



**AZTEC MINERALS CORP.**

**Third Quarter Report**

**Management Discussion and Analysis**

**(expressed in Canadian dollars)**

**Three and Nine Months ended September 30, 2022**

**AZTEC MINERALS CORP.**  
(the “Company”)

**Third Quarter Report**

**Management’s Discussion and Analysis**  
**For the Three and Nine Months ended September 30, 2022**  
(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, 2022 and audited consolidated statement of financial position as at December 31, 2021 and 2020 and the consolidated statements of comprehensive loss, changes in shareholders’ equity and cash flows for the years ended December 31, 2021 and 2020, and a summary of significant accounting policies and other explanatory information, prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), all of which are available at the SEDAR website at [www.sedar.com](http://www.sedar.com).

All dollar amounts are expressed in United States dollars unless otherwise indicated.

All information contained in the MD&A is as of November 28, 2022 unless otherwise indicated.

David Heyl, BSc, PGeo, Vice President (Exploration), is the Qualified Person who reviewed and approved any technical information in this MD&A for 2022 and 2021.

**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**

#### ***Cervantes Property***

The Cervantes is a highly prospective porphyry gold-copper property located in southeastern Sonora state, Mexico. The project lies 160 km east of Hermosillo, Sonora, Mexico within the prolific Laramide porphyry copper belt approximately 265 km southeast of the Cananea porphyry copper-molybdenum mine (Grupo Mexico). Cervantes also lies along an east-west trending gold belt 60 km west of the Mulatos epithermal gold mine (Alamos Gold), 35 km northeast of the Osisko Development San Antonio gold mine, 45 km west of the La India mine (Agnico Eagle), and 40 km northwest of Santana gold deposit (Minera Alamos).

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. The property is composed of 4 concessions of 3,649 hectares.

In late August 2022, the Company closed the purchase transaction whereby the Company acquired Kootenay's 35% interest in the joint venture, resulting in the Company owning a 100% interest in the Cervantes project. As consideration for the 35% interest in joint venture entity, the Company issued to Kootenay 10,000,000 common shares in the capital of the Company at a fair value of \$0.25 per share, and Kootenay has retained a 0.5% net smelter return royalty.

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.

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

In December 2021, the Company mobilized a reverse circulation drilling program which was completed in March 2022 for 26 holes totaling 5,249 metres. The RC drill program in December started the testing at the Purisima East target, where three drill holes were completed in December 2021 totaling 581.5 metres with anomalous results and encountering mineralized quartz feldspar porphyry. Purisima East is the first of four main targets for the RC drill program, namely, California, California North, Jasper and Purisima East. Concurrently with the start of the RC drilling program 201 channel samples were collected on the roadcuts at the Purisima East. Anomalous results and mineralized quartz feldspar porphyries were encountered. The drilling at Purisima East finished with a fourth RC drill hole of 182.9 m with anomalous results and mineralized quartz feldspar porphyry in early January, 2022.

California zone drilling initiated in early January 2022 and its drill highlights are as follows:

- 1.1 grams per tonne (gpT) Au over 88.41 m in mineralized quartz feldspar porphyry including 1.56 gpT Au over 54.9 m in CAL22-001
- 1.002 gpT Au over 167.2 m in mineralized quartz feldspar porphyry, including 24.4 metres of 4.247 gpT Au in CAL22-004, located in the central part of the mineralized zone
- 0.374 gpT Au over 99.1 m in mineralized porphyries and hydrothermal breccias in CAL22-002 located at the west end of the mineralized zone
- 0.451 gpT Au over 45.7 m in mineralized porphyries in CAL22-003, including 13.7 metres of 0.868 gpT Au located at the south end of the mineralized zone
- 1.486 gpT Au over 136.8 m in mineralized quartz feldspar porphyry and hydrothermal breccias, including 51.7 metres of 3.424 gpT Au in CAL22-005, located at the southern edge of the central part of the mineralized zone
- 0.75 gpT Au over 100.3 m in mineralized porphyries and hydrothermal breccias, including 9.1 metres of 3.087 gpT Au in CAL22-006 located at the northern edge of the central portion of the mineralized zone
- 0.422 gpT Au over 63.8 m in mineralized porphyries and hydrothermal breccias in CAL22-007, located at the northern edge of the central portion of the mineralized zone
- 0.884 gpT Au over 54.7 m in mineralized quartz feldspar porphyry and hydrothermal breccias, including 13.7 metres of 1.965 gpT Au in CAL22-008, located at the southern edge of the eastern part of the mineralized zone
- 0.50 gpT Au over 86.6 m in mineralized porphyries and hydrothermal breccias in CAL22-009 located at the southern edge of the central portion of the mineralized zone
- 0.53 gpT Au over 138.3 m in mineralized porphyries and hydrothermal breccias, including 10.67 m of 1.622 gpT Au in CAL22-010, located in the central portion of the mineralized zone
- 0.43 gpT Au over 132.2 m in mineralized quartz feldspar porphyry and hydrothermal breccias in CAL22-011, including 12.2 metres of 1.29 gpT Au located at the northern edge of the central portion of the mineralized zone
- 0.87 gpT Au over 152.4 m in mineralized porphyries and hydrothermal breccias in CAL22-012 including 33.5 metres of 2.05 gpT Au located at the northern edge of the central portion of the mineralized zone
- 0.48 gpT Au over 54.9 m in mineralized porphyries and hydrothermal breccias in CAL22-014, located at the northern edge of the eastern portion of the mineralized zone
- 9.1 metres of 0.332 gpT Au and 150 metres with visible Copper oxides and secondary sulfides in mineralized quartz feldspar porphyry intrusive, sediments and hydrothermal breccias in JAS22-001, as a 180 m step-out in the Jasper target to the southwest of the 2018 drilling.
- 24.3 metres of 0.315 gpT Au and 6.1 metres of 1.649 gpT Au in mineralized quartz feldspar porphyry, sediments and hydrothermal breccias in CAL22-017, as a 350 m step-out north onto the southern edge of the California North target.
- 0.421 gpT Au over 68.4 m in mineralized porphyries and hydrothermal breccias in CAL22-015 located at the southern edge of the eastern portion of the mineralized zone
- 0.475 gpT Au over 56.2 m in mineralized porphyries and hydrothermal breccias in CAL22-016, located at the northern edge of the eastern portion of the mineralized zone

