



AZTEC MINERALS CORP.

Third Quarter Report

Management Discussion and Analysis

(expressed in Canadian dollars)

Three and Nine Months ended September 30, 2023

AZTEC MINERALS CORP.
(the “Company”)

Third Quarter Report

Management’s Discussion and Analysis
For the Three and Nine Months ended September 30, 2023
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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, 2023 and audited consolidated statement of financial position as at December 31, 2022 and 2021 and the consolidated statements of comprehensive loss, changes in shareholders’ equity and cash flows for the years ended December 31, 2022 and 2021, 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.

All dollar amounts are expressed in Canadian dollars unless otherwise indicated.

All information contained in the MD&A is as of November 28, 2023 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 2023 and 2022.

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 \$0.24 per share, and Kootenay has retained a 0.5% net smelter return royalty.

Multi-element analysis for the RC drill program was performed in the second quarter of 2022. The multi-element ICP results show good relationships between Au, Cu, Bi, Ag and As, which will assist in vectoring exploration targets for potentially economic grades and widths for Cu and Ag in a porphyry deposit model. The multi-element ICP values support the exploration model of the California zone being at the highest portion of a porphyry system, where an overlying high sulfidation zone has been eroded away.

In the second quarter of 2022, the Company completed drill hole collar surveying, field work for Drone Photogrammetry survey to create a detailed ortho-topographic base map, and Terraspec readings on the RC drill chips.

In July 2022, the Company mobilized a core drilling program which was completed in October 2022 for 11 holes totaling 2,516 metres. The primary focus of the Phase 3 Core drilling program at Cervantes was to expand the previously drilled California target, California North and Jasper targets, to enhance geologic understanding of the targets, and to collect samples for metallurgical testing. The oriented core drilling program tested step-outs of 35 to 450 meters using varying azimuths and inclinations.

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Highlights from the 2022 RC and core drilling programs are as follows:

- 94m @ 1.04 gpT Au incl 15.2m @ 3.96 gpT Au, 55m @ 0.36% copper in CAL22-001
- 165m @ 1.00 gpT Au incl 24.4m @ 4.25 gpT Au, 160m @ 0.065% copper in CAL22-004
- 137m @ 1.49 gpT Au incl 51.7m @ 3.42 gpT Au, 119m @ 0.091% copper in CAL22-005
- 100m @ 0.75 gpT Au incl 9.14m @ 3.087 gpT Au, 138m @ 0.10% copper in CAL22-006
- 152m @ 0.87 gpT Au, incl 33.5m @ 2.05 gpT Au, 123m @ 0.095% copper in CAL22-012
- 120m @ 0.677 gpT Au, incl 27 m @ 1.456 gpT Au in CAL22-027
- 135 m @ 0.56 gpT Au, incl 12.0 m @ 2.297 gpT Au in CAL22-031

Cervantes 2021-2022 drilling select multi-element results with gold are as follows:

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CERVANTES PROJECT RC DRILLING							
Drill Hole Select Multi-Element Results with Gold							
Hole No.	From m	To m	Interval m*	Gold (gpT)	Copper (%)	Silver(gpT)	Molybdenum PPM
CAL22-001	16.72	110.96	94.24	1.038	54.72m/0.361	72.96m/4.112	
CAL22-002	4.6	103.36	98.76	0.374	16.72m/0.153	41.04m/1.226	
CAL22-003	45.6	91.2	45.6	0.422	63.84m/0.107	53.2m/2.946	
CAL22-004	0	165.68	165.68	1.002	159.6m/0.065	167.2m/1.908	
CAL22-005	0	136.8	136.8	1.486	118.56m/.091	118.56m/2.661	
CAL22-006	16.72	117.04	100.32	0.749	138m/0.103	165.68m/3.243	
CAL22-007	83.6	147.44	63.84	0.465	107.92m/0.079	89.68m/1.429	
CAL22-008	0	54.72	54.72	0.884	33.4m/0.122 59.28m/0.096	30.4m/2.36	59.28m/59.65
CAL22-009	0	86.64	86.64	0.5	74.48m/0.138	76m/2.386	
CAL22-010	0	138.32	138.32	0.53	95.76m/0.224	127.7m/3.567	
CAL22-011	25.84	158.08	132.24	0.427	21.52m/0.053 65.36m/0.053	66.88m/2.279 65.36m/1.502	

