

# **ALTIPLANO METALS INC.**

(the “Company” or “Altiplano”)

**Form 51-102F1**

## **MANAGEMENT’S DISCUSSION and ANALYSIS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022**

The following Management’s Discussion and Analysis (“MD&A”) supplements, but does not form part of, the unaudited consolidated condensed interim financial statements of the Company and the notes thereto for the nine months ended September 30, 2022 (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 29, 2022.

### **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’s operating asset, Farellon, 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 re-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 reactivating production.

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.

## Financing completed

On October 14, 2022, the Company completed the first tranche of a private placement of 4,620,000 units for gross proceeds of \$924,000. Each unit consists of one common share and one-half warrant. The Company also paid finders' fees of \$3,890 and issued 19,450 agent warrants to certain arm's length finders. Each warrant is exercisable to acquire one additional common share at \$0.30 per share until two years from issuance.

## Warrant extension

The Company amended the terms of 9,285,716 outstanding warrants of the Company set to expire October 16, 2022. The Company extended the expiry date for all the Warrants by one year to October 16, 2023. All other terms of the warrants remain the same.

## Recent activity

### **Farellon**

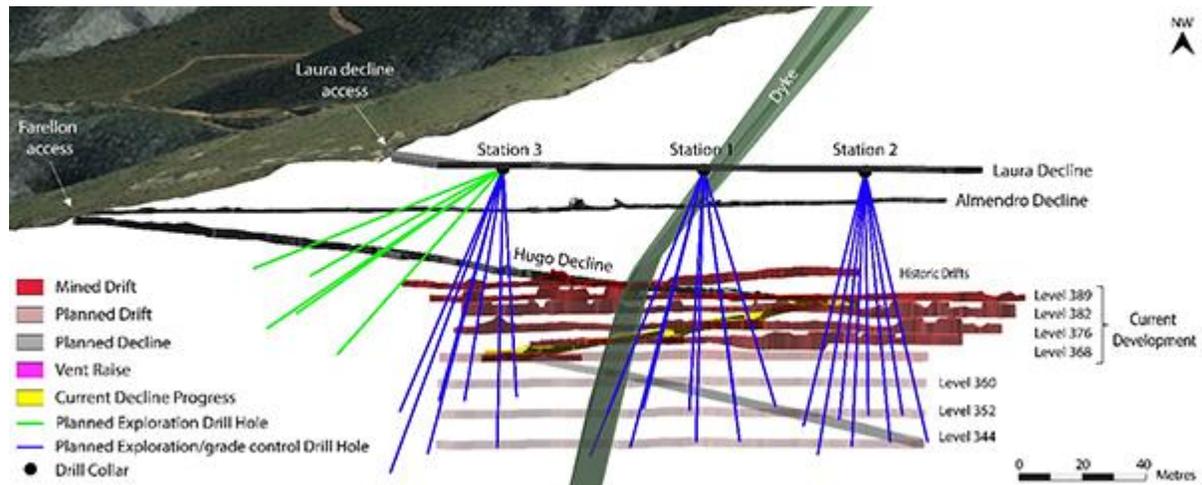
During the nine months ended September 30, 2022, the Company has received proceeds of approximately USD \$1,876,104 from the sale of mineralized material to ENAMI in Chile. During the year ended December 31, 2021, the Company received gross proceeds of approximately USD \$2,480,823 (2020 - USD \$2,160,493) from the sale of mineralized material. These proceeds are partially funding the continued progress of its operations at the Farellon Copper Gold Mine.

Since Q1 2018, Altiplano has generated over US\$10.5 million from the recovery and sale (after processing costs) of 4.747 million pounds of copper with an average grade of 1.78% Cu.

### **Underground Diamond Drilling**

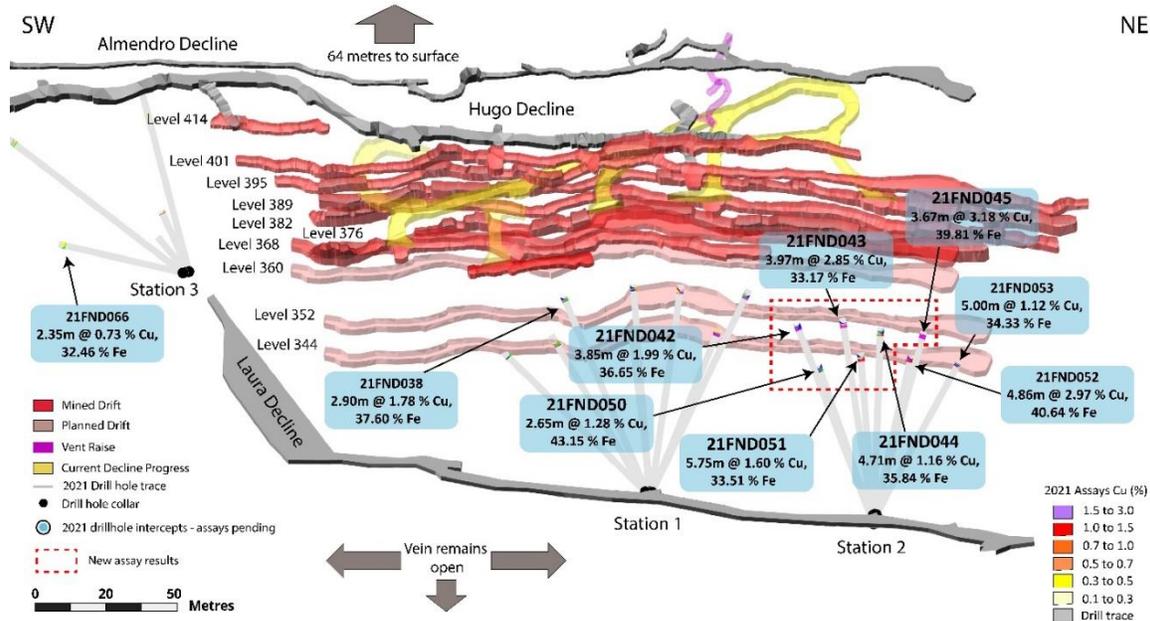
The Company completed an underground and surface drilling campaign at Farellon in late 2021 designed to confirm continuity of the Farellon Iron-Oxide-Copper-Gold system (IOCG) along strike and at depth. Drilling stations were established underground at two positions inside the historical Laura vein system decline located approximately 250 m south of Farellon (Figure 1) and one at surface. These locations provided the opportunity to optimize drilling efficiencies to reach the Farellon vein at greater depth.

**Figure 1:** Farellon underground development and proposed drill plan.



The results of the drilling confirmed the extension of the Farellon vein system along strike and at depth and provided quality information needed to expand the exploration target of additional copper-gold and iron oxide mineralization to deeper levels. This works supports continuation of the decline advance to lower mineralized areas and provides valuable information to support advanced stope design as the Company pushes to increase the height between mining levels to increase efficiency. In addition, the exploration drilling to the southwest confirmed the continuity of the vein structure providing the opportunity to expand the underground workings and recover new zones of copper-gold and iron oxide material.

