Eloro Resources Ltd.
Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") provides discussion and analysis of the financial condition and results of operations of Eloro Resources Ltd. (the "Company") for the 3 months ended June 30, 2023 and should be read in conjunction with the interim condensed consolidated financial statements and the accompanying notes.

The MD&A is the responsibility of management and is dated as of August 14, 2023.

All dollar amounts in the MD&A are stated in Canadian dollars unless otherwise indicated.

Additional information relating to the Company is available on SEDAR at www.sedar.com and the Company's website at. www.elororesources.com.

Forward-Looking Statements

This MD&A may contain, without limitation, statements concerning possible or assumed future operations, performance or results preceded by, followed by or that include words such as "believes", "expects", "potential", "anticipates", "estimates", "intends", "plans" and words of similar connotation, which would constitute forward-looking statements. Forward-looking statements are not guarantees. The reader should not place undue reliance on forward-looking statements and information because they involve risks and uncertainties that may cause actual operations, performance or results to be materially different from those indicated in these forward-looking statements. The Company is under no obligation to update any forward-looking statements contained herein should material facts change due to new information, future events or other factors. These cautionary statements expressly qualify all forward-looking statements in this MD&A.

See page 12 for *Material assumptions and risk factors for forward-looking statements*.

The Company

The Company is a Canadian-based exploration and development company with a silver-tin polymetallic property in Bolivia, a gold-silver property in Peru and base metal properties and royalties in the province of Quebec.

The Company is a reporting issuer in Ontario, Alberta, British Columbia, Manitoba, Saskatchewan, Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland and Labrador and its common shares are listed for trading on the Toronto Stock Exchange ("TSX") under the symbol ELO, on the OTCQX under the symbol ELRRF, and on the Frankfurt Stock Exchange under the symbol WKN 909833.

Overall Performance

Bought deal financing

On August 3, 2023, the Company completed a bought deal financing of 2,191,280 units of at a price of $3.15 per unit for gross proceeds of $6,902,532. Each unit consisted of one common share and one-half of one warrant, with each of the 1,095,640 whole warrants entitling the holder to purchase one common share for $4.25 until August 3, 2025. In connection with the financing, the Company paid a cash commission of $414,152 (representing 6% of the gross proceeds of the financing) and issued 131,476 compensation warrants (representing 6% of the number of units issued pursuant to the financing) entitling the holder to purchase one common share for $3.15 until August 3, 2025.

Option payment advance

On July 29, 2020, the Company granted a 2% interest in its wholly-owned Bolivian subsidiary, Minera Tupiza to an officer of Minera Tupiza. The Company has an option to increase its interest in Minera Tupiza to 99% by purchasing a 1% interest from the officer for US$3,000,000. As at June 30, 2023, the Company had made installment payments aggregating US$500,000 (March 31, 2023 - US$500,000) on account of the option.

Technical report

The Company filed an updated National Instrument 43-101 ("NI 43-101") Technical Report on Iska Iska completed by Micon International Limited ("Micon"), dated May 1, 2022, titled "*Technical Report on the Exploration and Diamond Drilling of the Iska Iska Polymetallic Project, Sud Chichas Province, Department of Potosi, Bolivia*" (see page 4).

Iska Iska option payment

At June 30, 2023, the Company has made installment payments aggregating US$4,400,000 (March 31, 2023 - US$4,400,000).

Status of use of proceeds for January 27, 2023 and August 3, 2023 bought deal financings

The status of the use of proceeds outlined in the Company's January 2023 prospectus is as follows:

	Proposed $	Actual $
Continue Phase II work program under Technical Report	6,200,000	6,200,000
General and office expenses	2,625,000	1,046,000
Contingencies	400,200	333,000
	9,225,200	7,579,000

The status of the use of proceeds outlined in the Company's August 2023 prospectus is as follows:

	Proposed $	Actual $
Definition drilling – Santa Barbara, 5,560 m	2,380,000	–
Preliminary Economic Assessment including metallurgical testing	1,250,000	–
PQ diamond drilling for metallurgical testing including "ore-sorting" 1,250 m	587,500	–
ESG and Community support	200,000	–
Geophysics – Gravity survey Iska Iska	62,500	–
Exploration and geophysical surveys, outside properties	120,000	–
Iska Iska option payment (US$500,000 at $1.32)	660,000	–
Contingencies	132,070	–
	5,392,070	–

