

Sierra Grande Minerals Inc.

Management Discussion and Analysis

Three months ended March 31, 2023

SIERRA GRANDE MINERALS INC.
MANAGEMENT DISCUSSION AND ANALYSIS
Three months ended March 31, 2023

Background

Sierra Grande Minerals Inc. (the “Company” or “Sierra”) was incorporated under the laws of the province of Ontario on November 17, 1994. On June 19, 2009, the Company completed a continuance of business from Ontario to British Columbia. The Company’s common shares are listed on the Canadian Securities Exchange (“CSE”) under the symbol “SGRO” as well as on the Berlin and Frankfurt stock exchanges in Germany under the symbol “F91Q”. Commencing June 18, 2021, the Company’s shares began to trade on the OTCQB Venture Market (“OTCQB”) in the United States under the symbol “SIERF”.

The Company’s principal business is acquisition and development of resource properties with merits.

The head office, registered address, principal address and records office of the Company are located at Suite 210, 9648 128 Street, Surrey, B.C. Canada V3T 2X9.

The following discussion and analysis should be read in conjunction with the Company’s condensed consolidated interim financial statements of the same period and the audited consolidated financial statements for the most recent year ended December 31, 2022. All monetary amounts, unless otherwise indicated, are expressed in Canadian dollars. Additional information relating to the Company and other regulatory filings can be found on the SEDAR website at www.sedar.com.

This MD&A is dated May 30, 2023.

Forward-Looking Statements

Forward looking statements are statements that are not historical facts and are generally, but not always identified by the words “expects”, “plans”, “anticipates”, “believes”, “intends”, “estimates”, “projects”, “potential”, “interprets” and similar expressions, or that events or conditions “will”, “may”, “could” or “should” occur. The information contained herein may contain forward-looking statements including expectations of future production, cash flows or earnings. These statements are based on current expectations that involve a number of risks and uncertainties which could cause actual results to differ from those anticipated. Factors that could cause the actual results to differ materially from those in forward-looking statements, but are not limited to: risk associated with the oil and gas industry (e.g. operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserves estimates; the uncertainty of estimates and projections relating to production, costs and expenses, and health, safety and environmental risks), commodity price, price and exchange rate fluctuation and uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures.

Although management believes that the expectations represented by such forward-looking statements are reasonable, there is significant risk that the forward-looking statements may not be achieved, and the underlying assumptions thereto will not prove to be accurate.

Forward-looking statements made in this management discussion include, but not limited to:

1. Statements concerning Sierra’s primary business activities;
2. Sierra’s intention to seek and acquire additional mineral properties with merits.

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Corporate update

The Company consolidated its common shares on a 5-1 basis on March 4, 2022. The presentation of share data, loss per share have been retrospectively revised to reflect this share consolidation.

On February 27, 2023, The Company completed a non-brokered private placement with issuance of 4,916,667 units for gross proceeds of \$295,000 and settled \$5,444 (USD4,000) in debt through the issuance of 83,333 units with a deemed fair market value of \$6,667. Each unit consists of one common share in the equity of the company and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the company at a price of eight cents per common share, expiring on Feb. 27, 2025.

In April 2022, the Company completed a non-brokered private placement with issuance of 13,535,999 units for gross proceeds of \$2,030,400. Each unit consists of one common share and one common share purchase warrant. Each warrant can be exercised into one common share at a price of \$0.20 per common share for a period of three years from the closing of the Financing. The exercise price of these warrants is subject to a \$0.05 increase in the second and third years of the warrant term. These warrants are further subject to an acceleration clause, whereby after the first year of the warrant term, if the Company's common shares trade or close at \$0.60 per share or higher, the Company has the right to accelerate the warrants for exercise within 30 days of an exercise notice. These units are subject to a one- year hold period.

In April 2022, the Company issued 50,000 units to a director of the Company for services rendered totaling \$7,500. Each unit consists of one common share and one common share purchase warrant. Each warrant can be exercised into one common share at a price of \$0.20 per share for a period of three years following the closing. The exercise price of the warrants is subject to a \$0.05 increase in the second and third years of the warrant term. The warrants are further subject to an acceleration clause, whereby after the first year of the warrant term, if the Company's common shares trade or close at \$0.60 per share or higher, the Company has the right to accelerate the warrants for exercise within 30 days of an exercise notice. These units are subject to a one-year hold period.

As at the year ended December 31, 2021, the Company's subsidiary Minera Grenville S.A.C. was named as a defendant of four administrative claims for \$33,000 (Peru SOLES 103,956). The Company has present the required defense to dismiss these claims. The financial impacts to the Company are not determinable and the Company has not accrued any expenditure or liability as of the date of this report.

