



AZTEC MINERALS CORP.

Third Quarter Report

Management Discussion and Analysis

(expressed in Canadian dollars)

Three and Nine Months ended September 30, 2021

AZTEC MINERALS CORP.
(the “Company”)

Third Quarter Report

Management’s Discussion and Analysis
For the Three and Nine Months ended September 30, 2021
(expressed in Canadian dollars)

CAUTION – FORWARD LOOKING STATEMENTS

Certain statements contained herein regarding the Company and its operations constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995. All statements that are not historical facts, including without limitation statements regarding future estimates, plans, objectives, assumptions or expectations of future performance, are “forward-looking statements”. We caution you that such “forward looking statements” involve known and unknown risks and uncertainties that could cause actual results and future events to differ materially from those anticipated in such statements. Such risks and uncertainties include fluctuations in precious metal prices, unpredictable results of exploration activities, uncertainties inherent in the estimation of mineral reserves and resources, if any, fluctuations in the costs of goods and services, problems associated with exploration and mining operations, changes in legal, social or political conditions in the jurisdictions where the Company operates, lack of appropriate funding and other risk factors, as discussed in the Company’s filings with Canadian and American Securities regulatory agencies. The Company expressly disclaims any obligation to update any forward-looking statements, other than as may be specifically required by applicable securities laws and regulations.

1.0 Preliminary Information

The following Management’s Discussion and Analysis (“MD&A”) of Aztec Minerals Corp. (the “Company”) should be read in conjunction with the accompanying unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2021 and audited consolidated statements of financial position as at December 31, 2020 and 2019 and the consolidated statements of comprehensive loss, changes in shareholders’ equity and cash flows for the years ended December 31, 2020 and 2019, and a summary of significant accounting policies and other explanatory information, all of which are available at the SEDAR website at www.sedar.com.

Financial information in this MD&A is prepared in accordance with International Accounting Standards 34 *Interim Financial Reporting* based upon the principles of International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), and all dollar amounts are expressed in Canadian dollars unless otherwise indicated.

All information contained in the MD&A is as of November 26, 2021 unless otherwise indicated.

David Heyl, BSc, PGeo, Vice President (Exploration), or Bradford Cooke, PGeo, a Director of the Company, is the Qualified Person who reviewed and approved any technical information in this MD&A for 2021. Joseph Wilkins, BSc (Geology), PG, advisor and formerly Vice President (Exploration) and Chief Geologist of the Company, was the Qualified Person who reviewed and approved any technical information in this MD&A for 2020.

1.1 Background

The Company was incorporated on July 6, 2007 under the laws of British Columbia, Canada, pursuant to the *Business Corporations Act* (British Columbia) and had been dormant until 2016. The Company is engaged primarily in the business of evaluating, acquiring and exploring natural resource properties.

The Company acquires properties by staking initial claims, negotiating for permits from government authorities, negotiating with holders of claims or permits, entering into property option agreements to acquire interests in claims, or purchasing companies with claims or permits. On these properties, the Company explores for minerals on its own or in joint ventures with others. Exploration for metals usually includes surface sampling, airborne and/or ground geophysical surveys and drilling. The Company is not limited to any particular metal or region, but the corporate focus is on precious and base metals in North America.

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As the Company is focused on its mineral exploration activities, there is no mineral production, sales or inventory in the conventional sense. The recoverability of amounts capitalized for mineral property interests is dependent upon the existence of reserves in its mineral property interests; the ability of the Company to arrange appropriate financing and receive necessary permitting for the exploration and development of its property interests; confirmation of the Company's interest in certain properties; and upon future profitable production or proceeds from the disposition thereof. Such exploration and development activities normally take years to complete and the amount of resulting income, if any, is difficult to determine with any certainty at this time. Many of the key factors are outside of the Company's control. As the carrying value and amortization of mineral property interests and capital assets are, in part, related to the Company's mineral reserves and resources, if any, the estimation of such reserves and resources is significant to the Company's financial position and results of operations.

1.2 Overall Performance

Option Amendment and Assignment Agreement with Aztec Metals Corp.

On September 30, 2016, the Company entered into the Option Amendment and Assignment Agreement for the Cervantes Property ("Option Assignment Agreement") for the Cervantes property with Aztec Metals Corp., which share common directors with the Company, ("AzMet") and Kootenay Silver Inc. ("Kootenay"), whereby AzMet assigned to the Company all of its rights and interests in the Property Option Agreement dated July 25, 2015 between AzMet and Kootenay (the "Cervantes Option Agreement"). In July 2019, the Company earned its 65% interest in the Cervantes property whereby the Company issued 500,000 common shares to Kootenay; paid US\$50,000 in cash; and incurred exploration expenditures totalling US\$1.2 million. The Company entered into a joint venture agreement with Kootenay in December 2020.

In late February 2021, the Company mobilized a field crew to conduct a soil and outcrop rock chip surface sampling program which outlined new gold-copper-molybdenum geochemical soil and rock anomalies on the Cervantes porphyry gold-copper property in Sonora, Mexico. The soil sample grid covered 518 hectares (5.18 square kilometers) with 477 samples in a 100 by 100 meter spacing, to extend its coverage over the Estrella, California, Brazil and California North targets to the western, northern, and eastern limits of the property. The outcrop rock chip sampling comprised 110 samples making the current project total 340, plus previous to 2021 the Company collected 608 channel samples and 23 stream sediment samples.

Highlights of the exploration program are as follows:

- Rock chip sampling returned assays up to 21.3 grams per tonne (gpt) gold, with ten samples running over 1 gpt Au, with anomalous results of 20-250 ppb Au occurring proximal to the strongest rock gold values.
- Soil sampling returned assays up to 3.60 gpt Au, with anomalous results of 10-70 ppb Au occurring proximal to the strongest soil gold values.