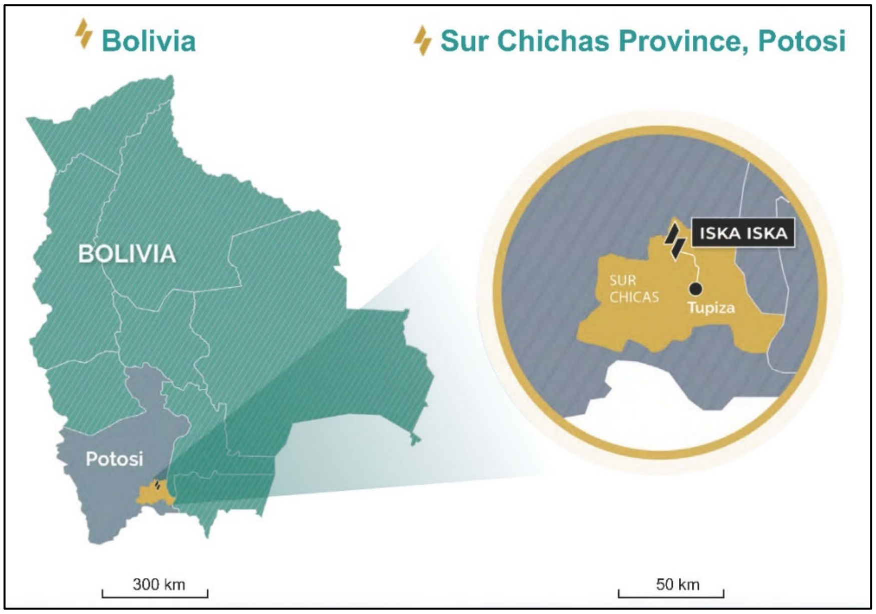
Iska Iska

On January 6, 2020, the Company signed a Definitive Agreement, as amended, whereby its Bolivian subsidiary, Minera Tupiza was granted an option to acquire a 99% interest in Iska Iska, a silver-tin polymetallic property consisting of one mineral concession totaling 900 hectares ("ha") located in southern Bolivia. In order to acquire its interest in Iska Iska, the Company will conduct an exploration and development program ending July 6, 2024 and issue common shares and make an option payment, as follows:

	Common shares		Option payment
	Number	$	US$
February 5, 2020 (issued)	250,000	100,000	–
January 6, 2022 (issued)	250,000	250,000	–
July 6, 2024 (US$4,550,000 paid)	–	–	10,000,000
	500,000	350,000	10,000,000

Iska Iska is located in the Sud Chichas Province of the Department of Potosi, southern Bolivia, approximately 48 kilometres ("km") north of Tupiza city. The project is road accessible and royalty-free, wholly-controlled by the title holder, Empresa Minera Villegas S.R.L. and can be classified as a major silver-tin polymetallic porphyry-epithermal complex associated with a Miocene possibly collapsed/resurgent caldera, emplaced on Ordovician age rocks with major breccia pipes, dacitic domes and hydrothermal breccias. The caldera is 1.6km by 1.8km in dimension with a vertical extent of at least 1 km. Mineralization age is similar to Cerro Rico de Potosi and other major deposits such as San Vicente, Chorolque, Tasna and Tatasi located in the same geological trend. Geological mapping and diamond drilling suggest that the potential strike length of the entire Iska Iska system may be as much as 4km, the width up to 2km, with a depth extent of 1km or more.

Figure 1: Location Map – Iska Iska Silver-Tin Polymetallic Property, Bolivia



An NI 43-101 Technical Report on Iska Iska completed by Micon, dated May 1, 2022, is available on the Company's website and under its filings on SEDAR. Following the completion of the NI 43-101 Technical Report, the next phase in the development is geared towards the preparation of a maiden NI 43-101 compliant mineral resource estimate ("MRE").

The Company began underground diamond drilling from the Huayra Kasa underground workings at Iska Iska on September 13, 2020. On November 18, 2020, the Company announced the discovery of a significant breccia pipe with extensive silver polymetallic mineralization just east of the Huayra Kasa underground workings and a high-grade gold-bismuth zone in the underground workings. On November 24, 2020, the Company announced the discovery of the Santa Barbara Breccia Pipe ("SBBP") approximately 150m southwest of the Huayra Kasa underground workings.

Subsequently, on January 26, 2021, the Company announced significant results from the first drilling at the SBBP including the discovery hole DHK-15 which returned 129.60 g Ag eq/t over 257.5m (29.53g Ag/t, 0.078g Au/t, 1.45%Zn, 0.59%Pb, 0.080%Cu, 0.056%Sn, 0.0022%In and 0.0064% Bi from 0.0m to 257.5m. Subsequent drilling has confirmed significant values of Ag-Sn polymetallic mineralization in the SBBP and the adjacent Central Breccia Pipe ("CBP"). A substantive mineralized envelope which is open along strike and down-dip extends around both major breccia pipes. Continuous channel sampling of the Santa Barbara Adit located to the east of SBBP returned 442 g Ag eq/t (164.96 g Ag/t, 0.46%Sn, 3.46% Pb and 0.14% Cu) over 166m including 1,092 g Ag eq/t (446 g Ag/t, 9.03% Pb and 1.16% Sn) over 56.19m. The west end of the adit intersects the end of the SBBP.

Since the initial discovery hole on the SBBP, the Company has released a number of significant drill results in the SBBP and the surrounding mineralized envelope, which along with geophysical data has defined a target zone 1,400m, along strike, 500m wide and that extends to a depth of 600m. This zone is open along strike to the northwest and southeast as well as to the southwest. The Company's nearer term objective is to outline a maiden NI 43-101 compliant mineral resource within this large target area. This work is advancing well with the mineral resource targeted to be completed in Q4 2022. Exploration drilling is also planned on other major targets in the Iska Iska Caldera Complex, including the Porco and Mina 2 areas.

On July 21, 2022, the Company released the highest grade, longest intersection thus far at Iska Iska, including the highest-grade silver to that date of 44.75 g Ag/t over 349.08m from drill hole DSBU-10.

On September 20, 2022, the Company reported further drill results of 150.47 g Ag eq/t (9.45 g Ag/t, 1.53% Zn, 0.88% Pb and 0.07% Sn) over 441.21m in Hole DSB-30 in the High-Grade Feeder Zone of Santa Barbara Target Area. New downhole geophysical data have significantly extended the strike length of the high-grade zone at Santa Barbara a further 250m along strike to the south-southeast from existing drilling.