Mineral properties

During the year ended December 31, 2021, the Company entered into definitive mining lease-purchase agreements with Primus Resources (the "Primus Agreements"), a Nevada-based privately held company, whereby the Company has secured the rights to earn an 100% interest in 3 epithermal gold, silver, copper and molybdenum properties (Giltra/Sat; B&C Springs/Mildred; Betty East) in the State of Nevada, U.S.A (collectively the "Properties").

The terms of the lease payments and work commitments of the Giltra/Sat project are as follows:

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Giltra/Sat Property

| Term | Cash Payments USDS | Work Commitments USDS | Share Payments |
|----------------------|--|--------------------------------------|-----------------------|
| At closing (paid) | \$40,000 | - | - |
| March 1, 2022 (paid) | \$40,000 | - | - |
| March 1, 2023 | \$50,000 | \$75,000 | 100,000 shares |
| March 1, 2024 | The greater of \$50,000 and 29 ounces of gold | \$150,000 | 100,000 shares |
| March 1, 2025 | The greater of \$50,000 and 29 ounces of gold | \$225,000 | 100,000 shares |
| March 1, 2026 | The greater of \$50,000 and 29 ounces of gold | \$350,000 | 100,000 shares |

The Company has an option to buy this property with the payments of all the annual lease payments plus the greater of USD\$395,000 and 232 ounces of gold.

The terms of the lease payments and work commitments of the B&C Springs/Mildred project is as follows:

B&C Springs/Mildred Property

| Term | Cash Payments USDS | Work Commitments USDS | Share Payments |
|----------------------|--|--------------------------------------|-----------------------|
| At closing (paid) | \$15,000 | - | - |
| March 1, 2022 (paid) | \$20,000 | - | - |
| March 1, 2023 | \$30,000 | \$75,000 | 100,000 shares |
| March 1, 2024 | The greater of \$40,000 and 24 ounces of gold | \$150,000 | 100,000 shares |
| March 1, 2025 | The greater of \$50,000 and 29 ounces of gold | \$225,000 | 100,000 shares |
| March 1, 2026 | The greater of \$50,000 and 29 ounces of gold | \$350,000 | 100,000 shares |

The Company has an option to buy this property with the payments of all the annual lease payments plus the greater of USD\$295,000 and 174 ounces of gold.

The terms of the lease payments and work commitments of the Betty East project are as follows:

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Betty East Property

| Term | Cash Payments USDS | Work Commitments USDS | Share Payments |
|----------------------|--|--------------------------------------|-----------------------|
| At closing (paid) | \$20,000 | - | - |
| March 1, 2022 (paid) | \$25,000 | - | - |
| March 1, 2023 | \$30,000 | \$75,000 | 100,000 shares |
| March 1, 2024 | The greater of \$50,000 and 29 ounces of gold | \$150,000 | 100,000 shares |
| March 1, 2025 | The greater of \$50,000 and 29 ounces of gold | \$225,000 | 100,000 shares |
| March 1, 2026 | The greater of \$50,000 and 29 ounces of gold | \$350,000 | 100,000 shares |

The Company has an option to buy this property with the payments of all the annual lease payments plus the greater of USD\$275,000 and 162 ounces of gold.

As of March 31, 2023, the Company is in the process of renegotiating the terms of the Primus Agreements pertaining to the Giltra/Sat, B&C Spring/Mildred and Betty East properties and therefore has not made the payments due on March 1, 2023. Subsequent to period end the Company agreed with the Optionor to make the payment by July 2023.

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Primus Properties - Description