Note that rock chip samples are selective by nature and do not represent intervals of mineralization hosted on the property.

In early November 2021, the joint venture partners approved a 22 hole, 5000 m reverse circulation drill program which will test four main targets, namely, California, California North, Jasper and Purisima East.

Further details of the exploration programs for the Cervantes project are provided in the Company's news releases:

- News Release dated February 23, 2021 and titled, "*Aztec Minerals – Kootenay Silver Joint Venture Commences 2021 Exploration Program on the Cervantes Porphyry Gold-Copper Property in Sonora, Mexico*".
- News Release dated August 4, 2021 and titled, "*Aztec – Kootenay JV Outlines New Gold-Copper-Molybdenum Geochemical Soil and Rock Anomalies on the Cervantes Porphyry Gold-Copper Property in Sonora, Mexico*".
- News Release dated November 4, 2021 and titled, "*Aztec - Kootenay Joint Venture Approves 22 hole, 5000 meter RC Drill Program at Cervantes Gold-Copper Project, Sonora, Mexico*".

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Purchase Option Agreement with Baroyeca Gold & Silver Inc.

On November 30, 2017, as amended on February 28, 2018, the Company entered into a Purchase Option Agreement for the Tombstone property (the "Tombstone Option Agreement") with Baroyeca Gold & Silver Inc. and its two wholly owned U.S. subsidiaries (collectively, "Baroyeca"). The Company can earn a 75% interest by making cash payments of \$100,000, incurring exploration expenditures of \$1 million and issuing 1 million common shares over a three year period starting from March 23, 2018. In February 2021, the Company earned its 75% interest and entered into a joint venture for the Tombstone property.

The Tombstone property includes the historic Contention Mine and surrounding patented claims totalling 404 acres (163.5 hectares) with an additional 24 acres (9.7 hectares) of unpatented claims. The Tombstone Mining District, located 65 miles southeast of Tucson, Arizona, and accessed by State Highway 80, is well known for its high grade, oxidized, carbonate replacement deposits of silver-gold-lead mineralization hosted in veins, mantos, pipes and disseminated orebodies.

In March 2021, the Company acquired two patented claims amounting to 15.2 hectares (37.5 acres), increasing the overall Tombstone joint venture land package to 434.4 hectares (1,073.4 acres). In April 2021, the Company mobilized a reverse circulation drill program at Tombstone which was completed in September 2021 for 23 holes for 2,716 metres. The RC program is designed to step out and down from the Phase 1 drill patterns drilled in 2020 to expand the shallow, broad, bulk tonnage gold-silver mineralization discovered around and below the Contention pit.

Drill results are as follows:

Drill Hole	From m	To m	Interval m*	Au gpt	Ag gpt	Au Eq gpt (1)	Comments
TR21-01	68.6	71.64	3.04	0.188	4.1	0.247	
104 Az, -50	82.32	109.76	27.44	0.177	24.938	0.533	Two tunnels at 330
							and 355 ft
TR21-02	96.04	123.48	27.44	0.589	17.989	0.846	
104 Az, -60							
TR21-03	18.29	21.34	3.05	0.271	2.25	0.303	
104 Az, -45	57.93	60.98	3.05	1.41	0.4	1.415	
	80.79	112.8	32.01	5.713	40.543	6.282	
	incl.						
	89.94	105.18	15.24	11.891	62.86	12.788	
	120.43	125	4.57	0.159	5	0.23	
	129.57	132.62	3.05	0.272	14.9	0.485	
TR21-04	56.4	60.98	4.57	0.799	9.533	0.935	
104 Az, -60	68.6	89.94	21.34	1.193	37.064	1.723	
	103.05	123.48	20.43	0.105	21.008	0.405	One Tunnel at 338
							to 350 ft

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TR21-05	47.26	68.59	21.34	2.071	26.064	2.444	
104 Az, -60							

1. AuEq is calculated using a 70:1 silver:gold ratio

* All interval widths are not true widths and intercept true widths are not yet estimated.

Drill Hole	From m	To m	Interval m*	Au gpt	Ag gpt	Au Eq gpt (1)	Comments
TR21-06	7.62	12.2	4.57	0.765	38.5	1.315	
104 Az, -65	62.5	65.55	3.05	0.866	2.15	0.896	
	83.32	157.01	73.69	0.220	17.3	0.468	True width approx. 72 - 83%
Including:	83.32	92.99	9.67	0.641	14.1	0.584	
	123.48	157.01	33.53	0.202	23.9	0.544	
TR21-07	1.52	6.1	4.58	0.776	34.6	1.272	
104 Az, -45	57.93	59.45	1.52	1.404	3.1	1.448	
	67.07	74.69	7.62	0.303	1.4	0.323	
	88.41	112.8	24.39	0.491	23.1	0.821	True width approx. 94%
							Tunnel 91.46 m - 96.04 m
TR21-08	53.35	92.9	39.64	2.085	47.1	2.758	True width approx. 72 - 100%
104 Az, -90							
TR21-09	44.21	51.83	7.62	0.173	9.2	0.305	
284 Az, -80	68.6	73.17	4.57	1.160	12.93	1.345	
	82.32	108.23	25.91	0.452	16.9	0.694	True width approx. 55 - 89%
Including:	82.32	86.89	4.57	0.701	33.8	1.184	
	92.99	99.08	6.09	1.049	24.35	1.397	
	103.66	108.23	4.57	0.35	21.6	0.658	
TR21-10	0	4.57	4.57	0.192	4.2	0.252	
104 Az, -45	25.91	121.95	96.04	1.39	56.4	2.196	True width approx. 83 - 89%
Including:	25.91	65.55	39.44	2.472	28.9	2.967	Tunnels at 74.69 m -
	77.74	97.56	19.82	0.955	24.98	1.312	77.74 m, & 86.89 m
							-
	111.28	121.95	10.67	0.837	60.96	1.708	91.46 m

1. AuEq is calculated using a 70:1 silver:gold ratio

* All interval widths are not true widths and intercept true widths are not yet estimated.