The 3D inverse magnetic model which correlates very strongly with the conductive zone suggests that the high-grade zone may extend across the entire caldera for as much as a further 1 km along strike for a total potential strike length of at least 2 km. Drilling in the Porco area intersected significant values over short intervals on the edge of this conductive zone. The definition drill program was modified to sectionally drill this potential extension with the intention of defining a major open pittable deposit in the valley of the caldera. As a result, the estimated completion date for the maiden National Instrument 43-101 mineral resource was pushed back.

On October 5, 2022, additional drill holes were released including 198.00 g Ag eq/t (67.79 g Ag/t, 1.44% Zn and 1.04% Pb) over 134.47m in silver-rich area of high-grade zone in the Santa Barbara Target Area in hole DSB-31 drilled 200m south of the Santa Barbara adit. This intersection included a higher-grade portion grading 566.36 g Ag eq/t (246.26 g Ag/t, 3.72% Zn and 3.88% Pb) over 25.51m. The high-grade silver zone intersected in hole DSB-31 appears to be in the same structural-mineralized corridor as the silver-rich zone in the Santa Barbara adit. As previously reported (see press release dated April 13, 2021), channel sampling along the adit returned 441.98 g Ag eq/t (164.96 g Ag/t, 0.23 g Au/t, 3.46% Pb and 0.46% Sn) over 165.89m.

Multiple intersections including 108.16 g Ag eq/t (11.63 g Ag/t, 1.53% Zn and 0.36% Pb) over 111.26m in the high-grade feeder zone in the Santa Barbara Target Area we reported on October 18, 2022. At that time, there were four drill holes in progress with four additional holes planned that collectively total 6,000m to complete the first-pass definition drill program.

On November 22, 2022, the Company announced that it has entered into an option agreement (the "Agreement") to acquire the Mina Casiterita and Mina Hoyada properties (the "Acquisition") which collectively cover 14.75 km2 southwest and west of the Iska Iska Silver-Tin Polymetallic Project ("Iska Iska"). Artisanal mining in the 1960's identified high grade tin veins on the Mina Casiterita property that are hosted in intrusive dacite. Production from 1962 to 1964 is reported by the Departamento Nacional de Geología (National Department of Geology) in Bolivia as 69.85 tonnes grading 50.60% Sn. The Company has also staked additional claims in the Iska Iska region which collectively total 1,935 quadrants covering 483.75 km^2.

On November 29, 2022, the Company announced additional results. Multiple Intersections including 122.25g Ag eq/t (17.77g Ag/t, 0.30% Zn, 0.33% Pb, 0.10% Cu and 0.16% Sn) over 210.74m in the high-grade zone of Santa Barbara were reported from eight drill holes. Holes DSB-38, DSB-39 and DSB-40 tested an approximately 1,000m (1km) long section in mineralized dacite across the central part of the caldera valley approximately 500m south-southeast of the underground drill bay in the Santa Barbara adit. Highlights included: 269.56g Ag eq/t (52.63g Ag/t, 3.02% Zn and 1.82% Pb) over 58.85m and 101.74g Ag eq/t (10.59g Ag/t, 0.16 g Au/t, 1.23% Zn and 0.28% Pb) over 74.07m and % Pb over 17.24m in DSB-38 and 91.96g Ag eq/t (4.71g Ag/t, 1.37% Zn and 0.15% Pb) over 193.96m with higher-grade portions of 147.94g Ag eq/t (4.56g Ag/t, 2.48% Zn and 0.29% Pb) over 19.86m and 218.05g Ag eq/t (14.33g Ag/t, 0.14 g Au/t, 3.35% Zn and 0.33% Pb) over 14.33m in DSB-40.

On January 31, 2023, the Company reported the highest and most extensive silver grades in the Santa Barbara deposit. Hole DHK-27 intersected 202.43g Ag eq/t (69.80g Ag/t, 1.21% Zn, 0.49% Pb, and 0.12%Sn) over 325.48m including a higher-grade portion of 395.98 g Ag eq/t (182.02g Ag/t, 1.73% Zn, 0.97% Pb, 0.18% Cu and 0.19%Sn) over 109.60m.

Geologically, drilling across the valley of the Iska Iska Caldera indicates that this area is underlain by a coarse-grained porphyritic dacitic intrusion that is well mineralized with Ag, Zn and Pb and is the likely source of the extensive epithermal mineralization in the Santa Barbara and Central Breccia areas. The porphyry, now named the Iska Iska Porphyry, is approximately 800m by 600m and is notable for the absence of tin mineralization despite the abundance of tin in the nearby area. The tin at Iska Iska is likely the product of an earlier higher temperature and deeper tin porphyry, which has been overprinted by the later higher-level porphyry-epithermal Ag-Zn-Pb mineralization related to the Iska Iska Porphyry. Magnetic inverse modelling and limited deep drilling suggest that the major tin porphyry is likely below the Iska Iska Porphyry and to the south and southwest in the Porco and Mina Casiterita areas.

The definition drilling at Santa Barbara has more than doubled the potential volume of the high-grade zone defined by the >90 g Ag eq/t grade shell model to approximately 1,000m along strike, 800m wide and extending to a depth of 1,100m. This zone is open to the south, west and northwest as well as at depth. Eloro is working closely with Micon International to provide all data necessary for estimation of the inaugural mineral resource estimate targeted for the end of Q1 2023.