Reported lengths are apparent widths, not true widths, and the observed gold mineralization appears to be widely distributed in disseminations, fractures and veinlets within quartz-feldspar porphyry, feldspar porphyry stocks and related hydrothermal

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breccias. The RC drilling program successfully confirmed gold and copper mineralization and quartz feldspar porphyry at the Jasper and at the California North targets, expanding the areas for potential exploration.

The Company also completed drill hole collar surveying, QAQC evaluations on the drilling samples and analyses, field work for Drone Photogrammetry survey to create a detailed ortho-topographic base map, and Terraspec readings on the RC drill chips. The Company plans to carry out channel sampling and geologic mapping of the new drill roads at California, California Norte and Jasper, as well as to expand surface sampling and mapping on the property in general to continue the 2021 surface program.

In July 2022, the Company commenced a core drilling program which was completed in October 2022 for 11 holes totalling 2,515.5 metres as a follow-up to the RC drill program. The primary objectives of the drilling program were to better define the open pit, heap leach gold potential of the porphyry gold oxide cap at California, evaluate the potential for deeper copper-gold porphyry sulfide mineralization underlying the oxide cap, test for northern extensions of the California mineralization at California North and northwestern extensions of the Jasper mineralization. Drill highlights from eight drill holes include the following:

Drill Hole	From m	To m	Interval m*	Au gpT	Comments
CAL22-022	97.5	106.5	9.0	1.72	
250 Az, -60	150.0	166.5	16.5	0.341	
CAL22-023	12.0	38.7	26.7	0.537	
250 Az, -60	81.7	89.2	7.5	0.429	
CAL22-024	0.0	46.5	46.5	0.444	Au associated with 500+ ppm Cu
250 Az, -60	69.35	75.0	5.65	0.246	
CAL22-025	0.0	9.0	9.0	0.203	457.5 m test to depth,
0 Az, -85	51.0	63.0	12.0	0.26	From 199 m to 319 m,
	130.5	139.5	9.0	0.646	120 m of 145 ppm Mo
CAL22-026	0.0	214.3			450 m Step-out SE, Qfp
0 Az, -85					with broad zones of
					anomalous Mo and Cu
CAL22-027	0.0	120.0	120.0	0.677	Met test infill
240 Az, -50					

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CAL22-028	49.5	54.0	4.5	0.545	Step out to the North
250 Az, -60	226.5	235.5	9.0	0.442	
CAL22-029	48	54.0	6.0	0.277	Step out to the North
250 Az, -60	130.5	187.5	57.0	0.773	
Including	139.5	157.5	18.0	1.568	

To-date, every hole drilled at California has intersected near surface, oxidized gold mineralization with minor copper oxides. The primary objectives of the RC drilling exploration program were attained, including to better define the open pit, heap leach gold potential of the porphyry oxide cap at California, evaluate the potential for deeper copper-gold porphyry sulfide mineralization underlying the oxide cap, tested for north and west extensions of the California mineralization at California North and Jasper, and assess the breccia potential of 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".
- News Release dated December 14, 2021 and titled, "Aztec - Kootenay Joint Venture Commences 22 hole, 5000 meter RC Drill Program at Cervantes Gold-Copper Project, Sonora, Mexico".
- News Release dated January 26, 2022 and titled, "Aztec – Kootenay JV Completes First 14 Holes of Phase 2 Drill Program on the Cervantes Porphyry Gold-Copper Property in Sonora, Mexico".
- News Release dated February 16, 2022 and titled, "Aztec – Kootenay JV Intersects Broad, High-Grade Gold Mineralized Zone in First Hole of Phase 2 RC Drill Program at the Cervantes Project in Sonora, Mexico; Including 1.1 gpt Au over 88.4 metres".
- News Release dated February 23, 2022 and titled, "Aztec – Kootenay JV Continues to Intersect Broad, High-Grade Gold Mineralization in Phase 2 RC Drill Program at the Cervantes Project in Sonora, Mexico; Including 1.0 gpt Au over 167.2 metres".
- News Release dated March 2, 2022 and titled, "Aztec – Kootenay JV Reports Best Hole Yet from California Zone at Cervantes Project in Sonora, Mexico; Intersects 1.49 gpt Au over 136.8 m Including 3.42 gpt Au over 51.7 m".
- News Release dated March 22, 2022 and titled, "Aztec – Kootenay JV Reports Continued Strong Drill Results from California Zone at Cervantes Project in Sonora, Mexico; Intersects 0.53 gpt Au over 138.3 m and 0.88 gpt Au over 54.7 m".
- News Release dated April 13, 2022 and titled, "Aztec – Kootenay JV Reports Additional Strong Drill Results from California Zone at Cervantes Project in Sonora, Mexico; Intersects 0.87 gpT Au over 152.4 m Including 2.05 gpT Au over 33.5m".
- News Release dated May 5, 2022 and titled, "Aztec – Kootenay JV Reports Drill Intercept of 0.32 gpT Au over 24.3 metres and 6.1 metres of 1.649 gpT Au at California North Prospect, 350 m North of California Zone, Cervantes Project, Sonora, Mexico".
- News Release dated June 14, 2022 and titled, "Aztec – Kootenay JV Reports Final Gold and Multi-Element Results from 2021-2022 RC Drill Program on Cervantes Property, Sonora".
- News Release dated July 27, 2022 and titled, "Aztec Commences 10-hole, 3000 meter Core Drill Program at its Cervantes Gold-Copper Project, Sonora, Mexico".
- News Release dated September 6, 2022 and titled, "Aztec Completes First 7 Holes of Phase 3 Core Drilling Program at its 100%-owned Cervantes Project in Sonora, Mexico and Appoints new Director".