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CAL22-012	41.04	193.04	152	0.872	123.12m/0.095	165.68m/3.463	
CAL22-013	139.84	147.44	7.6	0.209	54.72m/0.055	74.48m/1.489	
CAL22-014	0	54.72	54.72	0.484	31.92m/.0615	27.36m/1.361	
CAL22-015	4.56	72.96	68.4	0.421	30.4m/.0622	21.28m/2.779	
CAL22-016	0	56.24	56.24	0.475	25.84m/.0981	12.16m/2.325	
CAL22-017	28.88	53.2	24.32	0.315	31.92m/0.045 50.2m/0.069	12.16m/1.475 10.64m/2.771	19.8m/209.8 74.48m/144.57
CAL22-018	24.32	48.64	24.32	0.216	53.2m/0.078	86.65m/2.174	
	191.52	202.16	10.64	0.273	68.4m/0.062	28.88m/1.116	39.52m/122.46
CAL22-019	153.52	167.2	13.68	0.269	16.72./0.0803	59.28m/1.549	7.6m/126.6
CAL22-020	15.2	18.24	3.04	0.321		4.56m/1.833	
CAL22-021	100.32	104.88	4.56	0.409	3.04m/.0707	3.04m/2.2	
CAL22-022	97.5	106.5	9.0	1.72	36m/0.069	36m/1.313	79.5m/38.15
	150	166.5	16.5	0.341	28.5m/0.21	28.5m/3.705	
CAL22-023	12.0	40.5	28.5	0.537	4.5m/0.0857	33m/1.118	
	81.7	89.2	7.5	0.429	7.5m/0.0743	7.5m/1.64	
CAL22-024	0.0	48.0	48.0	0.444	49.5m/0.0521	51m/1.644	
	75.0	81.0	6.0	0.247		4.5m/1.06	
CAL22-025	0.0	9.0	9.0	0.203	90m/0.0658	48m/1.083	
	51.0	63.0	12.0	0.26			
	130.5	139.5	9.0	0.646			160.5m/113
CAL22-026	0.0	213.0					210m/40
CAL22-027	0.0	120.0	120.0	0.677	99m/0.1812	154.5m/3.499	
CAL22-028	49.5	54.0	4.5	0.545		1.5m/1.3	

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	226.5	235.5	9.0	0.442		1.5m/1.7	106.5 m/18
CAL22-029	48.0	54.0	6.0	0.277	1.5m/0.0623	10.5m/1.343	
	130.5	187.5	57.0	0.773	54m/0.0681	39m/1.373	
CAL22-030	75.0	82.5	7.5	0.315	18m/0.0817	18m/1.425	
	115.5	121.5	6.0	0.544		16.5m/1.955	
CAL22-031	0.0	135.0	135.0	0.564			
	0.0	28.5	28.5	0.873	37.5m/0.0556	37.5m/2.615	
	49.5	135.0	85.5	0.581	85.5m/0.0373	85.5m/1.946	
JAS22-001	10.64	19.76	9.12	0.332	69.9m/0.215	65.4m/2.723	19.76m/144.92
					200.6m/0.117		
JAS22-002					19.5m/0.041		87m/46.1
					7.5m/0.173		80m/32.2
PUR21-001	16.72	19.76	3.04	0.323	51.68m/0.069	83.6m/1.942	
PUR21-002	22.8	31.92	9.12	0.334	31.9m/0.168	3.04m/1.8	
					13.68m/0.076		
PUR21-003					18.2m/0.0518	3.04m/1.5	
PUR22-004							25.8m/325.35

1. *All intercept interval widths are not true widths and intercept true widths are not yet estimated.
2. Au grades are in grams per ton, "gpT"

Drill samples are collected every 1.52 m from RC chips and every 1.5m from sawing the core drill holes. The samples are analyzed by Bureau Veritas for gold with a 30-gram sample size using the method FA430 followed by MA300. Over limits, when present, are analyzed by AR404 or FA550. All holes contain certified blanks, standards, and duplicates as part of the quality control program. The QA/QC has delivered excellent results to date good data integrity. The samples were shipped to and received by Bureau Veritas Minerals laboratory for the gold and multielement geochemical analysis and additional gold results will be received and reported in the next several weeks. The QAQC for the drilling programs has been evaluated and found to have good results.

In February 2023 the Company mobilized two field crews to conduct a surface exploration program comprised of road cut, reconnaissance outcrop and soil sampling, Terraspec SWIR data collection and geological mapping, and which was completed in May 2023. The Company collected 779 road cut channel chip samples of 5 meters length over 4,600 meters road distance and analyzed them for gold and multi-elements to expand and enhance geochemical and geological knowledge of the California and California North targets. Geological mapping at 1:200 scale was focused on the exposed road cuts with detailed lithological, structural and alteration mapping of the California and California North targets. The surface exploration program

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was conducted during the regional dry season. The field teams examined roadcut outcrop exposures generated from constructed drill roads and recorded detailed geological mapping for the lithologies, alterations (including hand samples for later Terraspec analysis), mineralization (with veinlet intensity and types), structures and geotechnical aspects. The road cuts were continuously chip channel sampled and then surveyed to consolidate surface data with the geochemistry of the drill hole dataset, as well as to assist in Leapfrog 3D modeling. A structural geology district-scale study will be conducted, especially to help establish the displacements of the mineralization since its emplacement. Project data evaluation also continues to advance including using the understandings gained on the multi-element relationships with Au and applying them to the previous soil sampling data, reviewing the subsequent results to the geophysical data and the SWIR-Terraspec data, 3D modeling of the data, metallurgical, and multiple other investigations.

