon and processed 6,411 tonnes at an average grade of 1.66% Cu. Compared to the previous quarter, this represents a 20% decrease in tonnes extracted and 3% decrease in copper grade achieved. The Company received US\$460,801 for the sale of this material during the quarter.

Between October 1st and December 31st, 2019, the Company extracted 5,964 tonnes of mineralized material at Farellon at an average grade of 1.86% Cu. Compared to the previous quarter, this represents a 6.9% increase in tonnes extracted and a 12% increase in copper grade achieved. During Q4 2019, the Chilean operation received US\$381,427 for the sale of this material, producing an operating margin of US\$70,287.

For the full year 2019, the Company extracted 23,920 tonnes of mineralized material at Farellon with an average grade of 1.75% Cu generating sales of US\$1,999,369 and an operating margin of US\$119,169.

### Farellon 2020 Bulk Sampling Program

Between January 1st and March 31st, the Company extracted 5,250 tonnes of mineralized Cu/Au material at Farellon and processed 4,489 tonnes at an average grade of 1.97% Cu receiving 320,960 USD from the sale. The grade at Farellon continued to improve demonstrating a 6% increase from the previous quarter. Total tonnes extracted represent a 12% decrease as the operations concentrated on higher grade as the price of copper dropped. In addition, the Company embarked on a mine expansion program and reduced extraction to facilitate development of the Hugo decline to access lower levels.

Between April 1st and June 30th, the Company extracted a total 9,940 tonnes of mineralized Cu/Au material at Farellon and processed 6,962 tonnes at an average grade of approximately 2.09% Cu. The copper grade at 2.09% for Q2 continued to improve demonstrating a 6.5% increase in from the previous quarter. Total tonnes extracted also improved in Q2 showing a 78% increase from the previous quarter benefiting from accessing the new 382m level.

Between July 1st and September 30th, the Company extracted a total 9,660 tonnes of mineralized Cu/Au material at Farellon and processed a record 10,760 tonnes at an average grade of approximately 2.0% Cu. Total tonnes processed improved in Q3 representing a 54% increase from the previous quarter. Q3 generated record revenues of approximately US\$830,000 which is an increase over the last quarter by 73%. In total, the Company has now received approximately US\$4.9 mm in revenue.

Table 4. Comparative Quarterly Review of Farellon Output

	<b>Ore Mined</b>	<b>Ore Sold/ Processed</b>	<b>Cu Contained</b>	<b>Cu grade</b>	<b>Income</b>
	<b>tonnes</b>	<b>Tonnes</b>	<b>pounds</b>	<b>%</b>	<b>USD</b>
<b>Q1 2018</b>	2,520	2,395	94,909	1.85%	\$148,200
<b>Q2 2018</b>	10,269	4,732	118,287	1.25%	\$210,492
<b>Q3 2018</b>	6,298	3,231	109,283	1.58%	\$274,499
<b>Q4 2018</b>	11,365	7,988	272,381	1.60%	\$695,386
<b>Q1 2019</b>	8,075	6,795	233,425	1.61%	\$589,098
<b>Q2 2019</b>	6,935	5,775	229,986	1.87%	\$578,282
<b>Q3 2019</b>	5,643	6,411	318,832	2.33%	\$460,273
<b>Q4 2019</b>	5,968	5,964	238,371	1.86%	\$381,427
<b>Q1 2020</b>	5,557	4,489	188,671	1.97%	\$320,960
<b>Q2 2020</b>	9,075	6,962	310,256	2.09%	\$477,805
<b>Q3 2020</b>	9,660	10,760	460,397	2.00%	\$827,298
	<b>81,366</b>	<b>65,502</b>	<b>2,574,798</b>	<b>1.85%</b>	<b>\$4,963,721</b>

### **Maria Luisa**

#### Maria Luisa - Overview

The Maria Luisa project hosts Au-Cu mineralization in two major NW and NS trending strike-slip structural systems. Historical mining has been largely from the main NW-trending system, the Maria Luisa vein. The Maria Luisa vein is an anastomosing set of structures (traceable for ~500m) that range from 1–5 m in width and include veins, faults, magmatic-hydrothermal breccias, and tectonic breccias. This mineralization was emplaced in two different stages. Stage I (Au-rich) mineralization consists of specular hematite-quartz banded veins with epithermal textures including open spaces, crustiform quartz, and bladed calcite indicative of boiling. Grades up to 25 ppm Au across 1.6 m obtained from a vein of massive hematite suggest an association between Au and hematite, although supergene enrichment is suspected due to the presence of jarosite. This stage is brecciated and cut by a second stage of mineralization.