On February 14, 2023, the Company reported that an extensive IP conductivity anomaly had been outlined on the Mina Casiterita property adjacent to the Iska Iska Silver-Tin Polymetallic Project. Magnetic data strongly suggest that a large intrusive body lies below the Iska Iska Caldera Complex and that it is nearer to surface of the Mina Casiterita property. This intrusive is approximately 5km long by 3 km wide.

The Company released further drill results on April 12, 2023, from the southernmost holes on the potential south-southeastern extension of the high-grade zone at Santa Barbara. Each of holes DSB-50, DSB-51 and DSB-52 returned well mineralized intersections over 100m core lengths as follows:

- 86.67g Ag eq/t (13.57g Ag/t, 0.99% Zn and 0.41% Pb) over 105.42m including 193.50 g Ag eq/t (15.34g Ag/t, 3.22% Zn and 0.17% Pb) over 10.57m (DSB-50)

- 103.03g Ag eq/t (5.18g Ag/t, 1.72% Zn and 0.21% Pb) over 143.06m including 175.06 g Ag eq/t (9.39g Ag/t, 2.96% Zn and 0.35% Pb) over 49.87m (DSB-51)
- 123.28g Ag eq/t (7.46g Ag/t, 0.14 g Au/t, 1.85% Zn and 0.26% Pb) over 119.77m including 306.28 g Ag eq/t (18.03g Ag/t, 0.45g Au/t, 4.55% Zn and 0.47% Pb) over 28.79m (DSB-52)

Drill holes in the south-southeastern extension of the Santa Barbara Deposit are notably Zn-rich returning some of the highest Zn values intersected thus far. These three holes expand the strike extent of the Santa Barbara high-grade zone to more than 1,100m significantly expanding the potential open pittable resource. The high-grade zone is now 800m across and is open along strike to the south-southeast.

On July 26, 2023 the Company reported major advances in metallurgy for Iska Iska, as follows:

- Preliminary tests at TOMRA in Germany indicate the mineralization at Iska Iska is amenable to “ore-sorting” with removal of at least 40% of the waste in the Polymetallic Domain and up to 80% in the Tin Domain which would substantially increase concentrator feed grades as well as reduce future operating costs and significantly lower the cut off grades (“COG”) for the pending MRE.
- Positive “ore-sorting” results were obtained from composite samples of both the tin (Sn) and polymetallic (Ag-Zn-Pb) mineralization domains in the Santa Barbara deposit indicating its wide applicability throughout the entire deposit.
- Further metallurgical studies conducted by Wardell Armstrong International on a composite sample of the tin mineralization has improved tin concentrator recovery to 50%. This recovery is un-optimized and has been achieved using a mixture of Multi Gravity and tin flotation techniques which are specifically designed to recover the finer grained cassiterite.
- The concentrator could produce an approximately 5%Sn concentrate grade amenable to the tin fuming process that ultimately could produce a 60-70%Sn concentrate for smelting.
- The level of metallurgical and pyrometallurgical work that has been conducted is exceptionally high for an inaugural MRE but is justifiable due to the significance of this large potentially open pittable tin and polymetallic resource.
- The additional metallurgical/mineralogical knowledge will enable Eloro to rapidly move towards a preliminary economic assessment (“PEA”).

The geo-metallurgical program is being directed by Mr. Mike Hallewell, C.Eng., the Company’s Senior Strategic Metallurgist based in Cornwall, England, who has extensive specialist knowledge in the recovery of tin at mining operations and exploration projects worldwide, and Richard Gowans, P.Eng., Principal Metallurgist for Micon International Limited, an independent Qualified Person as defined under NI 43-101.

In connection with the Company’s ongoing Environmental Social Governance (“ESG”) initiatives, the following studies have been or are currently being carried out by Minera Tupiza’s environmental staff and environmental consultants at Iska Iska:

- Collection of existing environmental documentation on the Porvenir concession, where the Iska Iska project is under exploration, including the review of environmental legal documents.
- Environmental inspection and evaluation of the Porvenir concession.
- Implementation of warning and information signs.
- Preparation of detailed environmental studies required by the Bolivian environmental authority.
- Regular monitoring of soil, noise, air and water in accordance with current environmental regulations, in all the exploration work.
- Control of solid and liquid waste in exploration work.
- Construction of sedimentation and infiltration pits for the final disposal of sludge from the cutting of samples.
- Construction and implementation of sanitation stations.
- Evaluation of all existing underground workings on the property including Huayra Kasa, Santa Barbara, Porco and Mina 2 area.
- Preparation of a baseline environmental study for Iska Iska.

The Company has a very active program led by ESG Manager Ana Moran, Attorney at Law and Dr. Osvaldo Arce, P.Geo. Major ESG initiatives completed or ongoing include: community support for COVID-19 in Tupiza and surrounding communities, the building of sanitation stations in homes in the communities of Almona and La Torre, which are the closest communities to the Iska Iska property, 5km east and 5km southeast, respectively, working with the Women’s Association of Almona and La Torre to support training courses in baking and embroidery as well as other social activities, and support for school programs including providing classroom materials, snacks during breaks and support for teachers.

Additional ESG activities completed in 2022 and continuing in 2023 include: i) continued implementation of courses, workshops, classes, materials, and other requirements of social projects focused on women, children, and youth groups in

Almona, La Torre and additional surrounding communities,ii) construction of additional sanitation stations in the communities of Almona, La Torre and other surrounding communities, iii) delivery of equipment for community medical centers, iv) improving educational services of the community schools by delivering computer equipment, and v) support for local community strengthening and development, through specialized services in consultation with the communities.