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- News Release dated October 25, 2022 and titled, "Aztec Completes 11-Hole, Phase 3, Core Drilling Program at the Cervantes Project in Sonora, Mexico".
- News Release dated November 15, 2022 and titled, "Aztec Continues to Intersect Gold Mineralization at Cervantes Project in Sonora, Mexico; Including 0.68 gpT Au over 120.0 m".

### ***Tombstone Property***

The Tombstone property includes the historic Contention Mine and surrounding patented claims totaling 435.7 acres (176.32 hectares) with an additional 840 acres (339.94 hectares) of 42 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, deposits of silver-gold-lead mineralization hosted in veins, mantos, pipes and disseminated orebodies.

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.

In March 2021, the Company acquired two patented claims amounting to 15.17 hectares (37.5 acres), increasing the overall Tombstone joint venture land package to 516.26 hectares (1,275.69 acres). In April 2021, the Company mobilized a reverse circulation drill program at Tombstone which was completed in July 2021 for 23 holes for 2,716 metres. The RC program was designed to step out and downwards 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 highlights are as follows:

- Hole TR21-13 - 1.8 grams per tonne (gpT) gold and 36.9 gpT silver (2.33 gpT gold equivalent (AuEq\*) over 70.1 meters (m), including 6.08 m grading 2.93 gpT gold and 157 gpT silver (5.17 gpT gold equivalent AuEq\*) and 1.52 m with visible gold in quartz veining grading 55.71 gpT gold and 176.1 gpT silver (58.22 gpT gold equivalent AuEq\*). Hole bottomed in mineralization grading 0.37 gpT AuEq\* when ground caving forced early termination of the hole.

Interval has argillic and siliceous alteration, fine-grained sandstones, siltstones cut by quartz-feldspar porphyry dikes, faults/fissures, and hydrothermal breccias with quartz veining. Moderate to strong iron oxides, weak manganese oxides, orange-red color, and 1-3% oxidized pyrite. The drill hole interval exposed one mine working, adjacent to strong oxidation. Visible gold and cerargyrite (AgCl) was found at 132.6 – 135.7 m in a quartz vein.

- Hole TR21-10 - 1.39 gpT gold and 56.4 gpT silver (2.20 gpT gold equivalent AuEq\*) over 96.04 meters (m), including 39.94 m grading 2.47 gpT Au and 28.9 gpT Ag (2.97 gpT AuEq\*), 19.82 m grading 0.96 gpT Au and 24.98 gpT Ag (1.31 gpT AuEq\*), and 10.67 m grading 0.837 gpT Au and 60.96 gpT Ag (1.71 gpT AuEq\*).

Interval has siliceous alteration, fine-grained sandstones, siltstones and limestones cut by quartz-feldspar porphyry dikes, faults/fissures, and hydrothermal breccias with quartz veining. Moderate to strong iron oxides, manganese oxides, orange to red color, and 1 to 4 % oxidized pyrite sites. The drill hole interval exposed two mine workings, adjacent to breccias and dikes.

- Hole TR21-11 - 1.2 gpT gold and 71.6 gpT silver (2.22 gpT AuEq\*) over 24.3 m, and 0.17 gpT Au and 6 gpT Ag (0.26 gpT AuEq\*) over 16.7 m.

Interval has argillic and siliceous alteration, fine-grained sandstones, siltstones cut by quartz-feldspar porphyry dikes, faults/fissures, and hydrothermal breccias with strong quartz veining. Moderate to strong iron oxides, manganese oxides, orange to red to black color, and 1 to 4 % oxidized pyrite sites. The interval exposed one mine workings below the strong mineralization, a possible development tunnel.

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- Hole TR21-15 – 0.22 gpT gold and 18.3 gpT silver (0.487 gpT gold equivalent (AuEq\*)) over 42.7 meters (m).