**Figure 2:** Mine section with select drill hole intercept



### Highlights

- A total of 20 holes have been drilled at Farellon completing the program with a cumulative total of 3,634 metres of drilling. Results are outlined in Table 1.
- All additional holes have intersected the mineralized vein system at depth, observed up to 24 m below the current 360 m operational level and along the NE-SW strike extensions.
- Exploration holes at Drill Station 2 have yielded strong results below the existing workings in the NE section, including new results reported at **3.18% Cu over 3.67 m**, **2.85% Cu over 3.97 m** and **3.24% Cu over 2.68 m**. Previous reported results from this area include **2.97% Cu over 4.86 m** (full assay results are listed in Table 1).
- The drill results further demonstrate the mineralized areas observed in the core are consistent with the mineralized areas of the upper zones of the Farellon vein system that were previously drilled and consistent with results from the ongoing mining operations. Since 2018, the grade at Farellon has averaged 1.74% Cu through the extraction and sales of Cu-Au material.
- Overall, the drill results are excellent and support the potential to increase the amount of mineralized tonnage available for extraction along strike and at depth.
- The El Peñón processing facility, currently in construction, will include an iron separation unit which will provide opportunity to capture significant secondary revenue from the sale of iron in future operations. Altiplano expects to utilize lower grade copper zones in the coming quarters with additional revenue expected from iron recovery.
- In the 20 reported intervals from the completed drill campaign, the average iron content is 35.5%.

**Table 1:** Farellon Drill results

<b>DDH</b>	<b>FROM (m)</b>	<b>TO (m)</b>	<b>Width*</b>	<b>Fe %</b>	<b>Au ppm</b>	<b>Cu %</b>	<b>Station</b>
21FND038	188.40	191.30	2.90	37.60	0.09	1.78	1
21FND039	187.94	192.10	4.16	32.80	0.04	0.63	1
21FND040	184.82	187.70	2.88	31.55	0.08	1.65	1
21FND041	184.35	188.50	4.15	36.39	0.13	2.23	1
21FND042	189.70	193.55	3.85	36.65	0.09	1.99	2
21FND043	185.82	189.79	3.97	33.17	0.16	2.85	2
21FND044	182.30	187.01	4.71	35.84	0.06	1.16	2
21FND045	180.33	184.00	3.67	39.81	0.15	3.18	2
21FND046	194.95	196.65	1.70	38.99	0.03	1.06	1
21FND047	193.20	197.60	4.40	30.70	0.04	0.78	1
21FND048	194.65	197.55	2.90	37.97	0.12	0.79	1
21FND049	190.30	195.80	5.50	37.14	0.16	2.54	1
21FND050	189.75	195.30	5.55	33.40	0.04	0.72	1
including	189.75	192.40	2.65	43.15	0.07	1.28	
21FND051	185.45	191.20	5.75	33.51	0.06	1.60	2
including	185.45	188.13	2.68	36.08	0.11	3.24	
21FND052	181.75	186.61	4.86	40.64	0.09	2.97	2
including	181.75	185.11	3.36	47.44	0.13	4.20	
21FND053	180.30	185.30	5.00	34.33	0.05	1.12	2
including	181.30	183.35	2.05	35.26	0.07	1.71	
including	182.20	185.30	3.10	39.01	0.07	1.64	
21FND062	107.58	108.08	0.50	26.00	0.02	0.33	3
21FND063	121.42	123.92	2.50	35.89	0.03	0.23	3
21FND065	112.80	113.70	0.90	53.10	0.08	0.79	3
21FND066	120.40	122.75	2.35	32.46	0.07	0.73	3

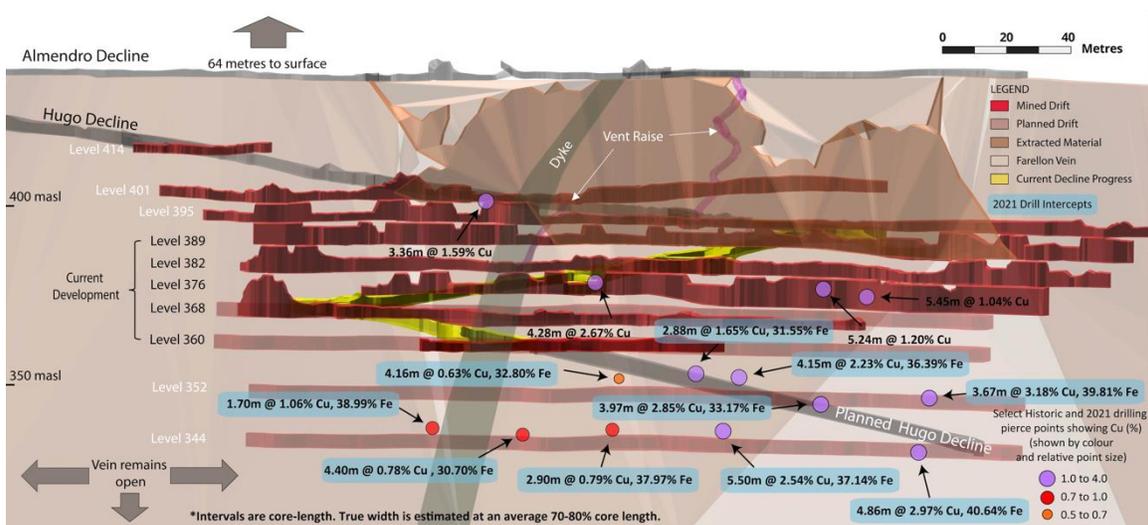
The 2019 and 2021 drilling campaigns indicates that the vein system persists to depth with similar grades and widths. From Q1 2018 to Q3 2022, Altiplano has extracted tonnes of mineralized material at an average grade of 1.78% Copper. This compares closely to the vein's Inferred mineral resource, of 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.

As part of ongoing development underground at Farellon, the Company has advanced the Hugo decline from the initial 395m level to the 389, 382, 376, 368, 360 and 352m levels and began the advance to the 344m level, expected to be completed in late Q4 2022. The advancement of the decline provides access to deeper parts of the vein system.

Mining activity during Q3, 2022, focused on the 360 m and 352 m levels where grade of this material has averaged approximately 1.95% copper to date in 2022. Widening of the first 150 m of the Hugo Decline has begun to improve the operational efficiency of the Farellon mine. This work will provide transit trucks to operate with greater efficiency thus reducing mining costs..