In June 2023, the Company received permit to conduct a planned, 2-stage, 4200m, 28-hole reverse circulation drill program. The program is designed based on the results of the Company's 2022 drilling campaigns and recently completed surface exploration program. The planned follow up drilling is expected to be conducted in two stages totaling 28 drillholes and 4200 m with each being 2100 m and 14 drillholes. The second 2100 m stage of the drilling program will be designed subject to the results of the initial stage of RC drilling. The drilling program is subject to available funds and market conditions.

In late October 2023, the Company mobilized reverse circulation drilling program for a minimum of 11 holes and 1,600 m focusing on expanding the California zone oxide mineralization. The primary objectives of the drilling program are to continue to define the open pit, heap leach gold potential of the porphyry oxide cap at California, test the down dip extensions of the silicic-phyllitic alteration in the Qfp intrusive for deeper copper-gold porphyry sulfide mineralization underlying the oxide cap, and test for extensions of the California North target. By late November 2023, 7 holes totalling 963.2 m were drilled with assays results pending. RC chip logging of the 7 holes indicate favorable geology to support potential expansion of the gold zone mineralization in the vicinities of the area previously drilled. The initial 7 holes were drilled on the primary California gold zone target with step out drilling focused on expanding the zone to the north, west and south of previous drilling where the Company had discovered extensive shallow, wide oxide gold mineralization.

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

- 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*".
- News Release dated October 25, 2022 and titled, "*Aztec Completes 11-Hole, Phase 3, Core Drilling Program at the Cervantes Project in Sonora, Mexico*".

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- 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".
- News Release dated November 30, 2022 and titled, "Aztec Reports Continued Strong Drill Results from California Zone at Cervantes Project in Sonora, Mexico".
- News Release dated December 12, 2022 and titled, "Aztec Minerals Reports Final Gold and Multi-Element Results from 2021-2022 Drilling at the Cervantes Project in Sonora, Mexico".
- News Release dated January 10, 2023 and titled, "Aztec Summarizes 2022 Drill Results from Cervantes Project, Sonora, Mexico; Multiple, Shallow and Broad, Oxidized Gold-Copper Intercepts Expand Mineralized Zones Around and Below the California Target, Still Open in All Directions".
- News Release dated January 16, 2023 and titled, "Aztec Plans Two Phase, CAD\$1.2 Million Exploration Program at Cervantes Gold-Copper Project, Sonora, Mexico".
- News Release dated March 7, 2023 and titled, "Aztec Commences 2023 Exploration Program at Cervantes Gold-Copper Project, Sonora, Mexico".
- News Release dated May 23, 2023 and titled, "Aztec 2023 Surface Exploration Program Results Enhance Drill Targeting at Cervantes Gold-Copper Project, Sonora, Mexico".
- News Release dated June 22, 2023 and titled, "Aztec Outlines Expansion Drill Targets and Receives Drill Permit for Planned RC Drill Program at Cervantes Gold-Copper Project, Sonora, Mexico".
- News Release dated October 16, 2023 and titled, "Aztec Selects Drill Contractor and Mobilizes Exploration Crews for RC Drill Program at Cervantes Gold-Copper Project, Sonora, Mexico".
- News Release dated October 31, 2023 and titled, "Aztec Commences RC Drill Program at Cervantes Porphyry Gold-Copper Project, Sonora, Mexico".
- News Release dated November 21, 2023 and titled, "Aztec Completes Initial 7 Holes Expanding the Gold Mineralization Footprint at the Cervantes Project, Sonora, Mexico".

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 April 2022, Baroyeca's two U.S. subsidiaries assigned its interests to their affiliate, Dragoon Resources LLC ("Dragoon").

In February 2023, the Company mobilized a core drilling program for the Tombstone property which was completed in June 2023 resulting in 7 drill holes. The following is a summary tabulation of all drill hole results:

Table 1:

Drill Hole	From m	To m	Interval m*	Au gpt	Ag gpt	Au Eq gpt ⁽¹⁾	Comments
TC23-01	53.3	178.3	125.0	0.58	72.19	1.63	Incl. stopes of 15.9 m**
Including:	61.0	62.5	1.52	22.40	48.70	23.01	
	125.0	132.6	7.65	0.52	733.92	9.70	
Incl:	126.5	128.0	1.52	0.115	3477.0	43.578	