Since the start of drilling on the Iska Iska project on September 13, 2020, the Company has, to November 27, 2022, completed 84,495 metres of diamond drilling in 122 holes. In most of 2022, drilling was focused on resource definition in the major Santa Barbara target zone. The breakdown of drilling completed by target area is as follows:

Target Area	Date Commenced	Date Completed	No. of Holes	Total Metres
Huayra Kasa Breccia Pipe	September 13, 2020	November 11, 2020	13	2,895
Santa Barbara Breccia Resource Definition Drilling Zone	November 13, 2021	November 27, 2022	85	63,759
Central Breccia Pipe	March 1, 2021	August 8, 2021	11	7,473
Porco Breccia Pipe	April 16, 2021	May 5, 2022	12	9,508
Pajchi	Not started		–	–
Other	May 6, 2022	May 23, 2022	1	860
			122	**84,495**

*The 6,000-metre drilling originally budgeted for Santa Barbara and the 45,000m program outlined in the March 31, 2021 prospectus was completed on July 19, 2022. Cost efficiencies allowed an additional 2,578m to be drilled on the original budget that was completed on August 2, 2022. The 15,000m Phase I drill program recommended in the NI 43-101 Technical Report by Micon International dated May 1, 2022 was completed in July 2022. A further 18,236 metres of diamond drilling was done in Phase II to complete the definition drilling on the Santa Barbara deposit on November 27, 2022.

In 2023, the Company carried out additional drilling and completed 16 diamond drill holes totalling 12,495.4m to test targets in the Casiterita area (8 holes totalling 5,726.8m), Porco-Mina 2 area (3 holes totalling 2,544.9m) and eastern-southern extension of Santa Barbara (5 holes totalling 4,223.7m). Results from these holes are pending. Magnetic data strongly suggest that a large intrusive body lies below the Iska Iska Caldera Complex and that it may be nearer to surface on the Casiterita property. This intrusive is approximately 5km long by 3 km wide. Induced Polarization/Resistivity surveys at Casiterita outlined a new chargeability anomaly that extends for approximately 1km along strike and is across all five lines surveyed. It is readily evident that the strong conductivity anomaly outlined on Iska Iska continues southwards onto Casiterita, reflecting the enormous potential size of the mineralizing system of the underlying intrusive.

The planned next phase of work at Iska Iska will begin following completion of the inaugural MRE. The work plan consists of 5,600m of definition drilling at Santa Barbara to better define higher grade areas in the shallower parts of the potential pit to enhance earlier payback; drilling of four PQ metallurgical holes totaling 1,250m for further metallurgical tests including “ore-sorting”; and preparation of a PEA, including required site work, on the Santa Barbara deposit. Allowances have also been included for ESG and community support programs, a gravity survey over Iska Iska to test for the deeper tin porphyry and for exploration including geophysical surveys on the outside properties.

Grant of option for a 25% interest in La Victoria

Burgundy Diamond Mines Limited (“BDM”) owns an 18% interest in La Victoria and had an option to increase its interest to 25% (“Option”). In August 2021, BDM decided to maintain its interest at 18% and not to increase its interest to 25%, upon which, the Option expired and a joint venture, with the Company as operator, was formed to continue to explore and develop La Victoria.

If the Company or BDM does not fund its proportionate share of expenditures, its respective interest will be diluted and when its interest is diluted to less than 10%, the party’s interest shall be reduced to a 2% net smelter royalty on all production. The other party will have the option to reduce the royalty from 2% to 1% by making a payment of $3,000,000.
If either the Company or BDM acquires an interest in any property within 5 kilometres of La Victoria, the acquirer must offer the other party the opportunity to participate in the acquisition up to its participating interest.

In the event the Company or BDM proposes to sell any interest in La Victoria to a third party, the other party has a right of first refusal to match the terms and conditions of the proposed sale. In the event that the Company proposes to sell a majority of its interest in La Victoria to a third party, the Company must first consult with BDM about the identity of the third party and the proposed terms of sale and if the Company proceeds with the sale, BDM will be obliged to sell its interest to the third party on a pro rata basis in accordance with the terms of the sale to the third party.

Exploration at La Victoria
La Victoria is a gold-silver property covering 8,933 hectares, consisting of 9 concessions covering 3,533 hectares (Ccori Orcco 1, Roberto N°1, Rufina, Rufina N° 2, San Felipe 1, San Felipe 2, San Markito, Santa Ana 1 and Victoria-APB) and 7 claims covering 5,400 hectares (Romina 01, 02, 03, 04, 05, 06 and 07) in the Huandoval District, Pallasca Province, Ancash Department, in the North-Central Mineral Belt of Peru.

A National Instrument 43-101 Technical Report ("Technical Report") on La Victoria was filed on September 7, 2016, authored by Luc Pigeon, M.Sc., P.Geo. The Technical Report was filed as one of the terms precedent to the acquisition of La Victoria and is available under the Company's profile on SEDAR (www.sedar.com).

As outlined in the Technical Report, four principal mineralized zones are identified at La Victoria: San Markito, Rufina, Victoria and Victoria South. The Rufina and San Markito zones were the most advanced targets and were recommended for drilling whereas the Victoria and Victoria South zones are at an early exploration stage. In general, mineralization occurs within breccias and veins that contain significant gold and silver concentrations and trace element characteristics that are compatible with epithermal deposits especially the low sulphidation type.