Interval has siliceous alteration, fine-grained siltstones and limestones cut by quartz-feldspar porphyry dikes, faults/fissures, and hydrothermal breccias with quartz veining. Weak to strong iron oxides, manganese oxides, orange to red to black color, and trace to 2% oxidized pyrite. The drill hole interval exposed one mine stope of 6.1 m in a mineralized dike.

- Hole TR21-16 – 0.807 gpT gold and 15.9 gpT silver (1.035 gpT AuEq\*) over 64.0 m, including 3.61 gpT gold and 51.6 gpT silver (4.34 gpT AuEq\*) over 13.7 m.

Interval has argillic and siliceous alteration, fine-grained sandstones, and siltstones cut by quartz-feldspar porphyry dikes, faults/fissures, and hydrothermal breccias with quartz veining. Moderate to strong iron oxides, weak manganese oxides, orange to red color, and 1 to 3 % oxidized pyrite sites. The higher-grade interval of 13.7 m is of hydrothermal breccias with visible gold, strong silicification and quartz veinlets.

- Hole TR21-17 – 1.73 gpT gold and 56.2 gpT silver (2.53 gpT AuEq\*) over 64 m, including 6.455 gpT gold and 274 gpT silver (10.37 gpT AuEq\*) over 3.04 m, and 4.08 gpT gold and 59.4 gpT silver (4.93 gpT AuEq\*) over 10.7 m.

Interval has argillic and siliceous alteration, fine-grained sandstones, siltstones and limestones cut by quartz-feldspar porphyry dikes, faults/fissures, and hydrothermal breccias with quartz veining. Weak to strong iron oxides, manganese oxides, orange to red to black color, and trace to 3 % oxidized pyrite sites. The interval found visible gold from 32.0 to 33.5 m in hydrothermal breccias with strong silicification and quartz veinlets at the contact with overlying limestones and underlying quartz-feldspar porphyry dike. At 82.3 to 85.4 m chrysocolla (copper oxide) was found with abundant quartz veinlets adjacent to a hydrothermal breccia. This zone had the above noted 10.37 gpT AuEq\* results.

- Hole TR21-18 – 0.76 gpT gold and 20.61 gpT silver (1.049 gpT AuEq\*) over 64 m, including 2.46 gpT gold and 37.0 gpT silver (2.99 gpT AuEq\*) over 9.1 m.

Interval has siliceous alteration, fine-grained sandstones, siltstones and limestones cut by quartz-feldspar porphyry dikes, faults/fissures, and hydrothermal breccias with quartz veining. Moderate to strong iron oxides, manganese oxides, orange to red color, and 1 to 3 % oxidized pyrite sites. The interval found visible gold from 37.2 to 41.1 m in hydrothermal breccias with strong silicification, manganese oxides, and quartz veinlets within siltstones. Lower in the interval from 80.8 to 83.8 m a tunnel was found in 15.2 m of strongly silicified and quartz veined hydrothermal breccias, also hosted siltstone.

- Hole TR21-22 – 2.441 gpT gold and 66.56 gpT silver (3.392 gpT AuEq\*) over 65.5 m, including 16.80 gpT gold and 374.36 gpT silver (22.148 gpT AuEq\*) over 7.6 m. This hole ended in mineralization grading 1.045 gpT AuEq\* where it was terminated due to caving. TR21-22 is a 55 m step out east of drill holes TR21-17 and TR21-18 on section K. It is a twin of USMX hole TR-067 and shows the mineralization in the pit is open to the east and at depth.

The interval has strongly siliceous alteration, fine-grained sandstones and siltstones cut by quartz-feldspar porphyry dikes, faults/fissures, and hydrothermal breccias with quartz veining. Moderate to strong iron oxides, weak manganese oxides, orange to red color, and traces to 3 % oxidized pyrite sites. At the bottom of the drill hole was found the high-grade interval of 7.6 m reported above in hydrothermal breccia.

- Hole TR21-03 - 5.713 gpT gold and 40.5 gpT silver (6.282 gpT gold equivalent (AuEq\*)) over 32.01 meters (m), including 15.24 m grading 11.891 gpT gold and 62.9 gpT silver (12.79 gpT gold equivalent AuEq\*).

Interval of argillic and siliceous alteration, fine-grained sandstones cut by quartz-feldspar porphyry dikes, faults/fissures, and hydrothermal breccias with quartz veining. Moderate to strong iron oxides, orange to red color, and 2 to 3 % oxidized pyrite sites.

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- Hole TR21-20 – 0.247 gpT gold and 15.2 gpT silver (0.464 gpT AuEq\*) over 47.3 m including 7.6 m of open mine workings. The drill hole was terminated in mineralization due to caving with the last sample assaying 1.283 gpT AuEq\*. This hole is a vertical step out 30 m to the west of section M and shows the mineralization is open to the west and at depth.

Interval has argillic and siliceous alteration, fine-grained sandstones and siltstones cut by quartz-feldspar porphyry dikes and faults/fissures, with quartz veining. Moderate to strong iron oxides, weak manganese oxides, orange to red to brown color, and 2 to 3 % oxidized pyrite sites. The 7.6 m high stope encountered is astride the contact between an overlying dike and the siltstones underneath.