Drill Hole	From m	To m	Interval m*	Au gpt	Ag gpt	Au Eq gpt (1)	Comments
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TR21-11	4.6	21.3	16.7	0.17	6.04	0.256	
	57.9	65.5	7.6	0.069	12.38	0.256	
	82.3	106.7	24.4	1.198	71.64	2.221	
TR21-12	83.8	91.5	7.6	0.266	20.9	0.565	
TR21-13	82.3	152.4	70.1	1.804	36.90	2.331	
TR21-14	18.3	30.5	12.2	0.087	11.65	0.254	
	61.0	68.6	7.6	0.323	9.9	0.464	
	83.8	91.5	7.6	0.136	11.74	0.304	
	112.8	118.9	6.1	0.047	12.35	0.223	
	129.6	135.7	6.1	0.042	24.37	0.39	

2. *AuEq* is calculated using a 70:1 silver:gold ratio

* All interval widths are not true widths and intercept true widths are not yet estimated.

Drill Hole	From m	To m	Interval m*	Au gpt	Ag gpt	Au Eq gpt (1)	Comments
TR21-15	15.2	22.8	7.6	0.198	16.8	0.438	
	39.6	82.3	42.7	0.225	18.34	0.487	Incl. Tunnel of 6.1 m
TR21-16	48.8	112.8	64.0	0.807	15.98	1.035	Incl. Partial Tunnel
Including	86.9	100.6	13.7	3.607	51.55	4.343	
TR21-17	27.4	91.4	64.0	1.726	56.198	2.529	
Including	32.0	42.7	10.7	4.076	59.4	4.925	Visible Gold
	82.3	85.4	3.04	6.455	274	10.369	
TR21-18	36.6	100.6	64.0	0.755	20.61	1.049	Visible Gold
Including	77.7	86.8	9.1	2.458	37.0	2.987	Incl. Tunnel of 3 m
	106.7	128	21.3	0.147	11.679	0.313	

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3. *AuEq is calculated using a 70:1 silver:gold ratio** *All interval widths are not true widths and intercept true widths are not yet estimated.*

Drill Hole	From m	To m	Interval m*	Au gpt	Ag gpt	Au Eq gpt (1)	Comments
TR21-19	65.5	74.7	9.1	0.778	81.6	1.944	Incl. Tunnel of 3 m
TR21-20	35.5	80.8	47.3	0.247	15.2	0.464	Incl. Stope of 7.6 m
TR21-21	18.3	36.6	18.3	0.797	15.05	1.012	Incl. Tunnel of 3 m
	56.4	62.5	6.1	1.31	48.1	1.997	Incl. Tunnel of 4.6 m
TR21-22	21.3	86.9	65.5	2.441	66.56	3.392	
Including	77.8	85.4	7.6	16.80	374.36	22.148	
TR21-23	54.9	62.5	7.6	0.203	8.86	0.329	
	68.6	93.0	24.4	0.556	16.62	0.793	

4. *AuEq is calculated using a 70:1 silver:gold ratio** *All interval widths are not true widths and intercept true widths are not yet estimated.*

The drill results continue to show strong grades over broad widths, confirming and expanding the historic gold and silver mineralized zones both along strike and down dip.

The Company will consider a core drill program to continue extending the near surface, oxidized gold-silver mineralization to depths of 150-200 m, as well as some much deeper 500-750 m holes to test for Carbonate Replacement Deposit polymetallic massive sulfide mineralization underlying the near surface epithermal mineralization.

Further details of the exploration program for the Tombstone project are provided in the Company's news releases:

- News Release dated January 12, 2021 and titled, "Aztec Reviews Geological Highlights of Phase 1 RC Drill Program from Tombstone Project, Arizona".
- News Release dated March 4, 2021 and titled, "Aztec and Tombstone Partners Plan Two Phase, CAD\$1.5 Million Exploration Program in 2021 at Tombstone Project, Arizona".
- News Release dated July 7, 2021 and titled, "Aztec Receives Initial 2021 RC Drill Results from Tombstone Project, Arizona; Intersects Broad and High-Grade Gold-Silver Mineralized Zones; Including 5.71 gpt Gold and 40.5 gpt Silver (6.282 gpt AuEq) over 32.01 m".
- News Release dated July 27, 2021 and titled, "Aztec Drilling Intersects Broad, High-Grade Gold-Silver Mineralized Zones at the Tombstone Project, Arizona; Including 1.39 gpt Gold and 56.40 gpt Silver (2.196 gpt AuEq) over 96.04 m".
- News Release dated September 8, 2021 and titled, "Aztec Reports Additional RC Drill Results from Tombstone Project, Arizona; Including 1.8 gpt Gold and 36.9 gpt Silver (2.33 gpt AuEq) over 70.1 m".
- News Release dated September 14, 2021 and titled, "Aztec Reports Additional RC Drill Results from Tombstone Project, Arizona; Including 1.73 gpt Gold and 56.2 gpt Silver (2.53 gpt AuEq) over 64.0 m".

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- News Release dated September 28, 2021 and titled, "Aztec Reports Final Phase 2 RC Drill Results from Tombstone Project, Arizona; Including 2.44 gpt Gold and 66.56 gpt Silver (3.39 gpt AuEq) over 65.5 m with 16.80 gpt gold and 374.36 gpt silver (22.15 gpt AuEq) over 7.6 m".