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TC23-02	86.9	132.1	45.3	1.69	29.07	2.04	Incl. stopes of 6.5 m**
Including:	95.1	105.1	10.1	6.63	72.81	7.49	
TC23-03	70.1	132.6	62.5	0.47	24.05	0.77	Incl. stopes of 6.1 m**
TC23-04	12.2	47.2	35.0	0.120	19.14	0.36	Incl. stopes of 2.9 m**
TC23-05	19.8	55.8	36.0	2.82	176.60	5.02	Incl. stopes of 4.4 m**
Including:	23.5	39.0	15.5	6.45	408.47	11.55	
TC23-06	29.6	71.7	42.1	0.40	30.79	0.78	Incl. stopes of 8.5 m**
TC23-07	6.1	24.4	18.3	0.26	7.43	0.36	

1. *AuEq is calculated using a 80:1 silver:gold ratio*

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

** *The mine workings void values were treated as the average grade of the combination of the two samples immediately before and after the voids over the reported void widths. Top caps of 1 gpt Au and 100 gpt Ag are used when needed.*

Every one of the drill holes intersected near surface, oxidized gold-silver mineralization, and all the drill holes crossed multiple historic underground workings where presumably most of the highest-grade ores were previously mined, and all drill holes bottomed in alteration and mineralization, indicating the main mineralized zones are still open to depth and laterally. The main target of the 2023 core drill program was to continue testing the shallow, bulk tonnage, heap leachable, mesothermal gold-silver oxide mineralization adjacent and below the previously mined Contention pit by infill and step-out drilling. Core drilling was deemed needed in order to penetrate the multiple historic workings and to acquire needed geological data. Future drilling is expected to focus on strike and dip extensions of the shallow oxide mineralization, and move deeper to test for larger, deeper CRD targets along and adjacent to the Contention structure.

In May 2023, the Company acquired the Westside patented claim from a third-party for cash consideration of US\$65,000. The claim immediately adjoins the Tombstone property core patented claims to the northwest, expanding opportunities to explore new targets in the historic Tombstone Silver District in Southeastern Arizona. The patented claim was purchased outright and has no underlying royalties or work commitments. The Westside patented claim covers several historic mine shafts, and prospects.

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

- News Release dated January 30, 2023 and titled, "Aztec to Resume Drilling at the Tombstone Gold-Silver District in Southeastern Arizona".
- News Release dated February 28, 2023 and titled, "Aztec Commences Core Drilling at the Tombstone Gold-Silver Project in Southeastern Arizona".
- News Release dated April 26, 2023 and titled, "Aztec Drills Bonanza Grade Silver of 3,477 gpt Ag (111.96 oz/t Ag) over 1.52 m within a zone of 733.9 gpt Ag (23.63 oz/t Ag) over 7.6 m, part of a broader intercept of 0.58 gpt Au and 72.19 gpt Ag (1.63 AuEq) over 125.0 m in first hole of 2023 Core Drilling Program at Tombstone Project, Arizona".

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- News Release dated May 2, 2023 and titled, "*Aztec Expands Tombstone JV Patented Land Position in Arizona by Acquiring the Historic High-Grade Silver-Gold Westside Mine*".
- News Release dated June 5, 2023 and titled, "*Aztec Drilling Intersects 2.82 gpt Gold & 176.64 gpt Silver (5.02 gpt AuEq) over 36.0 m with 6.45 gpt Gold & 408.47 gpt Silver (11.55 gpt AuEq) over 15.5 m at the Tombstone Project, Arizona*".
- News Release dated June 15, 2023 and titled, "*Aztec Reports Final Drill Results from Tombstone Project, Arizona; including 1.69 gpt Gold & 29.07 gpt Silver (2.04 gpt AuEq) over 45.3 m with 6.63 gpt Gold & 72.81 gpt Silver (7.49 gpt AuEq) over 10.1 m*".
- News Release dated July 5, 2023 and titled, "*Aztec Summarizes 2023 Core Drill Results from Tombstone Project, Arizona; Shallow, Broad Intersections of Oxidized Gold-Silver Continue to Expand the Mineralized Zones Around and Below the Contention Open Pit*".

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

Other Matters

On February 23, 2023, the Company closed a private placement for 4.4 million common shares at \$0.25 per share for gross proceeds of \$1.1 million.

At the Company's annual and special general meeting held on June 28, 2023, shareholders voted in favour of all items of business including the re-election of each director (Messrs. Simon Dyakowski, Patricio Varas, Mark Rebagliati, James Schilling, and Stewart Lockwood) and the ratification of the Company's 10% rolling equity incentive plan and the approval of the advance notice policy.

In August and September 2023, the Company closed a private placement in two tranches totalling 6.89 million units at \$0.225 per unit for gross proceeds of \$1.55 million. Each unit was comprised of one common share and one-half of one share purchase warrant; each whole share purchase warrant is exercisable to acquire one common share at an exercise price of \$0.30 for a period of three years. On August 29, 2023, the Company closed the first tranche for 4.05 million units for gross proceeds of \$911,576. On November 17, 2021, the Company closed the second tranche for 2.84 million units for gross proceeds of \$637,087.