Continuing with the focus on sustainability, the ventilation plan was updated with the closure of previous mining levels, including the 368 m level. These closures facilitate air movement from the Almendro tunnel to the current 360 m and 352 m levels and future working faces at the lower levels of the mine. Improvements were made to the dewatering system through the construction of a collection pond at the level 376, m level. This system reduces the length of the pump circuit and improves the water extraction efficiency.

**Figure 3:** Simplified section of the Farellon vein showing underground operations:



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. Aльтиplano 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.

## **El Peñón Mill**

To support the operation at Farellon, the Company has purchased a previously operating mill and processing facility (the “Plant”). The crushing and grinding equipment and a flotation plant with sufficient capacity to process 5,000 tonnes/month from the Company’s Farellon project. The equipment includes the following equipment: primary, secondary, and tertiary crushing, milling, two 5’ x 10’ ball mills, and a full flotation circuit. Once completed, the Company will be able to save on trucking costs and toll mill fees and will be capable of producing a high-grade copper concentrate available for sale in 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 construction of the Plant, the Company completed the civil work required, which involves pouring of cement foundations and flooring for the plant and concrete supports for the mill and crushers, installation of electrical lines, preparation for waterlines and the construction of a security perimeter fence.

During the year ended December 31, 2021, the Company’s permitting application was approved by the Chilean mining authority SERNAGEOMIM to complete the construction of the 5,000 tonne/month processing facility located 15 kms from Farellon. With this approval, the Company began construction and assembly of the plant. The plant will host crushing and grinding equipment and a full flotation plant with sufficient capacity to process up to 5,000 tonnes/month of copper-gold feed from the Company’s Farellon mine. In addition, the circuit will contain a dewatering facility which will produce a dry tailing product eliminating the need to construct a conventional tailing dam. In addition, a magnetic separation unit will be installed to recover magnetic iron which will create a secondary revenue stream through sales of 62% iron concentrate.

As of Q3 2022, significant progress towards completion has been made with the final processing approval received from the Chilean Mining authority SERNAGEOMIN (Servicio Nacional de Geología y Minería), in Q2 2022. This final permit allows operations to begin at the Company’s processing facility constructed at El Peñón, approximately 15 kms from the Farellon Copper Gold mine located near La Serena, Chile. With this approval the Company began the final construction process and began commissioning of the mill in late Q2 2022.

Test processing of stockpiled material currently stored at the El Peñón site has begun as a part of the commissioning of the plant. Copper-gold concentrateThe processing circuit production is expected in late Augustbegan the testing phase in July with startups of the crushing and milling process and the flotation cell and copper recovery systems. The company will continue to ship a portion of the copper gold material to ENAMI to manage cash flow until the completion of the commissioning process.