David Heyl, BSc, CPG, Vice President (Exploration), is the Qualified Person who reviewed and approved any technical information in this MD&A for 2021.

Other Matters

In March 2021, Mr. Joseph Wilkins resigned as Vice President (Exploration) and Chief Geologist, and became adviser. Mr. Allen David Heyl was appointed Vice-President (Exploration) in April 2021.

1.3 Selected Annual Information

The consolidated financial statements have been prepared in accordance with IFRS as issued by the IASB.

	Years Ended December 31,		
	2020	2019	2018
Total revenues	\$ -	\$ -	\$ -
Loss before discontinued operations and extraordinary items:			
(i) Total	\$ (1,623,760)	\$ (556,881)	\$ (1,019,383)
(ii) Basic per share	\$ (0.04)	\$ (0.02)	\$ (0.04)
(iii) Diluted per share	\$ (0.04)	\$ (0.02)	\$ (0.04)
Net loss:			
(i) Total	\$ (1,623,760)	\$ (556,881)	\$ (1,019,383)
(ii) Basic per share	\$ (0.04)	\$ (0.02)	\$ (0.04)
(iii) Diluted per share	\$ (0.04)	\$ (0.02)	\$ (0.04)
Total assets	\$ 6,110,829	\$ 3,045,797	\$ 3,018,409
Total long-term liabilities	\$ -	\$ -	\$ -
Dividends per share	\$ -	\$ -	\$ -

1.4 Results of Operations

Third Quarter of Fiscal 2021 – Nine months ended September 30, 2021 compared with September 30, 2020

The Company incurred a net loss of \$1.1 million for the nine months ended September 30, 2021, which is higher than the net loss of \$1 million for same period in fiscal 2020, with the former also having higher operating expenses. Net loss was impacted by different functional expense items.

The Company has no sources of operating revenues. Operating losses were incurred for activities of the Company to acquire, explore or maintain its mineral property interests in the Cervantes and Tombstone properties and pursuing mineral projects of merit.

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The Company continues with its engagement of an external Mexican accounting firm to assist in financial reporting and tax compliance and representation in Mexico and to provide accounting support in which such fees were incurred, given the Cervantes project is located in Mexico and held by its Mexican subsidiary. Higher accruals for audit and tax compliance fees were recorded in the fourth quarter of 2020 given the corporate structure used to support the joint venture with Kootenay. Accounting fees were lower in the first quarter of 2021 due to allocations to the Cervantes joint venture. Part time accounting contractor was hired in the second quarter of 2021 to support the heightened exploration activities for its two mineral properties which are subject to joint ventures and continued into the third quarter resulting in higher expenses.

Amortization is attributable to office furniture and equipment for its shared office facilities. Amortization was lower in the first quarter of 2021 as certain office equipment have been fully amortized in 2020 although there were acquisitions in the first quarter which resulted in slightly higher amortization in the subsequent quarters in 2021.

Employee remuneration directly related to mineral exploration projects and corporate development were allocated to those specific activities rather than to operations. In August 2020, a non technical senior officer was hired with capital markets experience which increased remuneration in the remaining quarters of 2020 and into 2021. In the second quarter of 2021, increases in employee remuneration were attributable to bonuses paid, executive recruiter fees incurred for seeking a new senior officer, and interim fees charged by a technical director to act as a qualified person to review and approve technical exploration results which interim fees continued into the third quarter.

Legal fees were lower in 2021 than in 2020. In the first quarter of 2020, modifications to exercise prices of stock options necessitated regulatory filings and approvals which increased legal fees. For the third quarter of 2020, such expenses were incurred for its corporate compliance for stock option grants and engagement of investor relation consultants. Nominal fees were incurred in the fourth quarter of 2020. Legal services rendered in 2021 relate to annual corporate filings and updates in domestic and foreign jurisdictions and regulatory filings and were minimal.

Office and sundry include ancillary office support facilities for the Company's activities, and include insurance, office rent, telecommunications and software and systems support and licensing. Insurance increased due to high insurance payouts in the insurance industry resulting in higher premium renewal rates for directors and officers and commercial liability insurance coverages. Office and sundry and rent are generally more fixed than other functional expense categories. Office and sundry increased to support the active exploration programs in 2021. Rent increased due to office facility for a new senior officer who was hired in August 2020. The use of shared office facilities has allowed rent and commitments to be nominal. In mid 2020, the Company proceeded with the setup and migration of a new cloud server to support a more comprehensive and secure IT infrastructure including the associated software licensing costs. In 2021, additional security and backup features and user access controls were implemented as well as additional users, resulting in higher costs relative to prior quarters in 2020.

Project evaluation efforts involve due diligence on identifying mineral properties of merit for acquisition purposes. These costs are attributable to geological technical management review and due diligence, site visits to mineral properties in North America, reviewing technical information, addressing any legal issues associated with due diligence, and engaging consultants to provide greater capital markets exposures. Only nominal travel expenses were incurred in the first quarter of 2020 given limited cash and the economic downturn from the pandemic in the latter part of the quarter. This cost is comprised mostly of technical management review and travel. In the second quarter of 2020, the Company engaged a consultant to provide corporate development activities and to develop strategies and guidance to management to advance current projects and identify new opportunities, which continued into the third quarter. This provided the catalyst for the \$3.08 million private placement which was overallocated and closed in two tranches in the third quarter in 2020. No project review was done in the first quarter of 2021 as the primary focus was the exploration programs for its two mineral properties, and nominal travel expenses were incurred in the second quarter for project review. Negligible expenses were incurred in the third quarter of 2021.