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,		
	2022	2021	2020
Total revenues	\$ -	\$ -	\$ -
Net loss:			
(i) Total	\$ (1,739,623)	\$ (1,425,280)	\$ (1,608,760)
(ii) Basic per share	\$ (0.02)	\$ (0.02)	\$ (0.04)
(iii) Diluted per share	\$ (0.02)	\$ (0.02)	\$ (0.04)
Total assets	\$ 10,979,300	\$ 8,321,384	\$ 6,180,829
Total long-term liabilities	\$ -	\$ -	\$ -
Dividends per share	\$ -	\$ -	\$ -

1.4 Results of Operations

Third Quarter of Fiscal 2023 – Three and Nine Months ended September 30, 2023 and 2022

The Company incurred a net loss of \$1.28 million for the nine months ended September 30, 2023 which is lower than the net loss of \$1.30 million for the comparative period in fiscal 2022. 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 were \$19 for the nine months ended September 30, 2023 whereas such fees were \$25,657 in the same period in 2022. An external accounting contractor was hired on a per diem basis in 2021 to support the heightened exploration activities for the two mineral properties which are subject to joint ventures and continued into the first two quarters of 2022 resulting in higher expenses. In the latter half of 2022 a part time accountant was employed at reduced costs and continued into the current quarter in 2023. Audit fees increased slightly for 2022.

Amortization of \$671 (September 30, 2022 - \$1,244) is attributable to office furniture and equipment, as the Company did not replace office assets due to its reduced size.

Employee remuneration of \$275,657 for the nine months ended September 30, 2023 was lower than the \$295,559 for the comparative period in 2022. Employee remuneration directly related to mineral exploration projects and corporate development, if any, 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, but the technical director passed away in August 2022 which contributed to lower costs for the remainder of 2022. 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. Part time accounting employee was hired in the latter portion of 2022 which increased salaries expenses in subsequent quarters. Bonuses were paid in June 2022 for fiscal 2021 which also contributed to higher costs in the second quarter of 2022. In the third quarter of 2023, a bonus was paid to a senior officer which increased the quarterly expense.

Legal fees were \$20,128 for the nine months ended September 30, 2023 and were quite similar to the \$19,614 in the comparative period in 2022. In the first quarter of 2022, legal services were rendered to allow 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,

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the Company proceeded to revise its stock option plan and adopt an advance notice policy subject to shareholder approvals. 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 provided for its annual jurisdiction corporate filings in domestic and foreign jurisdictions and regulatory filings in 2023 as well as for the adoption of the 10% incentive equity plan which replaced its stock option plan which was approved by shareholders at the June 2023 shareholders meeting, which billings continued into the third quarter of 2023.

In both comparative quarters in 2023 and 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 and Tombstone projects.

Office and sundry of \$56,776 for the nine months ended September 30, 2023 is lower than the \$62,680 in the same period in 2022. 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, 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. 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. The Company vacated one of its shared office facilities in early 2023 which would reduce costs in subsequent periods including the current quarter of 2023.

Regulatory expenses were \$69,118 for the nine months ended September 30, 2023 which was lower than the \$80,945 in the comparative period of 2022. Regulatory expenses include ongoing regulatory compliance obligations and transfer agent services and tend to be similar for comparable periods. Higher market capitalization resulted in higher sustaining fees and also higher annual regulatory fees. In March 2022, the Company finalized its DTC eligibility for its shares in the USA to allow for greater liquidity. In the third and fourth quarters of 2022, regulatory fees were incurred for shareholder relations activities. In 2023, the Company proceeded with a proposed omnibus stock option plan, which was approved at its shareholder meeting in June 2023.

Shareholder relation expenses of \$445,359 for the nine months ended September 30, 2023 were higher than the \$420,786 in the comparative period in 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. 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 but increased in the fourth quarter of 2022 given positive results from 2021/2022 drilling programs for the Company's Cervantes property and active exploration programs planned for 2023 as well as a 2023 financing with targeted investors. These activities were sustained in the first quarter of 2023 which contributed to an expedited financing with strategic investors in February and allowed greater market awareness of the Company as it advances its two exploration projects which continue to yield positive geological potential. Market weaknesses in the second quarter of 2023 lead to a reduction in shareholder activities as well as the need to preserve limited cash resources. In the third quarter of 2023, investor activities were heightened as the Company proceeded with a financing and implementation of its planned exploration program for Cervantes which was subject to financing given the difficulties in the capital markets. The shareholder activities provided greater market awareness of Company's mineral projects and resulted in an overallocation of the financing which closed in two tranches during the quarter.

Share-based payments were recognized for the vesting provisions for stock options and was lower for the nine months ended September 30, 2023 (\$494,273) than in same period in 2022 (\$367,506), even though there were more stock options subject to vesting provisions in the current period than in the prior comparative period. At the end of March 2022, stock options for 1,875,000 common shares were granted which were subject to vesting provisions whereby 20% vest on grant date and 20% vest every 6 months thereafter. Due to the passing of the founder and Chairman of the Company, forfeitures reduced share based payments in the third quarter of 2022. In February 2023, stock options for 3,025,000 common shares were granted to

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directors, officers, an employee and a consultant and were subject to vesting provisions in which 25% vest on May 27, 2023 and 25% vest every 3 months thereafter. Then in June 2023, stock options were granted for 200,000 common shares to a consultant and were subject to vesting provisions whereby the initial 25% vest on June 30, 2023 and 25% vest every 3 months thereafter.