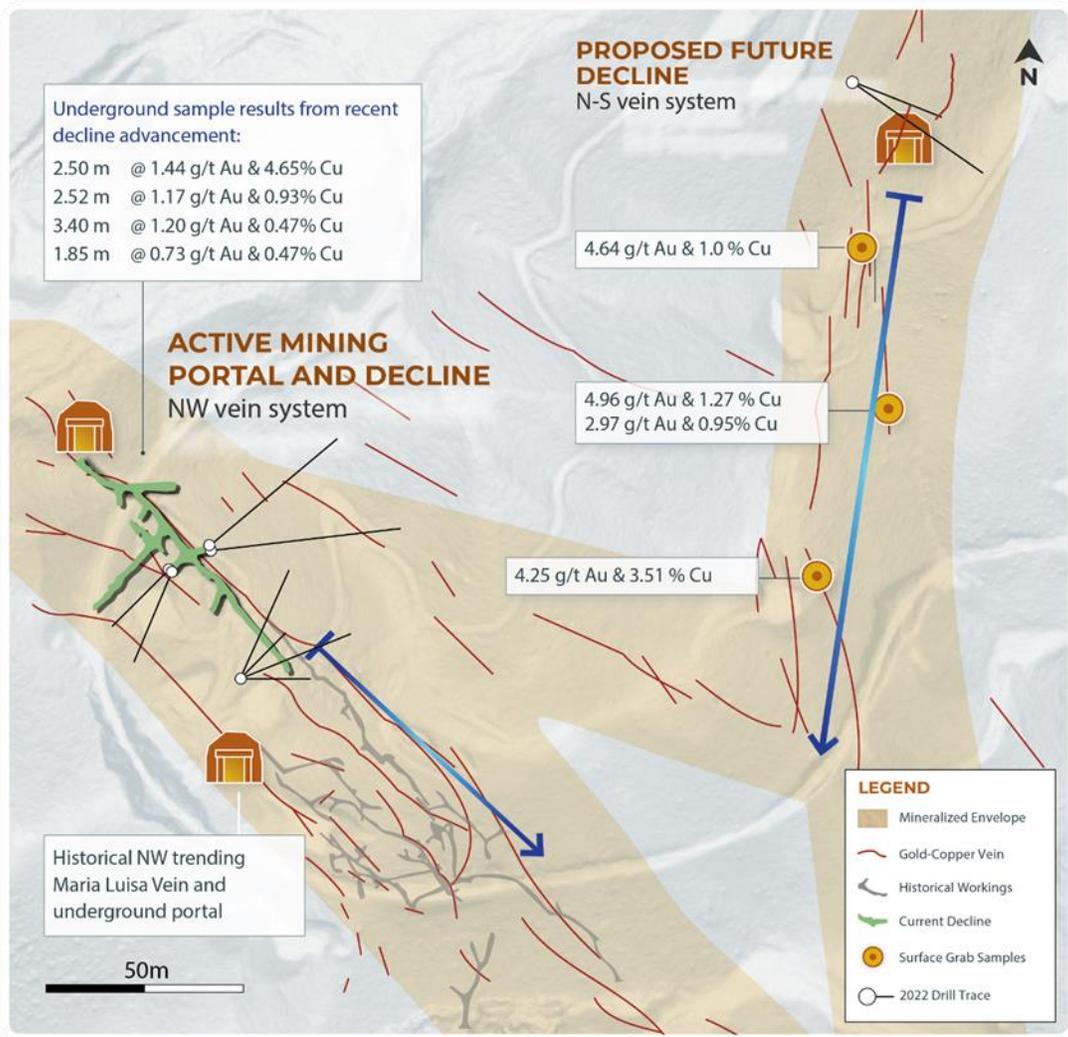
Figure 4: Mill Construction



## Maria Luisa

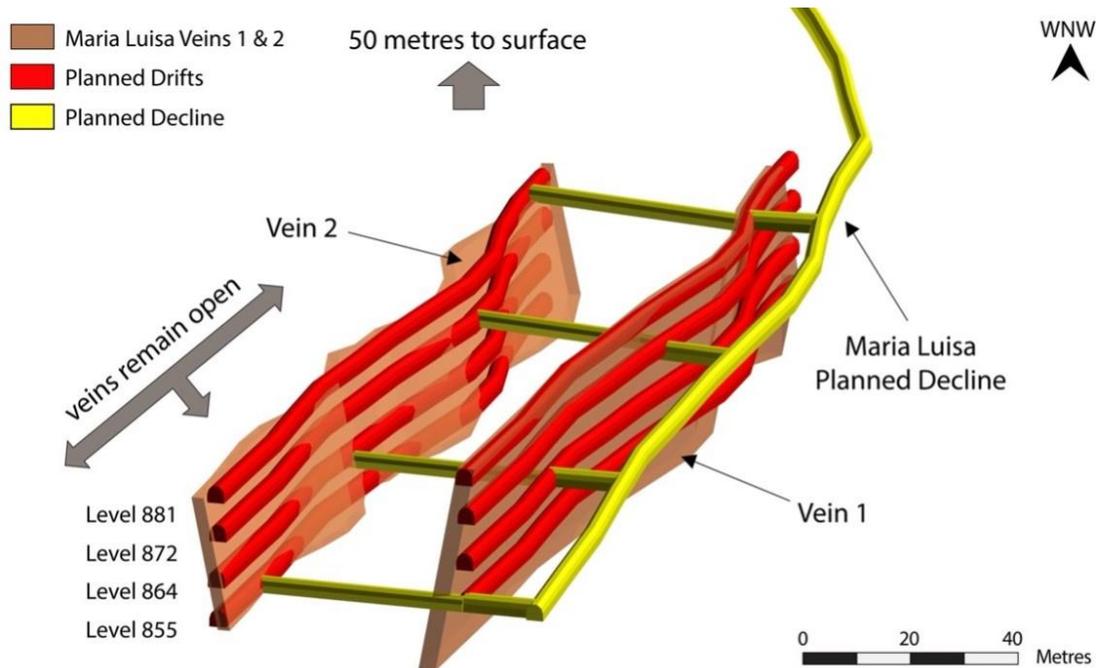
The Company completed initial technical work in 2021 to develop an underground exploration and development plan at the historical Maria Luisa gold - copper mine to support an underground exploration and development plan. The technical plan is was designed to reach gold-copper mineralized veins through multiple access points on multiple levels through a decline system. The work involves constructing a decline that will enters the property at the southwest corner of the property and advances in a southeast direction for approximately 350 metres to intersect the mineralized zone beneath the historical workings. At the end of the reporting period the decline has advanced approximately 180 340 m. In this zone, over 600 tonnes were recovered from selective mining between 2013-2015 yielding an average grade of 6.85 grams per tonne (g/t) and 1.89 percent (%) Copper. In addition, historical work utilizing surface and underground sampling and mapping conducted by ENAMI between 1998 and 1999, generated a historical resource that ranges from 200,000 to 400,000 tonnes with a range of grades of 1.5% Cu and 2 g/t Au to 2.5% Cu and 5 g/t Au\*.

**Figure 5:** Plan Map of Maria Luisa



The design process involves accessing the northwest-southeast trending mineralized Au-Cu veins through crosscuts on 4 separate levels designed to create up to 8 mining faces (Figure 6.). The company is reviewing plans to initially extract up to 2,000 tonnes of mineralized gold-copper material in Phase I with future opportunity to expand to 5,000 tonnes. The development work will also be guided by a surface and underground drill program to assist with future grade control that began in late December 2021

**Figure 6:** Schematic 3D model of the decline and proposed working levels at Maria Luisa



\*\*Estimation of quantity and grade is conceptual in nature with insufficient work to define a mineral resource, and further exploration may or may not define a resource at Maria Luisa (M. Dufresne, NI 43-101 Technical Report, February 2017). In addition, a decision to commence underground exploration and development at the Maria Luisa site 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 this decision.

Work at Maria Luisa in Q2 2022 included advancing the decline and the start of a surface and underground drill program. Highlights include:

- The Company has completed 245 metres of the NW-SE trending Maria Luisa decline and is now approximately 90 metres from the projected target depth. Cross cuts to the SW will soon begin to intersect the vein sets to support the proposed mining plan\*\*
- Approximately 780 metres of planned underground and surface drilling has been completed across 10 drill holes.
- The drill program is designed to confirm the presence of gold-copper vein material to guide development, and to test for additional veins at depth where they have been observed or inferred from surface mapping.
- Extensive surface bedrock and underground mapping is ongoing. Additional vein systems and previously unknown vein orientations have been delineated.

- Mapping observations regarding vein orientations and the distribution and intensity of alteration associated with mineralization are used to inform and guide exploration drill targeting and future decline advancements.
- The Company has delineated previously unrecognized N-S trending gold-copper vein sets via surface and underground mapping and in initial drill logging observations that may prove important in future production scenarios.
- A total of 210 tonnes of bulk sample copper oxide material was mined and shipped for sale from a secondary vein system first exposed in the early stages of the decline development (See news release dated February 14, 2022). Processing of the material returned an average grade of 1.41% copper. Sales of this material generated approximately US\$13,000.

In Q3 the Company focused on a review of all technical data, including 42 line-km of ground magnetic geophysical data, current (2022) and historical drilling data, and lithological, structural, and alteration mapping completed both at surface and underground within the decline and historical mining levels including: 941, 916, 888, and 858.

### **Pastillas**

On August 18, 2021, the Company entered into an arm's-length option agreement (the "Pastillas Agreement"), to acquire the Pastillas gold exploration project located within the prolific Maricunga belt, approximately 116km from Copiapó in the Atacama region of Chile. The agreement provides the Company the opportunity to acquire a 100% undivided interest in the Property.

Under the terms of the Pastillas Agreement, Altiplano may acquire a 100% interest in the Property by paying a total of US\$1,230,000 in cash and issuing 1,000,000 in common shares of the Company, as follows:

- US\$30,000 (paid) and 50,000 shares (issued) on October 6, 2021, the date of acceptance of the Pastillas Agreement by the Exchange (the "Approval Date").
- US\$50,000 and 100,000 shares on the first anniversary of the Approval Date.
- US\$100,000, and 150,000 shares on the second anniversary of the Approval Date.
- US\$250,000 and 300,000 shares on the third anniversary of the Approval Date.
- US\$800,000 and 400,000 shares on the fourth anniversary of Approval Date.

In addition, the Company must incur a minimum total of CND\$2,900,000 in exploration expenditures as follows:

- \$150,000 within the next 12 months from the date of the Pastillas Agreement;
- \$250,000 within 12 months of the first anniversary date of the Pastillas Agreement;
- \$1,000,000 within 12 months of the second anniversary date of the Pastillas Agreement; and
- \$1,500,000 within 12 months of the third anniversary date of the Pastillas Agreement.

The Pastillas Agreement also provides a 2% NSR retained by the optionor with a provision for the Company to buy back one-half for US\$2,000,000 until the 8<sup>th</sup> anniversary of the Pastillas Agreement.