- Hole TR21-06 - 0.22 gpT gold and 17.3 gpT silver (0.47 gpT AuEq\*) over 74.69 m, including 4.57 m grading 1.26 gpT Au and 18.6 gpT Ag (1.53 gpT AuEq\*).

Interval has argillic and siliceous alteration, fine-grained sandstones, siltstones and limestones cut by quartz-feldspar porphyry dikes, faults/fissures, and hydrothermal breccias with quartz veining. Moderate to strong iron oxides, manganese oxides, orange to red color, and 1 to 5 % oxidized pyrite sites.

- Section N, Hole TR21-08 - 2.09 gpT gold and 47.1 gpT silver (2.76 gpT gold equivalent AuEq\*) over 39.64 meters (m), including 18.29 m grading 3.53 gpT gold and 58.4 gpT silver (4.37 gpT gold equivalent AuEq\*), which bottomed in mineralization grading 1.21 gpT AuEq\* when ground caving forced early termination of the hole.

Interval has argillic and siliceous alteration, fine-grained sandstones, hornfels, and siltstones cut by quartz-feldspar porphyry dikes, faults/fissures, and hydrothermal breccias with quartz veining. Moderate to strong iron oxides, orange to red color, and 2 to 3 % oxidized pyrite sites.

- Section O, Hole TR21-23 - 0.556 gpT gold and 16.6 gpT silver (0.793 gpT gold equivalent AuEq\*) over 24.4 meters (m), which bottomed in mineralization grading 1.188 gpT AuEq\* when ground caving forced early termination of the hole.

Interval has argillic and siliceous alteration, fine-grained sandstones, hornfels, and siltstones cut by quartz-feldspar porphyry dikes, faults/fissures, and quartz veining. Moderate to strong iron oxides, orange to red color, and 2 to 3 % oxidized pyrite sites.

- Hole TR21-21 – 0.797 gpT gold and 15.1 gpT silver (1.012 gpT AuEq\*) over 18.3 m including 3 m of open mine workings. The drill hole was terminated in mineralization due to caving following another intersection of a 4.6 m mine working, with the last sample assaying 1.997 gpT AuEq\*. This hole is a horizontal step out 50 m to the north of TR20-09, is the current northernmost drill hole and shows the mineralization is open in all directions and at depth.

Interval has argillic and siliceous alteration, fine-grained sandstones and siltstones cut by quartz-feldspar porphyry dikes and faults/fissures, with quartz veining. Moderate to strong iron oxides, weak manganese oxides, orange to red to brown color, and 2 to 3 % oxidized pyrite sites.

\*Gold equivalents are calculated using a 70:1 silver:gold ratio. Reported lengths are apparent widths, not true widths<sup>3</sup>.

Every one of the 23 drill holes intersected shallow oxidized gold-silver mineralization over substantial widths, thirteen drill holes crossed old tunnels where presumably the highest-grade ores were previously mined, several drill holes encountered visible gold, and all drill holes bottomed in mineralization, indicating the main mineralized zones are still open to depth as well as laterally.

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 is planning a Phase 3 core drill program to target deeper CRD (carbonate replacement deposits) lead-zinc-silver-copper-gold mineralization in Paleozoic limestone underlying the Tombstone property.

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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".
- 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".
- News Release dated December 7, 2021 and titled, "Aztec Summarizes 2021 RC Drill Results from Tombstone Project, Arizona; Multiple, Shallow, Thick, Oxidized Gold-Silver Intercepts Expand Mineralized Zones Around and Below the Contention Pit, Still Open in All Directions".

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

### ***Other Matters***

In March 2022, common shares of the Company which are traded in the United States under the symbol AZZTF on the OTCQB are now Depository Trust Company ("DTC") eligible, allowing for accelerated settlement process for investors and brokers.

In June 2022, the Company closed a private placement for 11.4 million units at \$0.30 per unit for gross proceeds of \$3.4 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 until June 6, 2024.

At the Company's annual and special general meeting held on June 20, 2022, shareholders voted in favour of all items of business including the re-election of each director (Messrs. Bradford Cooke, Patricio Varas, Mark Rebagliati, James Schilling, and Stewart Lockwood) and the ratification of the Company's stock option plan and the approval of the advance notice policy. In August 2022, Mr. Bradford Cooke, founder and Chairman of the Company, passed away. In September 2022, Mr. Simon Dyakowski, CEO and President of the Company, was appointed a Director of the Company.

### **1.3 Selected Annual Information**

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

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	Years Ended December 31,		
	2021	2020	2019
Total revenues	\$ -	\$ -	\$ -
Net loss:			
(i) Total	\$ (1,450,280)	\$ (1,623,760)	\$ (556,881)
(ii) Basic per share	\$ (0.02)	\$ (0.04)	\$ (0.02)
(iii) Diluted per share	\$ (0.02)	\$ (0.04)	\$ (0.02)
Total assets	\$ 8,226,384	\$ 6,110,829	\$ 3,045,797
Total long-term liabilities	\$ -	\$ -	\$ -
Dividends per share	\$ -	\$ -	\$ -

### 1.4 Results of Operations

#### *Third Quarter of Fiscal 2022 – Nine months ended September 30, 2022 and 2021*

The Company incurred a net loss of \$1.3 million for the nine months ended September 30, 2022, which is higher than the net loss of \$1.1 million for the same comparable period in fiscal 2021, with the former also having commensurately 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.