Regulatory expenses include ongoing regulatory compliance obligations and transfer agent services and tend to be similar for comparable periods. The increases in the second quarters of each fiscal period were attributable to its annual and special general meetings held in June. The expenses for the first quarter of 2021 were higher than the same quarter of 2020 due to the higher market capitalization which resulted in higher sustaining fees and annual filing fees, and also due to fees for its continuous disclosures related to more active exploration programs in 2021. Second quarter fees in 2021 were higher from

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higher annual general meeting fees. In the third quarter of 2021, the Company proceeded with its DTC eligibility in the USA to allow for greater liquidity in its stock.

Shareholder relations were for advertising and marketing activities, engagement of consultant, and participation in conferences to create awareness of the Company and its Cervantes and Tombstone projects. These activities included the participation in various conferences and shareholder events in North America and Europe related to mineral exploration and mining as well as capital markets, and engaging market participants to assist with expanding the public profile of the Company and its projects. Such expenses were incurred in the first quarter of 2020 for attendance at conferences to continue with its capital market exposure as the Company proceeded with an equity financing in March 2020. These activities increased in the second quarter of 2020 with more significant increases in the remaining quarters of 2020 as the Company sought greater exposure of its exploration projects as commodity prices achieved new highs. Such efforts contributed to an overallocation of its \$3.08 million financing which was closed in two tranches in July 2020. Given two active joint ventures and active exploration programs for its mineral properties for 2021, the Company continued its advertising and marketing efforts in 2021 which resulted in higher costs than the prior comparable quarters in 2020. The positive drilling results from its Tombstone project necessitated greater market exposure resulted in higher costs in the third quarter of 2021.

Share-based payments were recognized for the vesting provisions for stock options. No stock options were granted in the first and second quarters of 2020. In August 2020, the Company granted stock options for 1,930,000 common shares with an exercise price of \$0.40 and expiry date of August 7, 2025. The stock options are subject to vesting provisions in which 20% vest on grant date and 20% vest every 6 months thereafter. The combination of the stock volatility and number of stock options subject to vesting provisions along with the effects from the re-pricing of the exercise prices contributed to the increase in 2020. In April 2021, the Company granted stock options for 1,015,000 common shares with an exercise price of \$0.30 and expiry date of April 12, 2026. The stock options are subject to vesting provisions in which 20% vest on grant date and 20% vest every 6 months thereafter. The stock option grant would increase share based payments in the second quarter of 2021 relative to prior quarters.

Interest income is realized from the Company's excess cash which is held in interest bearing investment savings account. As cash is expended on working capital needs and exploration programs, quarterly interest will commensurately decrease. The Company did not have any cash in interest bearing account in the first two quarters of 2020 whereas proceeds from the \$3.08 million financing in July 2020 were invested to earn passive income from its premium savings account.

Finance and interest charges in the second and third quarters of 2020 are interest on such loans which bore interest at 12% per annum. The loans were repaid in July 2020.

The foreign exchange gain (loss) was from the net effects of transactional foreign currency and jurisdictional translation and revaluation effects from its Mexican and US subsidiaries which operate in Mexican pesos and US dollars, respectively, and from certain U.S. dollar stated accounts during the period. The Company's functional currency is the CAD dollars. The US dollars appreciated relative to the Canadian dollar and Mexican peso during the first quarter of 2020 resulting in higher foreign exchange losses, from US dollar transactions and its US subsidiaries. The US dollar and Mexican peso depreciated relative to the Canadian dollar during the remaining periods of 2020 in which the Canadian dollar continued to strengthen in 2021.

In the fourth quarter of 2020, the Company wrote down a portion of its value added tax receivable in Mexico as there are uncertainties related to its collectability and / or refundability. Also such write-downs are indicative of the added costs of engaging dedicated Mexican tax specialists to assist with their collectability.

Non controlling interest represents the allocation of operating expenses of the corporate joint venture for the Cervantes project to the joint venture partner.

As at September 30, 2021, the Company's mineral property interests are comprised of the following:

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	September 30, 2021		
	Mexico	USA	Total
	Cervantes	Tombstone	
Acquisition Costs:			
Balance, December 31, 2020	\$ 582,611	\$ 176,073	\$ 758,684
Acquisition	-	302,172	302,172
Balance, September 30, 2021	582,611	478,245	1,060,856
Deferred Exploration Expenditures:			
Balance, December 31, 2020	2,218,539	999,312	3,217,851
Assays	22,782	97,309	120,091
Drilling	2,798	617,381	620,179
Equipment and systems	1,040	13,782	14,822
Field, camp, supplies	8,029	8,419	16,448
General, administrative, legal, sundry	40,712	18,439	59,151
Geology	84,163	39,216	123,379
Road access and rent	51,590	-	51,590
Salaries and local labour	38,327	102,188	140,515
Surface taxes	8,587	9,268	17,855
Surveying	6,449	-	6,449
Transportation and travel	36,617	67,265	103,882
Contribution by joint venture partner	-	(240,486)	(240,486)
Balance, September 30, 2021	2,519,633	1,732,093	4,251,726
Mineral Property Interests:			
December 31, 2020	\$ 2,801,150	\$ 1,175,385	\$ 3,976,535
September 30, 2021	\$ 3,102,244	\$ 2,210,338	\$ 5,312,582

In the first quarter of 2021, the Company mobilized a field crew to conduct a soil and outcrop rock chip surface sampling program which outlined new gold-copper-molybdenum geochemical soil and rock anomalies on the Cervantes porphyry gold-copper property in Sonora, Mexico.

In March 2021, the Company acquired two patented claims amounting to 15.2 hectares (37.5 acres), increasing the overall Tombstone joint venture land package to 434.4 hectares (1,073.4 acres). In April 2021, the Company mobilized a reverse circulation drill program at Tombstone which was completed in September 2021 for 23 holes for 2,716 metres. The RC program is designed to step out and down from the Phase 1 drill patterns drilled in 2020 to expand the shallow, broad, bulk tonnage gold-silver mineralization discovered around and below the Contention pit.