The Company has planned Phase 1 of an initial surface work program at Pastillas gold exploration project within the prolific Maricunga Gold Belt in the Atacama region of northern Chile.

Planned work activities include bedrock lithology and alteration mapping and an extensive short-wave infrared spectroscopy (SWIR) program over the southern portion of the property to target epithermal and porphyry related alteration and mineralization. Initial review of historical data suggests that older, altered rocks exposed within late volcanics in the southern portion of the property represent a high-level expression of potential epithermal and/or porphyry mineralization.

In Q2, the company undertook Phase 1 of an initial surface work program at Pastillas gold exploration project. This work included bedrock lithology and alteration mapping as well as geochemical and short-wave infrared spectroscopy (SWIR) sampling over the southern portion of the property. These data will assist in vectoring towards potential epithermal- and porphyry-related alteration and mineralization. Initial review of historical data suggests that older, altered rocks exposed within late volcanics in the southern portion of the property represent a high-level expression of potential epithermal and/or porphyry mineralization. Altiplano geologists were on site at Pastillas and the adjacent La Isla project to conduct this initial exploration and mapping program.

Work in Q3 2023 included a complete review and synthesis of technical data collected during Q2, and planning for Phase 2 of work at Pastillas and La Isla.

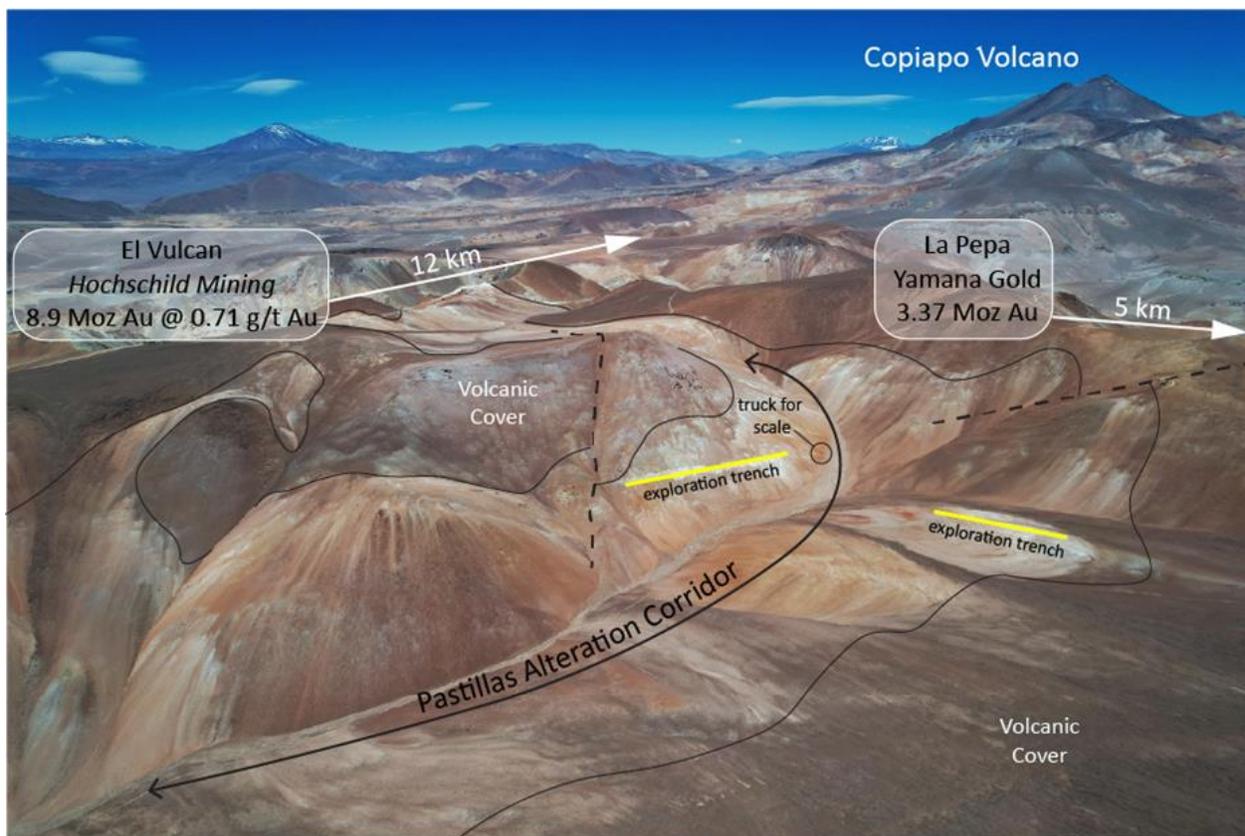
#### Geological Mapping

The Company recently completed a reconnaissance bedrock mapping program covering prospective exposed alteration within the southern portion of the Property to contextualize historical data and develop a model for future drill target generation (Figure 7 & 8). The mapping area was chosen to evaluate potential alteration identified in historical ASTER data and in limited historical sampling. The mapping campaign was completed over approximately six square kilometres, and identified a corridor of alteration striking roughly north-south and measuring approximately 3.5 x 1.5 kilometres. Argillic to advanced argillic alteration and steam-heated zones observed are consistent with the Company's interpretation that Pastillas is likely a high-level exposure of an epithermal system, and may be related to alteration along-trend from Rio2's Fenix deposit and Yamana's La Pepa deposit (Figure 7).