Accounting and audit fees of \$25,700 for 2022 were similar to 2021. A part time accounting contractor was hired on a per diem basis in the latter part of 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 remaining quarters in 2021 and into 2022 resulting in higher expenses. 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. Audit fees increased for 2021.

Amortization of \$1,200 (September 30, 2021 - \$1,300) is attributable to office furniture and equipment for its shared office facilities.

Employee remuneration of \$295,600 for the current period in 2022 was lower than the \$320,300 for the comparable period in 2021. Employee remuneration directly related to mineral exploration projects and corporate development were allocated to those specific activities rather than to operations. In 2022, the Company reinstated a monthly stipend payable to a technical director with capital markets experience as a mining executive to assist with advancing its mineral exploration projects, and exposure in the investment community, leading to higher costs. In the second quarter of 2022, remuneration to a senior officer was increased to reflect competitive market rates and for the heightened level of activities and advances in the Company's mineral projects. 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 ceased in November 2021.

Legal fees of \$19,600 were higher in the current period than the \$5,900 in the comparable period in 2021. In the first quarter of 2022, legal services were rendered to all the Company's shares which are traded in the United States to be Depository Trust Company eligible to allow greater liquidity in the U.S. In the second quarter of 2022, the Company proceeded to revise its stock option plan and adopt an advance notice policy subject to shareholder approvals, resulting in higher legal fees in 2022

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than in 2021. Also in 2022, legal services were rendered to assist with investor relation issues and its regulatory filings and its stock option plan. Legal services were also provided for both periods for its annual jurisdiction corporate filings in domestic and foreign jurisdictions and regulatory filings.

In 2022, the Company did not engage in project evaluation activities to identify possible new projects, as the Company had active exploration programs for its Cervantes project.

Office and sundry of \$62,700 for the nine months ended September 30, 2022 (September 30, 2021 - \$84,700) include ancillary office support facilities for the Company's activities, and include insurance, office rent, telecommunications and software and systems support and licensing, most of which were reduced in 2022 as the Company reduced costs. Systems support continue to be needed in Mexico due to employee turnover issues. Commercial liability insurance was reallocated to recurrent joint venture costs for exploration projects. Premiums for directors and officers insurance have increased due to high insurance payouts in the insurance industry resulting in higher premium renewal rates for directors and officers coverage. Office and sundry and rent are generally more fixed than other functional expense categories. In the fourth quarter of 2021, redundant security and backup features for its server were reduced resulting in cost savings in subsequent quarters.

Regulatory expenses include ongoing regulatory compliance obligations and transfer agent services and tend to be similar for comparable periods. However in the first two quarters of 2022 regulatory expenses of \$52,000 were higher than the first two quarters of 2021 (\$37,700). Higher market capitalization resulted in higher sustaining fees and also higher annual regulatory fees. In the third quarter of 2022, regulatory fees were incurred for shareholder relations activities. In the third quarter of 2021, the Company proceeded with its DTC eligibility in the USA to allow for greater liquidity in its stock, which was finalized in March 2022.

Shareholder relations are for advertising and marketing activities, engagement of consultants, and participation in conferences to create awareness of the Company and its Cervantes and Tombstone projects. Shareholder relation expenses of \$420,800 was higher than in the 2021 comparative period (\$236,000). These activities included the attendance 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. In the first quarter of 2022, the drilling program for the Cervantes project yielded positive geological results which the Company needed to create more capital markets exposure. These efforts contributed to a proposed financing of up to \$3 million in May 2022 with a major mining company as a strategic investor participating for up to a 9.9% interest in the Company post closing of the financing, even though the capital markets remained stagnant. Shareholder relations activities subsided in the third quarter of 2022 given weaknesses in the capital markets.

Share-based payments were recognized for the vesting provisions for stock options and was higher in the current quarter of 2022 (\$367,500) than in comparative quarter of 2021 (\$314,800). There were more stock options subject to vesting provisions in 2022 quarter than the 2021 quarter. Also at the end of March 2022, stock options for 1,875,000 common shares were granted whereas there were no stock options granted for the first quarter in 2021. 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 and subsequent quarters, relative to prior quarters. Due to the passing of the founder and Chairman of the Company, forfeitures reduced share based payments in the third quarter of 2022.

Interest income (September 30, 2022 - \$1,700 and September 30, 2021 - \$1,300) 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 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 dollar and Mexican peso depreciated relative to the Canadian dollar during 2022.