Stage II (Cu-rich) mineralization consists of a magmatic-hydrothermal breccia with abundant angular fragments of stage I mineralization and andesitic rock that is either clast supported or cemented by siderite and iron-copper oxides (hematite, goethite, malachite) at upper levels. At lower levels (below the 841m level), the breccia fragments are dominantly andesite with lesser fragments of stage I mineralization and cemented by quartz-chalcopyrite with minor bornite and traces of pyrite.

#### Maria Luisa - Survey Program

The February 2017 Technical Report on Altiplano’s Chilean projects (Dufresne, 2017) recommended a significant program of work at the Maria Luisa Project that included drilling, underground sampling, surface surveying (including a UAV survey), underground surveying, geophysical surveying, and underground development. During 2017, Altiplano completed a surveying program that included surface, underground, and a 115 ha photogrammetric drone (UAV) surveys, which allowed for the accurate geospatial location of the project’s infrastructure and numerous historical mine workings.

#### Maria Luisa - Surface Drill Program

The Company completed a limited 4-hole (495 m) drill program that was intended to test both styles of mineralization below the main historic workings of the Maria Luisa main structure. The drill program intersected both the hematite Au-rich mineralization with hole 17MLD001 (1 m @ 6.95 g/t Au and 0.03% Cu), and Cu-rich mineralization with hole MLD003 (0.6m @ 5.90% Cu and 0.22 g/t Au). Disseminations of Cu and Au were also identified within holes MLD003 and MLD004, but further drilling is required to delineate the mineralized bodies. QA/QC samples sent to the lab (ActLabs Ltd) with an overall frequency of 1 QC sample in every 10 samples shows no issues with the lab results. Core recovery within the mineralized structures ranged between 45–60%. The drill hole collar information and assay data are summarized in Tables 4–5 below.

#### Maria Luisa - Underground Workings and Drilling

The Company expanded the underground workings at the lowest accessible level (841M level) to improve access and allow for additional channel sampling and underground drilling. The channel sampling results confirmed the presence of high-grades at the lowest level with up to 19.21 g/t Au and 2.27 % Cu across 1.1 m.

Following the drill testing the Company intends to extract a 5,000 tonne bulk sample to confirm the potential to produce a 43-101 resource estimation. In order to extract this sample, the Company is planning to rehabilitate and deepen a shaft that presently goes from surface to the 858M level. The shaft will be extended down to the 835M level (23 m deeper) and will enable extraction of mineralized vein material from the bottom.

*Table 5. 2017 Maria Luisa Drill Collars.*

Hole ID	Easting (m)	Northing (m)	Elevation (m)	Azimuth	Dip	Depth (m)
17MLD001	306232	6767010	906	45	-60	137.5
17MLD002	306232	6767010	906	45	-50	84.7
17MLD003	306264	6766987	903	15	-70	155.0
17MLD004	306209	6767079	924	60	-55	117.5

Table 6. 2017 Maria Luisa Drill Program Intersection Summary.

Hole ID	From (m)	To (m)	Core Interval (m)	Au (ppm)	Cu (%)
17MLD001	101.30	102.28	0.98	6.95	0.03
17MLD002	81.70	83.20	1.50	0.66	1.28
17MLD003	94.15	96.70	2.55	0.16	1.68
including	94.75	95.35	0.60	0.22	5.09
and	100.00	102.00	2.00	1.53	0.38
and	115.00	116.40	1.40	1.62	2.53
17MLD004	42.90	44.40	1.50	1.32	0.52

(note: there is insufficient information available to determine true widths at this time)

## Risks and Uncertainties

### Mining Risks

The Company is subject to the risks typical in the mining business including uncertainty of success in exploration and development; operational risks including unusual and unexpected geological formations, rock bursts, particularly as mining moves into deeper levels, cave-ins, flooding and other conditions involved in the drilling and removal of material as well as environmental damage and other hazards; risks that intended drilling schedules or estimated costs will not be achieved; and risks of fluctuations in the price of commodities and currency exchange rates. Metal prices are subject to volatile price movements over short periods of time and are affected by numerous factors, all of which are beyond the Company's control, including expectations of inflation, levels of interest rates, sale of gold by central banks, the demand for commodities, global or regional political, economic and banking crises and production rates in major producing regions. The aggregate effect of these factors is impossible to predict with any degree of certainty.