Interest income (September 30, 2023 - \$9,847 and September 30, 2022 - \$1,668) is realized from the Company's excess cash which is held in interest bearing investment savings account. The combination of a larger financing coupled with higher interest rates contributed to higher interest earned in 2023. 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 the half of 2022, but the US dollar appreciated in the latter half of the year and sustained its heightened strength into 2023.

As at September 30, 2023, the Company's mineral property interests are comprised of the following:

	September 30, 2023		
	Mexico	USA	Total
	Cervantes	Tombstone	
Acquisition Costs:			
Balance, December 31, 2022	\$ 582,611	\$ 478,312	\$ 1,060,923
Acquisition	-	92,880	92,880
Balance, September 30, 2023	582,611	571,192	1,153,803
Deferred Exploration Expenditures:			
Balance, December 31, 2022	6,144,193	1,825,242	7,969,435
Access and facilities	105,956	-	105,956
Assays	41,246	65,443	106,689
Drilling	31,854	963,154	995,008
Equipment and systems	10,800	31,833	42,633
Environmental	532	40,025	40,557
Field, camp, supplies	15,137	25,542	40,679
General, administrative, legal, sundry	63,448	18,374	81,822
Geology	261,041	85,604	346,645
Salaries and local labour	60,258	91,875	152,133
Surface taxes	17,613	9,549	27,162
Surveying	4,490	-	4,490
Transportation and travel	36,209	70,934	107,143
Value added tax	128,732	-	128,732
Contribution by joint venture partner	-	(411,184)	(411,184)
Balance, September 30, 2023	\$ 6,921,509	\$ 2,816,391	\$ 9,737,900
Mineral Property Interests:			
December 31, 2022	\$ 6,726,804	\$ 2,303,554	\$ 9,030,358
September 30, 2023	7,504,120	3,387,583	10,891,703

Expenditures for the Cervantes property increased by \$777,316 during the nine months ended September 30, 2023. In February 2023 the Company mobilized two field crews to conduct a surface exploration program comprised of road cut, reconnaissance outcrop and soil sampling, Terraspec SWIR data collection and geological mapping, and which was completed in May 2023. The Company collected 779 road cut channel chip samples of 5 meters length over 4,600 meters road distance and analyzed them for gold and multi-elements to expand and enhance geochemical and geological knowledge of the California and

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California North targets. Geological mapping at 1:200 scale was focused on the exposed road cuts with detailed lithological, structural and alteration mapping of the California and California North targets.

Expenditures for the Tombstone property increased by \$1.1 million for the nine months ended September 30, 2023. In February 2023, the Company mobilized a core drilling program for the Tombstone property which was completed in June 2023 resulting in 7 drill holes. The drilling program was designed with data obtained from surveys and modelling completed over 2022, following the conclusion of previous RC drilling program in late 2021. The main target of the 2023 core drill program is to continue testing the shallow, bulk tonnage, heap leachable, mesothermal gold-silver oxide mineralization adjacent and below the previously mined Contention pit by infill and step-out drilling. In May 2023, the Company acquired the Westside patented claim from a third-party for cash consideration of US\$65,000. The claim immediately adjoins the Tombstone property core patented claims to the northwest, expanding opportunities to explore new targets in the historic Tombstone Silver District in Southeastern Arizona

In 2023, the Company received funds of \$150,000 from Kootenay for the Cervantes project in full settlement of balances owed from the joint venture which ceased in June 2022, and US\$290,062 for the Tombstone project from the respective joint venture partner.

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, 2023. All dollar amounts are expressed in Canadian dollars unless otherwise indicated.

	2023			2022			2021	
	Sept 30	June 30	Mar 31	Dec 31	Sept 30	June 30	Mar 31	Dec 31
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net income (loss):								
(i) Total	\$ (480,504)	\$ (444,373)	\$ (352,489)	\$ (437,299)	\$ (260,355)	\$ (609,875)	\$ (432,094)	\$ (341,714)
(ii) Basic earnings (loss) per share	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (0.01)	\$ (0.01)	\$ -
(iii) Diluted earnings (loss) per share	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (0.01)	\$ (0.01)	\$ -
Total assets	\$ 12,642,751	\$ 11,482,061	\$ 11,855,777	\$ 10,979,300	\$ 11,424,188	\$ 11,607,871	\$ 8,357,333	\$ 8,321,384
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.

In August 2022, the Company issued 10 million common shares at a fair value of \$0.24 per share to acquire 35% of Kootenay's interest in the Cervantes project.