As at September 30, 2022, the Company's mineral property interests are comprised of the following:

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	September 30, 2022		
	Mexico	USA	Total
	Cervantes	Tombstone	
<b>Acquisition Costs:</b>			
Balance, December 31, 2021	\$ 582,611	\$ 478,203	\$ 1,060,814
Acquisition	-	109	109
Balance, September 30, 2022	582,611	478,312	1,060,923
<b>Deferred Exploration Expenditures:</b>			
Balance, December 31, 2021	2,953,719	1,724,012	4,677,731
Access and facilities	224,532	-	224,532
Assays	219,172	7,413	226,585
Drilling	1,314,506	-	1,314,506
Equipment and systems	69,148	262	69,410
Field, camp, supplies	85,801	1,357	87,158
General, administrative, legal, sundry	112,720	13,360	126,080
Geology	162,487	3,093	165,580
Salaries and local labour	115,929	23,065	138,994
Surface taxes	13,332	9,074	22,406
Surveying	25,193	9,460	34,653
Transportation and travel	72,842	7,142	79,984
Contribution by joint venture partner	-	(44,294)	(44,294)
Balance, September 30, 2022	5,369,381	1,753,944	7,123,325
<b>Mineral Property Interests:</b>			
December 31, 2021	\$ 3,536,330	\$ 2,202,215	\$ 5,738,545
September 30, 2022	5,951,992	2,232,256	8,184,248

In December 2021, the Company mobilized a reverse circulation drilling program for the Cervantes project which was completed in March 2022 for 26 holes totalling 4,649 metres. The RC drill program tested four main targets, namely, California, California North, Jasper and Purisima East. In July 2022, the Company commenced a core drilling program which was completed in October 2022 for 11 holes totalling 2,515.5 metres as a follow-up to the RC drill program. The primary objectives of the drilling program were to better define the open pit, heap leach gold potential of the porphyry gold oxide cap at California, evaluate the potential for deeper copper-gold porphyry sulfide mineralization underlying the oxide cap, test for northern extensions of the California mineralization at California North and northwestern extensions of the Jasper mineralization.

In 2022, the Company received \$303,000 in cash contributions from Kootenay for the Cervantes project and \$nil 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, 2022. All dollar amounts are expressed in Canadian dollars unless otherwise indicated.

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	2022			2021			2020	
	Sept 30	June 30	Mar 31	Dec 31	Sept 30	June 30	Mar 31	Dec 31
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net income (loss):								
(i) Total	\$ (260,355)	\$ (609,875)	\$ (432,094)	\$ (366,714)	\$ (364,535)	\$ (456,957)	\$ (262,074)	\$ (591,764)
(ii) Basic earnings (loss) per share	\$ -	\$ (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)
Total assets	\$ 11,424,188	\$ 11,607,871	\$ 8,357,333	\$ 8,226,384	\$ 6,359,416	\$ 6,483,066	\$ 6,248,454	\$ 6,110,829
Total long-term liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Dividends per share	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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.

In 2021, the Company has incurred \$735,200 in exploration expenditures for Cervantes property, and \$302,100 in acquisition related expenses and \$724,700 in exploration expenditures, net of joint venture contributions, for Tombstone property.

In June 2022, the Company closed a private placement for 11.4 million units at \$0.30 per unit for gross proceeds of \$3.4 million. Each unit is 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 until June 6, 2024.

For the nine months ended September 30, 2022, the Company has incurred \$2.4 million in exploration expenditures for Cervantes property, and \$29,900 in exploration expenditures, net of joint venture contributions, for Tombstone property.

### 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:

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	September 30, 2022	December 31, 2021
Cash	\$ 2,489,260	\$ 1,620,241
Working capital	2,659,448	2,139,026

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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.

In 2021, warrants for 3.2 million common shares and stock options for 160,000 common shares were exercised for gross proceeds of \$647,200.

In 2021, funds of \$402,000 were received for the Cervantes project and \$239,300 for the Tombstone project from the respective joint venture partners.

In June 2022, the Company closed a private placement for 11.4 million units at \$0.30 per unit for gross proceeds of \$3.4 million. Each unit is 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 until June 6, 2024.

During the nine months ended September 30, 2022, warrants for 2,480,000 common shares were exercised for proceeds of \$248,000 and stock options for 1,300,000 common shares were exercised for proceeds of \$136,500.

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, 2022. The Company will continue to rely upon equity financing as its principal source of financing its projects.

### **1.7 Capital Resources**

At September 30, 2022, 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, 2022:

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	Nine months ended September 30, 2022	Net balance receivable (payable) September 30, 2022
Key management compensation:		
Executive salaries and remuneration <sup>(1)</sup>	\$ 353,046	\$ -
Directors fees	16,063	(16,063)
Share-based payments	321,522	-
Executive salaries and remuneration <sup>(1)</sup>	<u>\$ 690,631</u>	<u>\$ (16,063)</u>
Net office, sundry, rent and salary allocations recovered from (incurred to) company(ies) sharing certain common director <sup>(2)</sup>		
	<u>\$ (7,105)</u>	<u>\$ (1,863)</u>

(1) Includes key management compensation which is included in mineral property interests, employee remuneration, and project evaluation.

(2) The companies are Canagold Resources Ltd. and Endeavour Silver Corp., both of which shares one common former 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 the variables used in the determination of the fair values of stock options granted and finders fee warrants issued; and the valuation 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.

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### 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, 2021 and 2020.

### 1.13 Financial Instruments and Other Instruments

The Company classifies its financial instruments as follows:

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<b>Financial Assets</b>	
Cash	Fair value through profit or loss ("FVTPL")
Receivables	Loans and receivable at amortized cost
<b>Financial Liability</b>	
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, 2022, the Company had working capital (current assets less current liabilities) of \$2.7 million. The Company will require additional funding to meet its short-term liabilities and administrative overhead costs, and to maintain its mineral property interests in 2022.