### Business Risks

Natural resources exploration, development, production and processing involve a number of business risks, some of which are beyond the Company's control. These can be categorized as operational, financial and regulatory risks.

Operational risks include finding and developing reserves economically, marketing production and services, product deliverability uncertainties, changing governmental law and regulation, hiring and retaining skilled employees and contractors and conducting operations in a cost effective and safe manner. The Company continuously monitors and responds to changes in these factors and adheres to all regulations governing its operations. Financial risks include commodity prices, interest rates and foreign exchange rates, all of which are beyond the Company's control.

Regulatory risks include possible delays in getting regulatory approval to the transactions that the Board of Directors believe to be in the best interest of the Company, and include increased fees for filings as well as the introduction of ever more complex reporting requirements, the cost of which the Company must meet in order to maintain its exchange listing.

### Competition

The mineral exploration and mining business is competitive in all of its phases. The Company will compete with numerous other companies and individuals, including competitors with greater financial, technical and other resources, in the search for and the acquisition of attractive exploration and evaluation properties. The Company's ability to acquire properties in the future will depend not only on its ability to develop its present properties, but also on its ability to select and acquire suitable prospects for mineral exploration or development. There is no assurance that the Company will be able to compete successfully with others in acquiring such prospects.

### *No Operating History and Financial Resources*

The Company is in an advanced stage of exploration, which generated proceeds from the sale of mineralized bulk sampling material of approximately \$880,000 during the quarter, partially offsetting exploration expenditures. The Company has also reported a maiden inferred resource.

Inferred mineral resources are not mineral reserves. Mineral resources which are not mineral reserves do not have demonstrated economic viability. There is no guarantee that any part of the mineral resources discussed herein will be converted into a mineral reserve in the future.

Should a production decision be made without completing a feasibility study demonstrating economic and technical viability, there would be increased uncertainty as well as economic and technical risks associated with such production. No production decision has been made at this time.

The Company anticipates that its cash resources will be sufficient to cover its projected funding requirements for the ensuing year. If its exploration program is successful, additional funds will be required for further exploration to prove economic deposits and to bring such deposits to production. Additional funds will also be required for the Company to acquire and explore other mineral interests.

### *Price Volatility and Lack of Active Market*

In recent years, the securities markets in Canada and elsewhere have experienced a high level of price and volume volatility, and the market prices of securities of many public companies have experienced significant fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. It may be anticipated that any quoted market for the Company's securities will be subject to such market trends and that the value of such securities may be affected accordingly.

### *Key Executives*

The Company is dependent on the services of key executives and a small number of highly skilled and experienced consultants and personnel, whose contributions to the immediate future operations of the Company are likely to be of importance. Locating mineral deposits depends on a number of factors, not the least of which is the technical skill of the exploration personnel involved. Due to the relatively small size of the Company, the loss of these persons or the Company's inability to attract and retain additional highly skilled employees or consultants may adversely affect its business and future operations. The Company does not currently carry any key man life insurance on any of its executives.

### *Potential Conflicts of Interest*

Certain directors and officers of the Company are, and may continue to be, involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnerships or joint ventures which are potential competitors of the Company. Situations may arise in connection with potential acquisitions in investments where the other interests of these directors and officers may conflict with the interests of the Company. Directors and officers of the Company with conflicts of interest will be subject to and will follow the procedures set out in applicable corporate and securities legislation, regulation, rules and policies.

### *Dividends*

The Company has no earnings or dividend record and is unlikely to pay any dividends in the foreseeable future as it intends to employ available funds for mineral exploration and development. Any future determination to pay dividends will be at the discretion of the Board of Directors of the Company and will depend on the Company's financial condition, results of operations, capital requirements and such other factors as the Board of Directors of the Company deem relevant.

### *Nature of the Securities*

The purchase of the Company's securities involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks. The Company's securities should not be purchased by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in the Company's securities should not constitute a major portion of an investor's portfolio.

### **Outlook**

At the Farellon property, the Company is presently conducting underground exploration at different levels of the vein as well as advancing the Hugo Decline and testing different mill plants for mill processing the mineralized material. Additionally, the Company is evaluating opportunities to acquire additional projects or mine operations in Chile.

### **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. John Williamson, P.Geol., and Chairman of the Company and a Qualified Person for the purposes of National Instrument 43-101.

### **Approval**

The Audit Committee of the Company approved the disclosures contained in this MD&A.

### **Other Information**

Additional information related to the Company is available for viewing on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.apnmetals.com](http://www.apnmetals.com).