La Victoria is located within a prolific epithermal gold deposit belt that extends from Cajamarca to Ancash and includes such gold deposits as Yanacocha, Lagunas Norte and La Arena. The La Arena mine is located 50km northwest of the property. Work completed to date continues to confirm the presence of a major epithermal system with multiple stages of mineralization in the San Markito-Victoria area in the northern part of the La Victoria property. The intensity of alteration and the wide range of styles of mineralization is very encouraging.

As part of a continuing review of the surface geology of the La Victoria property and environs, a large tract of land bordering the Rufina 2 Concession to the south was seen to host geology similar to what is seen on the Ccori Orcco Concession, and mining rights were available to acquire by staking. This property acquisition makes the Company one of the largest holders of mining rights in the northern Ancash Department section of the North-Central Peru Mineralized Belt.

On June 6, 2018, the Company announced that, together with BDM, they were proceeding with a drilling program to test the Rufina and San Markito target areas. On August 13, 2018, the Company further announced it had completed three diamond drill holes totalling 1,242m testing the Rufina East target area. A complete summary of the drilling results was provided in the August 13, 2018 news release, available under the Company's profile on SEDAR and on its website.

The drilling by the Company at Rufina was the first diamond drilling ever carried out on the property. The first and second phases which comprised twelve drill holes totaling 4,281m (see press releases January 16, 2018 and June 6, 2018), were designed to provide complete sections across up to 500m strike length of the target zone to test the major NW and NE-SW striking mineralized structures identified in the surface geological mapping. All the reconnaissance drill holes intersected extensive zones of mineralization and alteration, including more than sixty anomalous gold intervals distributed in about 40 mineralized structures. Many of these structures correlated with zones mapped on surface. Gold mineralization and alteration at Rufina occurs over 600 m in width, over 700 m in vertical extent and about 600 m along strike.

Further Exploration
Results at Rufina provide indications of a large-scale epithermal gold mineralized system at La Victoria, however further drilling needs to focus on the likely overall major core area which is believed to be San Markito. San Markito is the best target zone identified thus far on the property, where gold and silver mineralization are found in an extensive symmetric alteration zone within both the favourable Chimú Formation sediments and dioritic intrusives. This target will be the focus of further drilling at La Victoria going forward.

Further to the drilling program conducted at La Victoria in the summer of 2018, the Company continued its efforts to obtain required permitting in order to drill the San Markito target. On May 27, 2019, the Company provided an update on the ongoing process to obtain all of the necessary permits, including the local approval of the community of Pallasca, Pallasca District, Ancash Department, Peru, and the entering into of a local land rental contract. A further update was announced on December 19, 2019, whereby it was announced that community elections in Pallasca were completed, and a new President of the community was elected. The Company worked with the new community council in order to obtain the required permitting and a land rental agreement.

On July 24, 2021, an extraordinary community assembly took place, where a majority of community members voted in favour of the Company's land use proposal. Apart from the land rental payment, the Company also agreed to help the community avail itself to government infrastructure funds to enhance the community's agricultural practices and access to water.

With the land rental agreement in place, the Company obtained the required drill permitting from the Peruvian Ministry of Energy and Mines. Geades Consulting S.A.C was retained for this purpose.

Minor geological operations recommenced in September 2021, under the supervision of Chief Geologist (Peru), Marcelo Alvarez, who led the Company's 2017-2018 exploration activities at La Victoria. Mr. Alvarez brings 30 years of exploration experience in South American epithermal, mesothermal and porphyry deposit types. He also has extensive knowledge in the modeling and evaluation of mineral resources. A total of 284.70 m in two holes including one redrilled hole were completed in November 2021 with no further drilling completed since that date.

For additional technical information on the La Victoria Project, the reader is referred to the NI 43-101 Technical Report on the La Victoria Au-Ag Property, Ancash, Peru filed under the Company's profile on SEDAR (www.sedar.com). Further exploration programs at La Victoria are contingent upon the Company allocating the required working capital to dedicate to this project.

Risks and Uncertainties

Mineral exploration and development

The Company is exposed to the inherent risks associated with mineral exploration and development, including the uncertainty of mineral resources and their development into mineable reserves; the uncertainty as to potential project delays from circumstances beyond the Company's control; and the timing of production; as well as title risks, risks associated with joint venture agreements and the possible failure to obtain exploration permits and mining licenses.

Commodity price risk

The Company is exposed to commodity price risk. A significant decline in precious and base metal commodity prices may affect the Company's ability to obtain capital for the exploration and development of its mineral resource properties.

Results of Operations

	3 months ended June 30,	
	2023	**2022**
	$	**$**
Expenses		
Professional fees	44,339	76,927
Consulting fees	127,500	117,000
Stock-based compensation	337,000	2,498,000
Investor relations and marketing	370,058	407,068
General and office	139,875	118,130
Travel	59,060	72,905
Depreciation	11,088	11,088
Accretion of interest	2,597	3,195
Gain on sale of marketable securities	58,778	(18,178)
Foreign exchange loss (gain)	(25,351)	–
Unrealized loss (gain) on marketable securities	–	(3,450)
Impairment of exploration and evaluation	(9,241)	9,488
Refundable tax credit notices of assessment	–	15,000
Other income	(74,895)	–
	1,040,808	3,307,172
Loss	(1,040,808)	(3,307,172)

3 months ended June 30

The Company recorded a loss of $1,040,808 compared to a loss of $3,307,172 in the comparative period of the previous year. The decrease in the loss reflects the following factors:

a) an decrease in stock-based compensation to $337,000 (2022 - $2,498,000) related to the fair value of stock options and restricted share units granted.