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In 2022, the Company has incurred \$3.02 million in exploration expenditures for Cervantes property, and \$101,200 in exploration expenditures, net of joint venture contributions, for Tombstone property.

On February 23, 2023, the Company closed a private placement for 4.4 million common shares at \$0.25 per share for gross proceeds of \$1.1 million.

In August and September 2023, the Company closed a private placement in two tranches totalling 6.89 million units at \$0.225 per unit for gross proceeds of \$1.55 million.

For the nine months ended September 30, 2023, expenditures for the Cervantes property increased by \$777,316 and for the Tombstone property increased by \$1.1 million.

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:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>
Cash	\$ 1,281,885	\$ 1,471,056
Working capital	1,558,379	1,581,732

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 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.

In February 2023, the Company closed a private placement for 4.4 million common shares at \$0.25 per share for gross proceeds of \$1.1 million.

In April 2023, stock options for 200,000 common shares were exercised for gross proceeds of \$24,000.

In August and September 2023, the Company closed a private placement in two tranches totalling 6.89 million units at \$0.225 per unit for gross proceeds of \$1.55 million. Each unit was comprised of one common share and one-half of one share purchase warrant; each whole share purchase warrant is exercisable to acquire one common share at an exercise price of \$0.30 for a period of three years. On August 29, 2023, the Company closed the first tranche for 4.05 million units for gross proceeds of \$911,576. On November 17, 2021, the Company closed the second tranche for 2.84 million units for gross proceeds of

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\$637,087. Finders fees were comprised of \$18,324 in cash and 75,700 warrants of which 56,520 warrants have exercise price of \$0.30 and expiry date of August 29, 2026 and 19,180 warrants have exercise price of \$0.225 and expiry date of August 29, 2025.

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, 2023. The Company will continue to rely upon equity financing as its principal source of financing its projects.

1.7 Capital Resources

At September 30, 2023, the Company has earned its interests in its two minerals properties with one mineral project which is subject to a joint venture agreement.

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 nine months ended September 30, 2023:

	Nine months ended September 30, 2023	Net balance receivable (payable) September 30, 2023
Key management compensation:		
Executive salaries and remuneration ⁽¹⁾	\$ 354,692	\$ -
Directors fees	14,813	(14,813)
Share-based payments	405,381	-
	<u>\$ 774,886</u>	<u>\$ (14,813)</u>

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

Amounts which are incurred to related parties are in the normal course of business.

1.10 Proposed Transactions

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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.

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, 2022 and 2021.

1.12.1 Change in accounting policy:

In fiscal 2022, the Company voluntarily changed in its accounting policy for value added tax receivable ("VAT") in Mexico. Previously the Company recorded VAT in receivables as current asset. Under its new policy, the Company recorded VAT in mineral property interests. Management considers this accounting policy to provide more reliable and relevant information and more clearly represents the cost of the Company's mineral property expenditures. The accounting policy change has been applied retrospectively. Any receipts from VAT will be recorded as recoveries which reduce the value of mineral property interests. In accordance with IAS8 – *Accounting Policies in Accounting Estimates and Errors*, the Company has applied this change retrospectively and the comparatives have been adjusted accordingly for all the periods presented, as if the policy has been applied as of January 1, 2021.

The impacts to the Company's condensed consolidated interim statement of cash flows for the three and nine months ended September 30, 2023 are as follows:

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	Three months ended September 30, 2022			Nine months ended September 30, 2022		
	As Previously Reported	Effect of Change in Accounting Policy	As Restated	As Previously Reported	Effect of Change in Accounting Policy	As Restated
Operations:						
Receivables	\$ (129,138)	\$ 114,874	\$ (14,264)	\$ 8,829	\$ 304,156	\$ 312,985
Cash used by operating	(508,624)	114,874	(393,750)	(1,018,815)	304,156	(714,659)
Investing:						
Mineral property interests, net of recoveries	(620,805)	(114,874)	(735,679)	(1,870,756)	(304,156)	(2,174,912)
Cash used by investing activities	(621,401)	(114,874)	(736,275)	(1,871,352)	(304,156)	(2,175,508)
Cash, end of period	2,489,260	-	2,489,260	2,489,260	-	2,489,260

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

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 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.

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(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, 2023, the Company had working capital (current assets less current liabilities) of \$1.56 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 2023.

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, 2023, 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	\$ 74,920	\$ 1,926	\$ 76,846
Accounts receivable	79,981	-	79,981
Accounts payable and accrued liabilities	(116,377)	(3,801)	(120,178)
Net financial assets (liabilities), September 30, 2023	\$ 38,524	\$ (1,875)	\$ 36,649

Based upon the above net exposure as at September 30, 2023 and assuming all other variables remain constant, a 5% depreciation or appreciation of the Canadian dollar relative to the United States dollar and Mexican peso could result in a decrease/increase of approximately \$2,000 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.