During the nine months ended September 30, 2021, funds of \$105,900 were received for the Cervantes project and \$240,500 for the Tombstone project from the respective joint venture partners.

1.5 Summary of Quarterly Results (Unaudited)

The following table provides selected financial information of the Company for each of the last eight quarters ended at the most recently completed quarter, September 30, 2021. All dollar amounts are expressed in Canadian dollars unless otherwise indicated.

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	2021			2020			2019	
	Sept 30	June 30	Mar 31	Dec 31	Sept 30	June 30	Mar 31	Dec 31
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Income (loss) before discontinued operations and extraordinary items:								
(i) Total	\$ (364,535)	\$ (456,957)	\$ (262,074)	\$ (591,764)	\$ (647,885)	\$ (269,143)	\$ (114,968)	\$ (149,166)
(ii) Basic earnings (loss) per share	\$ (0.01)	\$ (0.01)	\$ -	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ -	\$ (0.01)
(iii) Diluted earnings (loss) per share	\$ (0.01)	\$ (0.01)	\$ -	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ -	\$ (0.01)
Net income (loss):								
(i) Total	\$ (364,535)	\$ (456,957)	\$ (262,074)	\$ (591,764)	\$ (647,885)	\$ (269,143)	\$ (114,968)	\$ (149,166)
(ii) Basic earnings (loss) per share	\$ (0.01)	\$ (0.01)	\$ -	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ -	\$ (0.01)
(iii) Diluted earnings (loss) per share	\$ (0.01)	\$ (0.01)	\$ -	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ -	\$ (0.01)
Total assets	\$ 6,359,416	\$ 6,483,066	\$ 6,248,454	\$ 6,110,829	\$ 6,293,503	\$ 3,835,012	\$ 3,512,611	\$ 3,045,797
Total long-term liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Dividends per share	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

In the third quarter of 2020, the Company implemented programs for marketing its minerals exploration projects which contributed to the closing of \$3.08 million financing.

1.6 Liquidity

The Company is in the exploration stage and has not yet determined whether its mineral property interests contain reserves. The recoverability of amounts capitalized for mineral property interests is entirely dependent upon the existence of reserves, the ability of the Company to obtain the necessary financing to complete the development and upon future profitable production. The Company knows of no trends, demands, commitments, events or uncertainties that may result in the Company's liquidity either materially increasing or decreasing at the present time or in the foreseeable future except as disclosed in this MD&A and in its regulatory filings. Material increases or decreases in the Company's liquidity are substantially determined by the success or failure of the Company's exploration and development programs and overall market conditions for smaller mineral exploration companies. The Company has endeavored to secure mineral property interests that in due course could be brought into production to provide the Company with cash flow which would be used to undertake work programs on other projects. To that end, the Company has expended its funds on mineral property interests that it believes have the potential to achieve cash flow within a reasonable time frame. As a result, the Company has incurred losses during each of its fiscal years. This result is typical of smaller exploration companies and will continue unless positive cash flow is achieved.

The following table contains selected financial information of the Company's liquidity:

	September 30, 2021	December 31, 2020
Cash	\$ 845,694	\$ 1,919,485
Working capital	826,991	1,983,302

During the nine months ended September 30, 2021, warrants for 3.18 million common shares were exercised for gross proceeds of \$626,000 and stock options for 160,000 common shares were exercised for gross proceeds of \$19,200.

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During the nine months ended September 30, 2021, funds of \$105,900 were received for the Cervantes project and \$240,500 for the Tombstone project from the respective joint venture partners.

In October and November 2021, the Company closed a private placement in two tranches totalling 5.25 million units at \$0.30 per unit for gross proceeds of \$1.58 million.

Ongoing operating expenses and exploration activities continue to reduce the Company's cash resources and working capital, as the Company has no sources of operating revenues.

The Company may enter into option agreements for mineral properties that involve payments in the form of cash and/or shares of the Company as well as minimum exploration expenditure requirements. Under Item 1.7, further details of contractual obligations are provided as at September 30, 2021. The Company will continue to rely upon equity financing as its principal source of financing its projects.

1.7 Capital Resources

At September 30, 2021, the Company has earned in various interests in its minerals properties which are subject to joint venture agreements.

1.8 Off-Balance Sheet Arrangements

There are no off balance sheet arrangements which could have a material effect on current or future results of operations, or the financial condition of the Company, except for those disclosed in this MD&A or in the Company's public filings.

1.9 Transactions with Related Parties

Key management includes directors (executive and non-executive) and senior management. The compensation paid or payable to key management is disclosed in the table below.

Except as disclosed elsewhere in the MD&A, the Company had the following general and administrative costs with related parties during the nine months ended September 30, 2021:

	Nine months ended September 30, 2021	Net balance receivable (payable) September 30, 2021
Key management compensation:		
Executive salaries and remuneration ⁽¹⁾	\$ 330,584	\$ -
Directors fees	18,354	(18,354)
Share-based payments	288,406	-
Executive salaries and remuneration ⁽¹⁾	\$ 637,344	\$ (18,354)
Net office, sundry, rent and salary allocations recovered from (incurred to) company(ies) sharing certain common director(s) ⁽²⁾	\$ (11,797)	\$ (2,926)

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- (1) Includes key management compensation which is included in mineral property interests, employee remuneration, and project evaluation.
- (2) The companies are AzMet and Canagold Resources Ltd. and Endeavour Silver Corp., both of which shares one common director with the Company.

Amounts which are incurred to related parties are in the normal course of business. The Company shares common office facilities, employee and administrative support, and office sundry amongst companies with a common director, and such allocations to the Company are on a full cost recovery basis. Any balances due to related parties are payable on demand.