Summary of Quarterly Results

	Q2 2022 $	Q3 2022 $	Q4 2022 $	Q1 2023 $	Q2 2023 $	Q3 2023 $	Q4 2023 $	Q1 2024 $
Revenue	–	–	–	–	–	–	–	–
Loss								
- Total	292,850	630,821	5,654,304 (note 1)	3,307,172 (note 2)	1,218,170 (note 3)	1,345,642 (note 4)	2,116,518 (note 5)	1,040,808 (note 6)
- Per share	–	0.01	0.09	0.04	0.01	0.02	0.03	0.01

Note 1: Loss for Q4 2022 includes stock-based compensation of $4,754,000.
Note 2: Loss for Q1 2023 includes stock-based compensation of $2,498,000.
Note 3: Loss for Q2 2023 includes stock-based compensation of $586,118.
Note 4: Loss for Q3 2023 includes stock-based compensation of $411,000.
Note 5: Loss for Q4 2023 includes stock-based compensation of $979,000.
Note 6: Loss for Q1 2024 includes stock-based compensation of $337,000.

Liquidity and Capital Resources

As the Company is in the exploration stage and does not generate revenue, the Company has financed its operations with the proceeds of equity financings. The Company is dependent upon the Company's ability to secure equity financings to meet its existing obligations and to fund its working capital requirements and the acquisition, exploration and development of mineral resource properties.

Estimated working capital requirements for 2024	**$**
Corporate and general	2,100,000
Accounts payable and accrued liabilities at March 31, 2023	1,700,000
	3,800,000

At March 31, 2023, the Company had cash and cash equivalents of $8,807,265 which included gross proceeds of $10,919,570 for a bought deal financing that was completed on January 27, 2023. The Company expects that additional financing will be required to fund its operations and the acquisition, exploration and development of its mineral resource properties. Management is of the opinion that sufficient working capital will be obtained from equity financings and the exercise of warrants to meet the Company's liabilities and commitments as they become due. On August 3, 2023, the Company completed a bought deal financing of 2,191,280 units of at a price of $3.15 per unit for gross proceeds of $6,902,532 (see page 1, *Bought deal financing*).

At August 11, 2023, there are outstanding stock options and warrants (see *Stock options* and *Warrants* on pages 12 and 13). Based on closing market price for the Company's common shares of $3.45 on August 11, 2023, in-the-money stock options and warrants, if exercised, would provide the Company with proceeds of $2,496,149.

Transactions with Related Parties

	Consulting fees $
Exploration and evaluation	
Pearson Geological Limited, a company controlled by William Pearson, for his services as Executive Vice President, Exploration	45,000
Consulting fees	
Gambier Holdings Corp., a company controlled by Thomas G. Larsen, for his services as Chief Executive Officer	52,500
Marlborough Management Limited, a company controlled by Miles Nagamatsu, for his services as Chief Financial Officer	30,000
J. Estepa Consulting Inc., a company controlled by Jorge Estepa, for his services as Vice President, Corporate Secretary	30,000
Christopher Holden, for his services as Vice President, Corporate Development	36,000

Financial instruments and risk management

The Company's activities expose it to a variety of financial risks that arise as a result of its exploration, development, production and financing activities, including credit risk, liquidity risk and market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout the consolidated financial statements.

The Board of Directors oversees management's establishment and execution of the Company's risk management framework. Management has implemented and monitors compliance with risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Company's cash balances. The maximum exposure to credit risk is equal to the balance of cash.

The Company's limits its exposure to credit risk on its cash by holding its cash in deposits with Canadian chartered banks.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial liabilities that are settled in cash or other financial assets. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities as they come due. The amounts for accounts payable and accrued liabilities are subject to normal trade terms.

The Company has no revenues and relies on financing primarily through the issuance of equity to finance its on-going and planned exploration activities and to cover administrative costs.

Market risk

Market risk is the risk that changes in market prices, such as equity prices, foreign exchange rates, and interest rates will affect the Company's income or the value of its financial instruments.

Equity price risk

The Company is exposed to equity price risk with respect to marketable securities. The Company's approach to managing equity price risk is to optimize the return from its marketable securities within acceptable parameters for equity price risk. The Company estimates that if the fair value of its marketable securities as at June 30, 2023 had changed by 10%, with all other variables held constant, the unrealized gain (loss) would have decreased or increased by $4,750.

Foreign currency risk

The Company is exposed to foreign currency risk with respect to exploration and development expenditures in US dollars. The Company retains substantially all of its cash with its parent in Canadian dollars until US dollars are required by its foreign subsidiaries.

Expenses are incurred in Canadian dollars and US dollars. The Company is subject to gains and losses due to fluctuations in these currencies.

Interest rate risk

The Company's exposure to interest rate risk is limited due to the short-term nature of its financial instruments and the Company has no interest-bearing debt.

Capital management

Capital of the Company consists of share capital, warrants, contributed surplus, foreign currency reserve and deficit. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can acquire, explore and develop mineral resource properties for the benefit of its shareholders. The Company manages its capital structure and makes adjustments based on the funds available to the Company in light of changes in economic conditions. The Board of Directors has not established quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain the future development of the Company. In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that consider various factors, including successful capital deployment and general industry conditions. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company's principal source of capital is from the issue of common shares. In order to achieve its objectives, the Company intends to raise additional funds as required.