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(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 and nine months ended September 30, 2023 and audited consolidated financial statements for the years ended December 31, 2022 and 2021.

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 nine months ended September 30, 2023 are as follows:

	Number of Shares	Amount
Balance at December 31, 2022	90,149,594	\$ 18,379,155
Issued:		
Private placement	11,270,007	2,527,627
Share issue expenses	-	(39,837)
Exercise of stock options	200,000	37,453
Balance at September 30, 2023	101,619,601	\$ 20,904,398

In February 2023, the Company closed a private placement for 4.4 million common shares at \$0.25 per share for gross proceeds of \$1.1 million.

In April 2023, stock options for 200,000 common shares were exercised for gross proceeds of \$24,000, resulting in a fair value reallocation of \$12,870 from reserve for share-based payments to share capital.

In August and September 2023, the Company closed a private placement in two tranches totalling 6.89 million units at \$0.225 per unit for gross proceeds of \$1.55 million. Each unit was comprised of one common share and one-half of one share purchase warrant; each whole share purchase warrant is exercisable to acquire one common share at an exercise price of \$0.30 for a period of three years. On August 29, 2023, the Company closed the first tranche for 4.05 million units for gross proceeds of \$911,576. On November 17, 2021, the Company closed the second tranche for 2.84 million units for gross proceeds of \$637,087. Finders fees were comprised of \$18,324 in cash and 75,700 warrants of which 56,520 warrants have exercise price of \$0.30 and expiry date of August 29, 2026 and 19,180 warrants have exercise price of \$0.225 and expiry date of August 29, 2025.

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For the Three and Nine Months ended September 30, 2023

(expressed in Canadian dollars)

At November 28, 2023, there were 101,691,601 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, 2023 is as follows:

	September 30, 2023	
	Number of shares	Weighted average exercise price
Outstanding balance, beginning of period	5,135,000	\$0.30
Granted	3,225,000	\$0.26
Exercised	(200,000)	\$0.12
Cancellation	(640,000)	\$0.35
Outstanding balance, end of period	7,520,000	\$0.29

For the nine months ended September 30, 2023, the Company grants stock options as follows:

- on February 27, 2023, stock options were granted for 3,025,000 common shares to directors, officers, an employee and a consultant with an exercise price of \$0.255 and expiry date of February 27, 2028. The stock options are subject to vesting provisions in which 25% vest on May 27, 2023 and 25% vest every 3 months thereafter.
- on June 22, 2023, stock options were granted for 200,000 common shares to a consultant with an exercise price of \$0.30 and expiry date of June 22, 2028. The stock options are subject to vesting provisions whereby the initial 25% vest on June 30, 2023 and 25% vest every 3 months thereafter.

At November 28, 2023, stock options for 7,520,000 common shares remain outstanding of which 5,907,500 stock options are exercisable.

At September 30, 2023, the Company had outstanding warrants as follows:

Exercise Prices	Expiry Dates	Outstanding at December 31, 2022	Issued	Exercised	Expired	Outstanding at September 30, 2023
\$0.40	October 29, 2023 ⁽¹⁾	3,332,453	-	-	-	3,332,453
\$0.40	October 29, 2023 ⁽²⁾	980	-	-	-	980
\$0.40	November 17, 2023 ⁽³⁾	1,917,939	-	-	-	1,917,939
\$0.40	June 6, 2024 ⁽⁴⁾	11,388,089	-	-	-	11,388,089
\$0.30	August 29, 2026 ⁽⁵⁾	-	2,025,725	-	-	2,025,725
\$0.30	August 29, 2026 ⁽⁶⁾	-	56,520	-	-	56,520
\$0.225	August 29, 2025 ⁽⁷⁾	-	19,180	-	-	19,180
\$0.30	September 25, 2026 ⁽⁸⁾	-	1,420,195	-	-	1,420,195
		16,639,461	3,521,620	-	-	20,161,081

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- (1) 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. These warrants expired unexercised on the expiry date.
- (2) 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%. These warrants expired unexercised on the expiry date.
- (3) 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. These warrants expired unexercised on the expiry date.
- (4) 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.
- (5) On August 29, 2023, the Company issued 2,025,725 warrants with an exercise price of \$0.30 and an expiry date of August 29, 2026, and have a total fair value of \$60,772 as determined by the excess private placement price over the market price of the common share on closing date.
- (6) These finders fee warrants have a fair value of \$5,444 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 80%, risk-free rate 4.38%, expected life 3 years, and expected dividend yield 0%.

At November 28, 2023, warrants for 14,909,709 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 2023 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, 2022 and filed on SEDAR on April 28, 2023.

Possible Dilution to Current Shareholders based on Outstanding Options and Warrants

At September 30, 2023, the Company has 101,619,601 common shares, 7,520,000 stock options and 20,161,081 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, 2023, dilutive securities represented approximately 27.24% of the Company's issued shares.