Item 1.2 provides further details of the acquisition of the Cervantes property from AzMet.

1.10 Proposed Transactions

There are no proposed material asset or business acquisitions or dispositions, other than those in the ordinary course of business and other than those already disclosed in this MD&A, before the board of directors for consideration, and other than those already disclosed in its regulatory and public filings.

1.11 Critical Accounting Estimates and Judgements

The preparation of financial statements in accordance with IFRS requires management to make estimates, assumptions and judgements that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements along with the reported amounts of revenues and expenses during the period. Actual results may differ from these estimates and, as such, estimates and judgements and underlying assumptions are reviewed on an ongoing basis. Revisions are recognized in the period in which the estimates are revised and in any future periods affected.

Significant areas requiring the use of management estimates relate to determining the recoverability of mineral property interests; the determination of accrued liabilities; accrued site remediation; the variables used in the determination of the fair value of stock options granted and compensation warrants or finder's fees warrants issued or modified; and the recoverability of deferred tax assets. While management believes the estimates are reasonable, actual results could differ from those estimates and could impact future financial performance and cash flows.

1.12 Changes in Accounting Policies including Initial Adoption

The Company did not early adopt any recent pronouncements as disclosed in Note 2(f), "*New accounting standards and recent pronouncements*", of the audited consolidated financial statements for the years ended December 31, 2020 and 2019.

1.13 Financial Instruments and Other Instruments

The Company classifies its financial instruments as follows:

Financial Assets	
Cash	Fair value through profit or loss ("FVTPL")
Receivables	Loans and receivable at amortized cost
Financial Liability	
Accounts payable and accrued liabilities	Other financial liabilities under amortized cost

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Management of Financial Risk

The Company is exposed in varying degrees to a variety of financial instrument related risks, including credit risk, liquidity risk, and market risk which includes foreign currency risk, interest rate risk and other price risk. The types of risk exposure and the way in which such exposure is managed are provided as follows.

The fair value hierarchy categorizes financial instruments measured at fair value at one of three levels according to the reliability of the inputs used to estimate fair values. The fair values of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 are valued using inputs other than quoted prices for which all significant inputs are based on observable market data. Level 3 valuations are based on inputs that are not based on observable market data.

The fair values of the Company's receivables and accounts payable and accrued liabilities and loans payable approximate their carrying values due to the short terms to maturity. Cash is measured at fair values using Level 1 inputs.

(a) Credit risk:

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality Canadian financial institutions. Management has reviewed the items comprising the accounts receivable balance which may include amounts receivable from certain related parties, and determined that all accounts are collectible.

(b) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash and its ability to raise equity financings. As at September 30, 2021, the Company had working capital of \$827,000. The Company will require additional funding to meet its short-term liabilities and administrative overhead costs, and to maintain its mineral property interests in 2021.

Accounts payable and accrued liabilities are due in less than 90 days.

(c) Market risk:

The significant market risk to which the Company is exposed are foreign currency risk, interest rate risk and other price risk.

(i) Foreign currency risk:

The Company has certain cash and accounts payable stated in United States dollars and Mexican pesos, mineral property interests which are in the USA and Mexico, and a portion of its operations is in Mexico, resulting in expenditures subject to foreign currency fluctuations. Fluctuations in the United States dollar and Mexican peso would impact the losses of the Company and the values of its assets and liabilities as the Company's functional and presentation currencies are the Canadian dollar. The Canadian dollar fluctuates and floats with the United States dollar and Mexican peso.

At September 30, 2021, the Company was exposed to currency risk for its Canadian dollar equivalent of financial assets and liabilities denominated in currencies other than Canadian dollars as follows:

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	Stated in Canadian Dollars		
	Held in		Total
	United States		
	Dollars	Mexican Pesos	
Cash	\$ 209,325	\$ 1,324	\$ 210,649
Accounts payable and accrued liabilities	(116,010)	(6,235)	(122,245)
Net financial assets (liabilities), September 30, 2021	\$ 93,315	\$ (4,911)	\$ 88,404

Based upon the above net exposure as at September 30, 2021 and assuming all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar relative to the United States dollar and Mexican pesos could result in a decrease/increase of approximately \$9,000 in the Company's net losses. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

(ii) Interest rate risk:

In respect of financial assets, the Company's policy is to invest excess cash at floating rates of interest in cash equivalents, in order to maintain liquidity, while achieving a satisfactory return. Fluctuations in interest rates impact on the value of cash equivalents. Interest rate risk is not significant to the Company as it has no cash equivalents at period-end.

(iii) Other price risk:

Other price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. The Company currently does not have any financial instruments which fluctuate with market prices.

1.14 Other MD&A Requirements

1.14.1 Other MD&A Requirements

Additional information relating to the Company are as follows:

- (a) may be found on SEDAR at www.sedar.com;
- (b) is also provided in the Company's unaudited condensed consolidated interim financial statements for the three months and nine months ended September 30, 2021 and audited consolidated financial statements for the years ended December 31, 2020 and 2019.

1.14.2 Outstanding Share Data

The Company's authorized share capital consists of unlimited number of common shares without par value.

Changes in the Company's share capital for the nine months ended September 30, 2021 are as follows:

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	Number of Shares	Amount
Balance at December 31, 2020	55,771,113	\$ 9,388,293
Issued:		
Share issue expenses	-	(3,622)
Property acquisition	600,000	201,000
Exercise of warrants	3,180,000	709,400
Exercise of stock options	160,000	29,530
Balance at September 30, 2021	59,711,113	\$ 10,324,601

During the nine months ended September 30, 2021, warrants for 3.18 million common shares were exercised for gross proceeds of \$626,000 and stock options for 160,000 common shares were exercised for gross proceeds of \$19,200.