The Company is not subject to externally imposed capital requirements and there were no changes to the Company's approach to capital management during the year.

Disclosure controls and procedures

The Company's disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is communicated to senior management, to allow timely decisions regarding required disclosure.

Management including the Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedure as of March 31, 2023. Based on this evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that the Company's disclosure controls and procedures as defined under the rules of Canadian Securities Administrators were effective to ensure information required to be disclosed in reports filed or submitted by the Company under Canadian securities legislation is recorded, processed, summarized and reported within the time periods specified in those rules.

Internal controls over financial reporting ("ICFR")

Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of financial statements in compliance with IFRS. The Company's internal controls over financial reporting include policies and procedures that:

- pertain to the maintenance of records which accurately and fairly reflect the transactions of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS;
- ensure the Company's receipts and expenditures are made only in accordance with authorization of management and the Company's directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized transactions which could have a material effect on the annual or interim financial statements.

A material weakness is a deficiency, or a combination of deficiencies, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

As of March 31, 2023, an evaluation of the effectiveness of the Company's internal control over financial reporting was conducted by the Company's management, including the Chief Executive Officer and the Chief Financial Officer. Based on this assessment, management concluded that the design and implementation of the Company's disclosure controls and procedures and ICFR were not effective due to a material weakness in ICFR. The Company had a limited number of individuals performing accounting and control functions in addition to having access to Company assets. While deficiencies in segregation of duties could lead to a material misstatement in the financial statements, other checks and balances including direct involvement of senior management in the day-to-day operations of the Company were in place, and no misstatement had occurred related to the deficiencies in segregation of duties. However, these mitigating procedures may not be considered enough to reduce the likelihood that a material misstatement would be prevented or detected in the future. In order to address this weakness, the Company has hired a controller which will allow for the segregation of duties.

Except for the hiring of a controller as outlined above, there were no changes in the Company's internal controls which occurred during the 3 months ended June 30, 2023 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Material assumptions and risk factors for forward-looking statements.

The following table outlines certain forward-looking statements contained in this MD&A and provides material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

Page	Forward-looking statement	Assumption	Risk factors
9	Liquidity and Capital Resources “Management is of the opinion that sufficient working capital will be obtained from equity financings to meet the Company’s liabilities and commitments as they become due.”	Equity financings will be obtained.	The Company is unable to obtain future financing to meet liabilities and commitments as they become due.
9	Based on closing market price for the Company’s common shares of $3.45 on August 11, 2023, in-the-money stock options and warrants, if exercised, would provide the Company with proceeds of $2,496,149.	Exercisable stock options and warrants remain in-the-money and stock option and warrant holders exercise exercisable stock options and warrant holders.	The common share price declines and exercisable stock options and warrants fall out-of-the-money. Stock option and warrant holders do not exercise exercisable stock options and warrant holders.

Shares Outstanding as at August 14, 2023

Shares
Authorized:
An unlimited number of common shares without par value.
An unlimited number of redeemable, voting, non-participating special shares without par value.

Outstanding:
76,774,150 common shares

Warrants

Exercise price	Expiry date	Number of warrants
$4.75	May 19, 2024	1,503,855
$3.25	May 19, 2024	180,462
$4.25	January 27, 2025	1,733,265
$4.25	August 3, 2025	1,095,640
$3.15	August 3, 2025	131,476
		4,644,698

Stock options
The shareholders of the Company approved a new Long-term Incentive Plan (the “Plan”) at an annual and special meeting held on September 27, 2022. The Plan received TSX Venture Exchange approval on October 31, 2022. With the implementation of the Plan, all previously issued stock options and restricted share unit awards, which were granted pursuant to the Company’s Stock Option Plan and Restricted Share Unit Plan respectively, will be governed by the Plan. With the listing of the Company’s common shares on the TSX, the Plan was amended to conform to the requirements and policies of the TSX. The Plan permits the Board to make awards of stock options, restricted share units, performance share units and deferred share units. The maximum number of common shares for issuance under the Plan for stock options will not exceed 10% of the Company’s then issued and outstanding shares. The maximum number of common shares for issuance under the Plan for all other awards other than stock options will not exceed 10% of the Company’s issued and outstanding shares at the time of shareholder approval of the Plan.

The number of the common shares subject to each stock option grant, exercise price, vesting, expiry date and other terms and conditions are determined by the Board. The exercise price shall in no event be lower than the market price of the common shares on the grant date. Stock options shall be for a fixed term, not exceeding five years and unless otherwise specified, each stock option shall vest as to one third on each of the first through third anniversaries of the grant date.

Authorized:
7,677,415 stock options.

Outstanding:

Exercise price	Expiry date	Number of stock options outstanding and exercisable
$0.40	February 18, 2025	1,305,000
$3.59	June 6, 2027	750,000
$0.60	June 9, 2025	655,000
$4.45	February 1, 2026	1,030,000
$4.65	March 3, 2027	1,525,000
$3.42	May 30, 2027	100,000
$4.32	August 3, 2027	150,000
$3.30	February 2, 2027	250,000
		5,765,000

Restricted share units, deferred share units and performance share units

Authorized:
6,987,897 aggregate total for restricted share units, deferred share units and performance share units.

Outstanding Restricted Shares Units:

Redemption date	Number of RSUs outstanding
June 6, 2025	750,000
December 31, 2025	2,350,000
December 31, 2026	300,000
	3,400,000

No deferred shares units or performance share units have been granted.