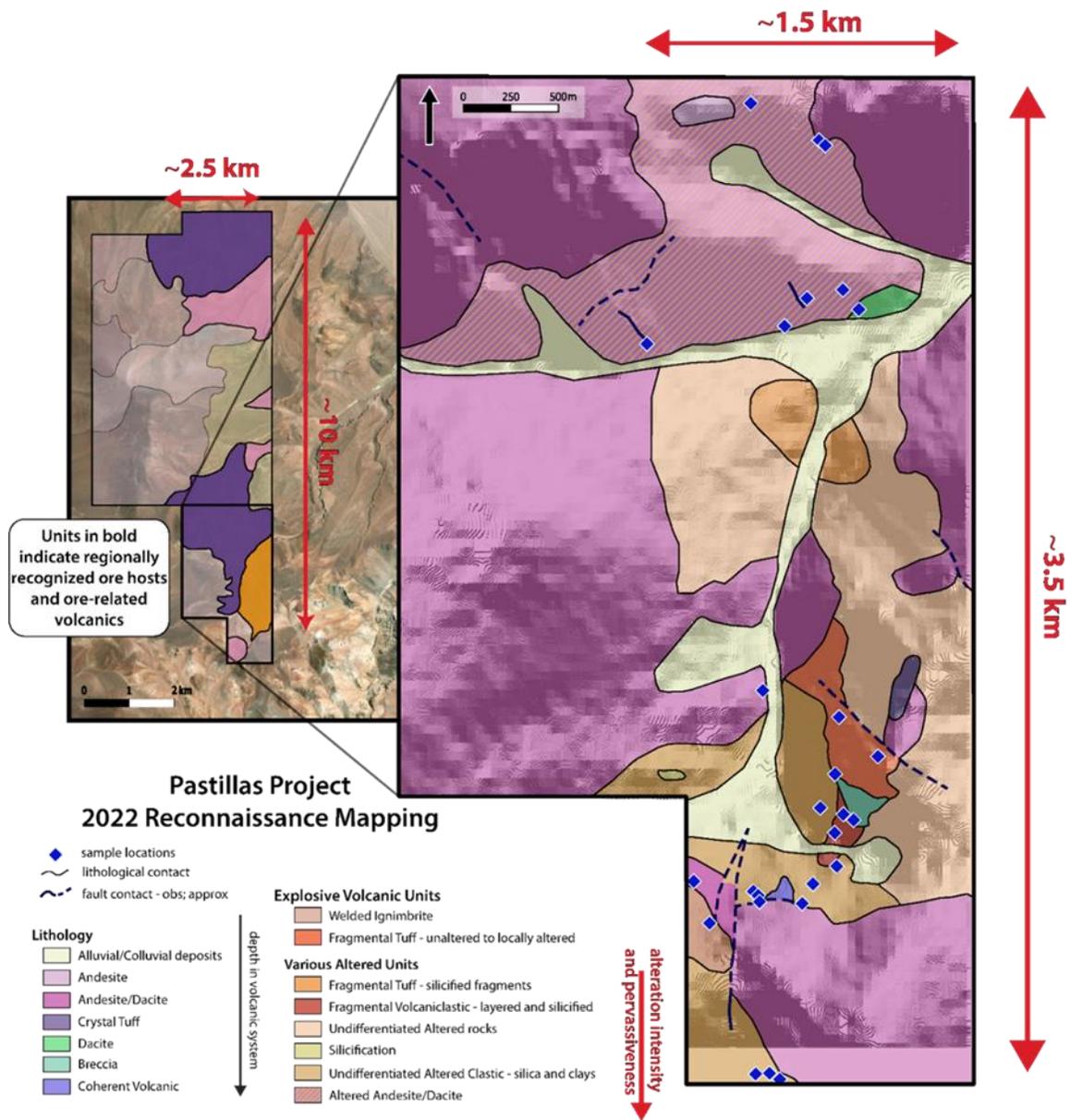
#### Prospecting and Sampling

Concurrent with the bedrock mapping program, 33 outcrop samples were collected to contextualize the alteration observed in mapping and serve as additional vector information for future mineralization targeting. The collected samples will be analyzed for important pathfinder elements, and short-wave infrared (SWIR) spectroscopy will also be completed to determine the alteration mineral assemblages present in the samples. The Company also initiated the collection of a high-resolution talus fines sampling grid to be analyzed via SWIR spectroscopy to provide a comprehensive map of alteration mineralogy covering prospective areas within the southern portion of the Property. Alteration minerals are indicative of specific pH and temperature conditions present at the time of mineral formation, and serve as important markers for conditions necessary for ore formation in epithermal and porphyry mineralization environments. When the talus fines sampling grid is completed and analyzed, this dataset will provide a robust indication of alteration intensity and vertical and lateral proximity to potential mineralization centres below the exposed lithocap.

**Figure 7:** Aerial photograph of the Pastillas Alteration Corridor.



**Figure 8:** Reconnaissance mapping area at Pastillas with interpreted bedrock lithology, including units known to host ore within the Maricunga Gold Belt, prospecting sample locations, and observed faults and lithological contacts.



## Overall Performance

Proceeds from the sale of mineralized material are credited to exploration and evaluation properties as the Company has not yet commenced commercial production. 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 year ended	Dec 31, 2021	Dec 31, 2020	Dec 31, 2019
Current assets (\$)	1,984,421	2,864,864	485,935
Capitalized exploration and evaluation expenditures (\$)	6,806,260	6,960,037	6,325,493
Current liabilities (\$)	869,093	1,164,690	646,957
Net loss (\$)	(2,319,996)	(803,155)	(822,126)
Basic and diluted loss per common share (\$)	(0.02)	(0.01)	(0.02)
Weighted average number of common shares outstanding	108,140,695	77,643,581	67,323,578

## Summary of Quarterly Results

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

Quarter ended	Sep 30 2022	Jun 30 2022	Mar 31 2022	Dec 31 2021	Sep 30 2021	Jun 30 2021	Mar 31 2021	Dec 31 2020
Net loss (\$)	(240,781)	(389,879)	(276,123)	(509,215)	(563,567)	(294,322)	(952,892)	(277,074)
Basic and diluted net loss per common	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)

## Results of Operations

### Three months ended September 30, 2022

During the three months ended September 30, 2022 (“the current quarter”), the Company incurred a net loss of \$240,781 compared to \$563,567 during the three months ended September 30, 2021 (“2021” or “the comparative quarter”). General and administrative expenses for the current quarter, consisting of management fees, investor relations expenses, regulatory and filing fees, office and administration and professional fees, totaled \$158,489 (2021 - \$597,273). Corporate expenses in the current quarter include the following:

- Office and administrative expenses of \$28,416 (2021 - \$51,654) include office, accounting, and support fees incurred in the current quarter;
- Professional fees of \$39,846 (2021 - \$55,013) were incurred for legal fees pertaining to corporate legal counsel on general matters;
- Investor relations expenses of \$24,183 (2021 - \$55,701) include investor relations consulting, travel and on-line shareholder communication expenses;

- Regulatory and filing fees of \$2,044 (2021 - \$1,403) include transfer agent expenses and TSXV fees incurred during the current and comparative quarter;
- Management fees of \$64,000 (2021 - \$64,689) include management services rendered in connection with corporate activity and project evaluation;

Partially offsetting the above expenses, the Company received interest income of \$1,007 (2021 - \$3,278) and recognized a loss on foreign exchange of \$83,299 (2021 – \$338,385).

Other comprehensive loss for the three months ended September 30, 2022 totaled \$134,755 (2021 – \$546,697) and consisted of a gain on foreign exchange of \$106,026 (2021 – \$16,870) arising from the translation of the Company’s foreign operations. Total comprehensive loss for the three months ended September 30, 2022 is the sum of net income or loss and other comprehensive income or loss.