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

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(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, 2022, 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:

	Stated in Canadian Dollars		
	Held in		Total
	United States Dollars	Mexican Pesos	
Cash	\$ 248,895	\$ 5,892	\$ 254,787
Accounts receivable	123,103	-	123,103
Accounts payable and accrued liabilities	(456,668)	(34,253)	(490,921)
Net financial assets (liabilities), September 30, 2022	\$ (84,670)	\$ (28,361)	\$ (113,031)

Based upon the above net exposure as at September 30, 2022 and assuming all other variables remain constant, a 5% depreciation or appreciation of the Canadian dollar relative to the United States dollar and Mexican pesos could result in a decrease/increase of approximately \$11,300 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

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Additional information relating to the Company are as follows:

- (a) may be found on SEDAR at [www.sedar.com](http://www.sedar.com);
- (b) is also provided in the Company's unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2022 and audited consolidated financial statements for the years ended December 31, 2021 and 2020.

### 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, 2022 are as follows:

	Number of Shares	Amount
Balance at December 31, 2021	64,981,505	\$ 11,749,159
Issued:		
Private placement	11,388,089	3,359,486
Acquisition of controlled subsidiary	10,000,000	2,500,000
Share issue expenses	-	(70,815)
Exercise of warrants	2,480,000	248,000
Exercise of stock options	1,300,000	694,477
Balance at September 30, 2022	90,149,594	\$ 18,480,307

During the nine months ended September 30, 2022, warrants for 2,480,000 common shares were exercised for proceeds of \$248,000 and stock options for 1,300,000 common shares were exercised for proceeds of \$136,500 which have a fair value of \$557,980.

In June 2022, the Company closed a private placement for 11.4 million units at \$0.30 per unit for gross proceeds of \$3.4 million. Each unit is 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 until June 6, 2024.

In August 2022, the Company issued 10 million common shares at a fair value of \$0.25 per share to acquire 35% of Kootenay's interest in the Cervantes project

At November 28, 2022, there were 90,149,594 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, 2022 is as follows:

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(expressed in Canadian dollars)

	September 30, 2022	
	Number of shares	Weighted average exercise price
Outstanding balance, beginning of period	4,845,000	\$0.25
Granted	1,875,000	\$0.30
Exercised	(1,300,000)	\$0.105
Forfeited	(285,000)	\$0.300
Expired	(100,000)	\$0.12
Outstanding balance, end of period	5,035,000	\$0.30

On March 28, 2022, the Company granted stock options for 1,875,000 common shares to directors, officers and employees with an exercise price of \$0.30 and expiry date of March 28, 2027. The stock options are subject to vesting provisions in which 20% vest on grant date and 20% vest every 3 months thereafter.

At November 28, 2022, stock options for 5,035,000 common shares remain outstanding of which 4,262,000 stock options are exercisable.

At September 30, 2022, the Company had outstanding warrants as follows:

Exercise Prices	Expiry Dates	Outstanding at December 31, 2021	Issued	Exercised	Expired	Outstanding at September 30, 2022
\$0.10	April 3, 2022	2,480,000	-	(2,480,000)	-	-
\$0.40	July 9, 2022	3,538,082	-	-	(3,538,082)	-
\$0.40	July 9, 2022 <sup>(1)</sup>	212,040	-	-	(212,040)	-
\$0.40	July 22, 2022	1,591,342	-	-	(1,591,342)	-
\$0.40	July 22, 2022 <sup>(2)</sup>	89,837	-	-	(89,837)	-
\$0.40	October 29, 2023 <sup>(3)</sup>	3,332,453	-	-	-	3,332,453
\$0.40	October 29, 2023 <sup>(4)</sup>	980	-	-	-	980
\$0.40	November 17, 2023 <sup>(5)</sup>	1,917,939	-	-	-	1,917,939
\$0.40	June 6, 2024 <sup>(6)</sup>	-	11,388,089	-	-	11,388,089
		13,162,673	11,388,089	(2,480,000)	(5,431,301)	16,639,461

(1) 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%.

(2) 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%.

(3) On October 29, 2021, the Company issued 3,332,453 warrants with an exercise price of \$0.40 and an expiry date of October 29, 2023, and have a total fair value of \$99,973 as determined by the excess private placement price over the market price of the common share on closing date.

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- (4) These finders fee warrants have a fair value of \$147 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 126%, risk-free rate 1.08%, expected life 2 years, and expected dividend yield 0%.
- (5) On November 17, 2021, the Company issued 1,917,939 warrants with an exercise price of \$0.40 and an expiry date of November 17, 2023, and have a total fair value of \$38,358 as determined by the excess private placement price over the market price of the common share on closing date.
- (6) On June 6, 2022, the Company issued 11,388,089 warrants with an exercise price of \$0.40 and an expiry date of June 6, 2024, and have a total fair value of \$56,940 as determined by the excess private placement price over the market price of the common share on closing date.

At November 28, 2022, warrants for 16,639,461 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 2022 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, 2021 and filed on SEDAR on April 29, 2022.

#### ***Possible Dilution to Current Shareholders based on Outstanding Options and Warrants***

At September 30, 2022, the Company has 90,149,594 common shares, 5,035,000 stock options and 16,639,461 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, 2022, dilutive securities represented approximately 24.04% of the Company's issued shares.