In October and November 2021, the Company closed a private placement in two tranches totalling 5.25 million units at \$0.30 per unit for gross proceeds of \$1.58 million. Each unit was comprised of one common share and one share purchase warrant which is exercisable to acquire one common share at an exercise price of \$0.40 for a period of two years. On October 29, 2021, the Company closed the first tranche for 3.3 million units for gross proceeds of \$1 million. On November 17, 2021, the Company closed the second tranche for 1.9 million units for gross proceeds of \$575,000. Finders fees were comprised of \$294 in cash and 980 warrants with the same terms as the underlying warrants in the private placement.

At November 26, 2021, there were 64,961,505 common shares issued and outstanding.

The Company has a stock option plan that allows it to grant stock options to its directors, officers, employees and consultants, provided that the aggregate number of stock options granted shall not at any time exceed 10% of the total number of issued and outstanding common shares of the Company. The exercise price of each stock option shall be based on the market price of the Company's shares as traded on the TSX Venture Exchange at the time of grant. Stock options have a maximum term of ten years and terminate 30 days following the termination of the optionee's employment, except in the case of death, in which case they terminate one year after the event. Vesting of stock options is made at the discretion of the Board at the time the stock options are granted.

The continuity of stock options for the nine months ended September 30, 2021 is as follows:

	September 30, 2021	
	Number of shares	Weighted average exercise price
Outstanding balance, beginning of period	4,830,000	\$0.23
Granted	1,015,000	\$0.30
Exercised	(160,000)	\$0.12
Outstanding balance, end of period	5,685,000	\$0.24

On April 12, 2021, the Company granted stock options for 1,015,000 common shares to directors, officers and employees with an exercise price of \$0.30 and expiry date of April 12, 2026. The stock options are subject to vesting provisions in which 20% vest on grant date and 20% vest every 6 months thereafter.

At November 26, 2021, stock options for 5,685,000 common shares remain outstanding of which 4,304,000 stock options are exercisable.

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At September 30, 2021, the Company had outstanding warrants as follows:

Exercise Prices	Expiry Dates	Outstanding at December 31, 2020	Issued	Exercised	Expired	Outstanding at September 30, 2021
\$0.20	July 2, 2021 ⁽¹⁾	3,000,000	-	(2,780,000)	(220,000)	-
\$0.20	June 3, 2021	300,000	-	(300,000)	-	-
\$0.10	April 3, 2022	2,600,000	-	(100,000)	-	2,500,000
\$0.40	July 9, 2022	3,538,082	-	-	-	3,538,082
\$0.40	July 9, 2022 ⁽²⁾	212,040	-	-	-	212,040
\$0.40	July 22, 2022	1,591,342	-	-	-	1,591,342
\$0.40	July 22, 2022 ⁽³⁾	89,837	-	-	-	89,837
		11,331,301	-	(3,180,000)	(220,000)	7,931,301

(1) On July 2, 2019, the Company issued 3,900,000 warrants with an exercise price of \$0.20 and an expiry date of July 2, 2021, and have a total fair value of \$117,000 as determined by the excess private placement price over the market price of the common share on closing date.

(2) These finders fee warrants have a fair value of \$50,767 and was recorded as share issuance expense as applied to share capital with a corresponding credit to reserve for share-based payments calculated using the Black-Scholes option pricing model with the following assumptions: volatility 129%, risk-free rate 0.28%, expected life 2 years, and expected dividend yield 0%.

(3) These finders fee warrants have a fair value of \$22,962 and was recorded as share issuance expense as applied to share capital with a corresponding credit to reserve for share-based payments calculated using the Black-Scholes option pricing model with the following assumptions: volatility 129%, risk-free rate 0.27%, expected life 2 years, and expected dividend yield 0%.

In October and November 2021, the Company issued the following warrants pursuant to a private placement which closed in two tranches (Note 9(b)(i)):

- 3,332,453 warrants with exercise price of \$0.40 and expiry date of October 29, 2023;
- 1,917,939 warrants with exercise price of \$0.40 and expiry date of November 17, 2023; and
- 980 finders fee warrants exercise price of \$0.40 and expiry date of October 29, 2023.

At November 26, 2021, warrants for 13,182,673 common shares remain outstanding.

1.15 Outlook

The Company will continue to depend upon equity financings to continue exploration work on and to advance its mineral property interests, and to meet its administrative overhead costs for the 2021 fiscal year. There are no assurances that capital requirements will be met by this means of financing as inherent risks are attached therein including commodity prices, financial market conditions, and general economic factors. The Company does not expect to realize any operating revenues from its mineral property interests in the foreseeable future.

1.16 Risk Factors

A detailed discussion of the Company's risks can be found below and under "Risk Factors" in the MD&A as included in the Fourth Quarter Report for the year ended December 31, 2020 and filed on SEDAR on April 28, 2021.

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COVID-19 Pandemic

The COVID-19 (the novel coronavirus) pandemic is having a material adverse effect on the global economy as well as caused volatility in the global financial markets. While the primary impact of COVID-19 on the Company and the global economy occurred for almost 2 years, the economic impact of COVID-19 and related government imposed restrictions remain a risk. To the extent the COVID-19 pandemic adversely affects our business and financial results, it may also have the effect of heightening many of the other risks described in this "Risk Factors" section.

Possible Dilution to Current Shareholders based on Outstanding Options and Warrants

At September 30, 2021, the Company has 59,711,113 common shares, 5,685,000 stock options and 7,931,301 warrants outstanding. The resale of outstanding shares from the exercise of dilutive securities could have a depressing effect on the market for the Company's shares. At September 30, 2021, dilutive securities represented approximately 22.8% of the Company's issued shares.