## **Results of Operations**

### Nine months ended September 30, 2022

During the nine months ended September 30, 2022 (“the current period”), the Company incurred a net loss of \$630,660 compared to \$1,810,781 during the nine months ended September 30, 2021 (“2021” or “the comparative period”). General and administrative expenses for the current period, consisting of management fees, investor relations expenses, regulatory and filing fees, office and administration and professional fees, totaled \$597,273 (2021 - \$1,338,107). Corporate expenses in the current period include the following:

- Office and administrative expenses of \$70,122 (2021 - \$114,952) include office, accounting, and support fees incurred in the current period;
- Professional fees of \$169,149 (2021 - \$150,799) were incurred for legal fees pertaining to corporate legal counsel on general matters and acquisitions;
- Investor relations expenses of \$140,054 (2021 – \$169,297) include investor relations consulting, travel and on-line shareholder communication expenses;
- Regulatory and filing fees of \$25,259 (2021 - \$33,508) include transfer agent expenses incurred during the current and comparative period;
- Management fees of \$192,689 (2021 - \$194,051) include management services rendered in connection with corporate activity and project evaluation;

Partially offsetting the above expenses, the Company received interest income of \$2,775 (2021 - \$9,444) and recognized a loss on foreign exchange of \$36,162 (2021 – \$482,118).

In the comparative period, the Company also recognized a non-cash share-based compensation expense in the amount of \$675,500 for options issued to directors, officers and consultants during the period.

Other comprehensive loss for the nine months ended September 30, 2022 totaled \$892,016 (2021 – \$1,822,579) and consisted of a loss on foreign exchange of \$261,356 (2021 – \$11,798) arising from the translation of the Company’s foreign operations. Total comprehensive loss for the nine months ended September 30, 2022 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, 2022, 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, 2022, is \$504,549(December 31, 2021 - \$1,689,207).

### 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, 2022, the Company's working capital deficit was \$456,652 (December 31, 2021 – surplus of \$1,115,328). 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 2022</b>	<b>December 31 2021</b>
Financial assets at amortized cost:		
Cash	\$ 310,366	\$ 1,459,246
Accounts receivable	194,183	229,961
Financial assets at FVTPL:		
Investments	<u>2,083</u>	2,083
	<u>\$ 506,632</u>	<u>\$ 1,691,290</u>

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

	<b>September 30 2022</b>	<b>December 31 2021</b>
Non-derivative financial liabilities:		
Accounts payable and accrued liabilities	<u>\$ 791,578</u>	<u>\$ 405,311</u>
	<u>\$ 791,578</u>	<u>\$ 405,311</u>

### 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

In the management of capital, the Company includes components of stockholders' equity. The Company aims to manage its capital resources to ensure financial strength and to maximize its financial flexibility by maintaining strong liquidity and by utilizing alternative sources of capital including equity and debt to fund continued growth. The Company sets the amount of capital in proportion to risk and based on the availability of funding sources. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. Issuance of equity has been the primary source of capital to date. Additional debt and/or equity financing may be pursued in future as deemed appropriate to balance debt and equity. To maintain or adjust the capital structure, the Company may issue new shares, take on additional debt or sell assets to reduce debt. There are no external restrictions on the management of capital. There was no change to the Company's approach to capital management during the nine months ended September 30, 2022.

## **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 2022</b>	<b>September 30 2021</b>
Management fees paid to key management and directors	\$ 192,000	\$ 192,000
Rent paid to corporation controlled by key management	30,150	45,000
Office and admin fees paid to a corporation controlled by key management	37,000	26,800
Investor relations fees paid to a director	-	37,000
	<hr/>	<hr/>
	\$ 259,150	\$ 300,800

At September 30, 2022, accounts payable and accrued liabilities include \$20,179 (2021 - \$10,237) 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.

The Company issued 1,300,000 (2021 – 440,000) common shares for proceeds of \$260,000 (2021 – \$110,000) raised during private placements from key management and directors.

During the comparative period, there were 750,000 options issued to key management and directors resulting in a non-cash share-based compensation expense of \$187,500.

## **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 at September 30, 2022 was a deficit of \$456,652 compared to surplus of \$1,115,328 at December 31, 2021. As of the date of this MD&A, the Company has working capital deficit of approximately \$900,000.

On March 19, 2021, the Company completed a non-brokered private placement of 12,300,000 units at \$0.25 per unit to raise \$3,075,000 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 \$0.40 per share until two years from issuance. The Company also paid finders' fees of \$113,815 and issued 520,260 agent warrants to certain arm's length finders. Each whole agent warrant is exercisable to acquire one additional common share at \$0.40 per share until two years from issuance.

During the year ended December 31, 2021, the Company issued 90,000 shares for gross proceeds of \$13,500 on exercise of stock options and issued 8,668,527 shares for gross proceeds of \$1,102,312 on exercise of warrants.

On October 14, 2022, the Company completed the first tranche of a private placement of 4,620,000 units for gross proceeds of \$924,000. Each unit consists of one common share and one-half warrant. The Company also paid finders' fees of \$3,890 and issued 19,450 agent warrants to certain arm's length finders. Each warrant is exercisable to acquire one additional common share at \$0.30 per share until two years from issuance.

During the nine months ended September 30 2022, the Company issued 200,000 shares for gross proceeds of \$40,000 on exercise of stock options.

### Outstanding Share Data

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

	<b>November 29, 2022</b>
Common shares outstanding:	116,698,721
Stock options (weighted average exercise price of \$0.21)	8,310,750
Warrants (weighted average exercise price of \$0.31)	18,289,926
<b>Fully diluted common shares outstanding</b>	<b>143,299,397</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.

#### Farellon - Maiden Resource Estimate

Results of the maiden inferred resource estimate by APEX Geoscience Ltd. are reported on Table 2. 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.

**Table 2: 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.

#### Farellon 2021 Operations

Between January 1st and March 31st, the Company extracted a total 9,770 tonnes of mineralized Cu/Au material at Farellon and processed 8,055 tonnes at an average copper grade of approximately 1.53%. Sales of 257,500 pounds of copper generated approximately US\$544,000 in revenue. Total extracted tonnes in Q1 declined by 19.5% from the previous record quarterly set in Q4 2020. Processed material was also lower in Q1 representing a 11.5% decrease from the previously strong quarter. Overall grade declined by 8.9% from Q4 2020. Grade and extraction declines are attributed to development work in non-productive areas and reduction in grade control as the benching process of removing ceilings between drift levels has begun.

Between April 1st and June 30th, the Company extracted a total 10,090 tonnes of mineralized Cu/Au material at Farellon and processed 7,047 tonnes at an average copper grade of approximately 1.49%. Sales of 220,660 pounds of copper generated approximately US\$600,000 in revenue (after processing costs). Total extracted tonnes in Q2 improved by 3.3% from the previous quarter. Processed material was lower in Q2 representing a 14.3 % decrease and overall grade declined by 2.3% from the first quarter. The marginal decrease in grade was attributed to further development work in non-productive areas (where 6,235 tonnes of waste was removed) and increased dilution from the initiation of the benching mining process of removing ceilings between drift levels.

Between July 1st and September 30th, the Company extracted a total 11,624 tonnes of mineralized Cu-Au material at Farellon and processed 7,635 tonnes at an average copper grade of approximately 1.38%. Sales of 221,518 pounds of copper generated approximately US\$561,000 in revenue (after processing costs). Total tonnes extracted in Q3 improved by 15% from the previous quarter. Processed material also improved in Q3 representing a 8.3% increase; however, overall grade declined by 7.3% from the second quarter. The decrease in grade is attributed to further development work in non-productive areas such as advancing the decline and preparation of bench mining in upper levels where at total of 7,970 tonnes of waste was removed.

Between October 1st and December 31st, the Company extracted a total 11,189 tonnes of mineralized Cu-Au material at Farellon and processed 7,254 tonnes at an average copper grade of approximately 1.75%. Sales of 267,927 pounds of copper generated approximately US\$779,053 in revenue (after processing costs). Total tonnes extracted and processed in Q4 decreased by 3.9% and 5.3% respectively from the previous quarter; however overall grade at 1.75%, represents a 38% increase from the third quarter. The increase in grade is attributed to accessing higher grade material in the NE sections of the mine in the 376 m, 368 m and 360 m levels with overall grade control and waste management also being a contributor.

#### Farellon 2020 Operations

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 US\$320,960 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.

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.

Between October 1st and December 31st, 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.

For the full year 2020, 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.

**Table 3: Comparative Quarterly Review of Farellon Output**

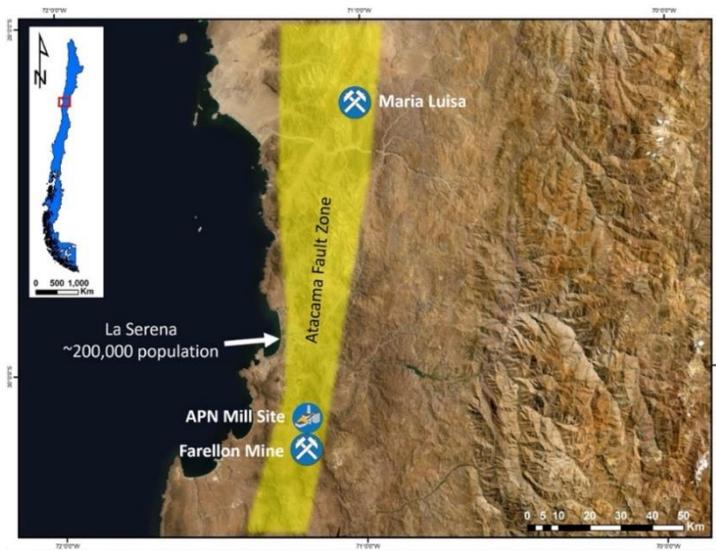
	<b>Mined</b>	<b>Sold/ Processed</b>	<b>Cu Contained</b>	<b>Cu grade</b>	<b>Gross Income</b>
	<b>tonnes</b>	<b>tonnes</b>	<b>pounds</b>	<b>%</b>	<b>USD</b>
<b>Q1 2018</b>	2,520	2,395	94,909	1.85%	\$148,200
<b>Q2 2018</b>	10,269	4,732	118,287	1.25%	\$210,492
<b>Q3 2018</b>	6,298	3,231	109,283	1.58%	\$274,499
<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%	\$431,906
<b>Q3 2020</b>	9,660	10,795	460,384	2.00%	\$831,241
<b>Q4 2020</b>	11,685	9,149	322,130	1.68%	\$576,386
<b>Q1 2021</b>	9,770	8,055	257,522	1.53%	\$540,713
<b>Q2 2021</b>	10,090	7,047	220,660	1.49%	\$599,711
<b>Q3 2021</b>	11,624	7,635	221,518	1.38%	\$561,345
<b>Q4 2021</b>	11,189	7,254	267,927	1.75%	\$779,054
<b>Q1 2022</b>	9,843	6,751	295,199	2.06%	\$908,419
<b>Q2 2022</b>	10,742	7,488	310,062	1.96%	\$967,685
<b>Q3 2022</b>	13,440	7,570	297,403	1.87%	\$691,323
	<b>169,748</b>	<b>126,485</b>	<b>4,767,206</b>	<b>1.76%</b>	<b>\$10,546,400</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.

**Figure 9: Maria Luisa Location**



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 - Surface Drill Program

The Company completed a limited 4-hole (495 m) drill program in 2017 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.

**Table 4: 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 5:** 2017 Maria Luisa Drill Program Intersection Summary.

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

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

#### Maria Luisa – Agreement Update

On July 5, 2021, the Company completed an option agreement (the “Option Agreement”) on the Maria Luisa property, whereby the Company may acquire a 100% undivided interest in the property by paying a total of US\$2,000,000 over three years, as follows:

- US\$200,000, paid in 12 equal monthly payments starting July 5, 2021 (paid US\$183,337 up to June 30, 2022);
- US\$800,000, paid on the first-year anniversary of closing the Option Agreement\*;
- US\$500,000, paid on the second-year anniversary of closing the Option Agreement;
- US\$500,000, paid on the third-year anniversary of closing the Option Agreement.

\* During the nine months ended September 30, 2022, the Company amended the agreement to delay the first-year anniversary payment of US\$800,000 to January 2023.

This Agreement replaced the revenue sharing agreement on the Property, previously announced on August 27, 2020.

#### Maria Luisa – Exploration and Development Update.

The Maria Luisa project hosts gold-copper mineralization in two major NW-SE and N-S trending vein systems. Historical mining has largely been from the main NW-trending system, the Maria Luisa vein, which is an anastomosing set of structures traceable for approximately 500 metres along-strike. Limited underground workings exist on the N-S vein system and there are no known production records or grades available in this area. However, recent surface and underground grab and chip sampling results along the N-S vein system indicate that this system may be of similar caliber to the Maria Luisa Vein. An underground chip sample from the N-S vein system returned 8.73 g/t gold over 5.75 metres, confirming continuity from surface where recent grab samples have returned up to 4.96 g/t gold and 3.51 % copper\*. Anomalous gold-copper surface rock grab sampling of the N-S vein system defines a strike extent of over 450 metres that remains open.

\*Rock chip samples from outcrop/bedrock are selective by nature and may not be representative of the mineralization hosted on the project. Channel sample 001 is composite in nature and comprised of six samples that range in length from 0.7-1.2 metres. The reported gold value is a weighted average.

The technical plan (page 4) is designed to reach gold-copper mineralized veins through multiple access points on multiple levels through a decline system. The work involves constructing a decline that will enter at the southwest corner of the property and advance in a southeast direction for approximately 350 metres to intersect the mineralized zone beneath the historical workings. Access to these vein structures will provide exposure to mineralized systems where the company can begin bulk sampling of the mineralized copper-gold material. The company is also designing an exploration plan for the project that will involve surface sampling and diamond drilling.

## **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 material, 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 on behalf of the Board of Directors 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).