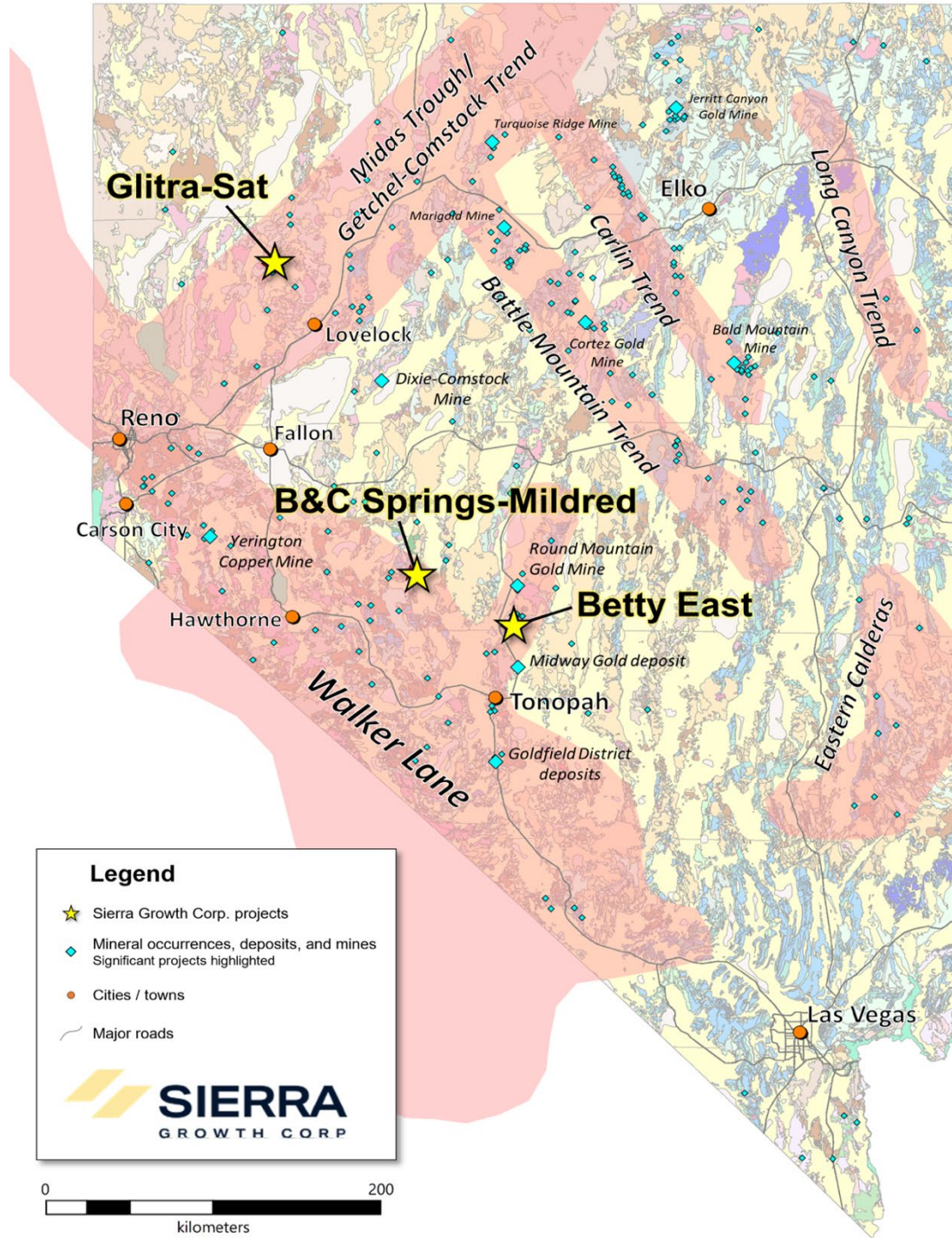


Figure 1. Simplified geologic map of Nevada, showing broad mineralized corridors and locations of the Betty East, Glitra-Sat and Mildred-B&C Springs properties

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Mildred/ B&C Springs

The Mildred claims, the historical Mildred mine, and the nearby B&C Springs property are located in the southern Paradise Range in west-central Nevada, within the Fairplay Mining District, which is readily accessible from nearby Hawthorne or Tonopah via highways and well-maintained gravel roads and off-road trails (Figure 1). Exploration at B&C Springs was previously focused on skarn and vein occurrences hosting molybdenum, copper, and silver, which were interpreted to be genetically associated with Triassic-Jurassic intrusions such as the nearby Buzzard Peak stock. Historical workings are found throughout the property, and on the contiguous Mildred property, where precious metals mineralization within the host sedimentary rocks is associated with calc-silicate horizons, fault zones and dikes of probable Tertiary age. The possibility that a secondary epithermal event has overprinted an earlier porphyry/skarn mineralizing event will be evaluated. The area encompassed by the B&C Springs-Mildred properties total approximately 1,450 acres.

Glitra/Sat

The Glitra/Sat claims are located in Pershing County, western Nevada, in the Seven Troughs Range of the Farrell Mining District, which hosts numerous historical and modern-day mineral occurrences and deposits (Figure 1). The properties are 45 kilometers northwest of Lovelock, a fully serviced town on Interstate 80, and are accessible via paved and well-maintained gravel and dirt roads. Both the Glitra and Sat properties have seen historical small-scale mining and limited amounts of modern-day exploration, most recently in the 1980's and early 1990's, when trenching and limited shallow RC drilling was undertaken. Several known gold showings with attractive epithermal-style alteration and veining occur on the property. They are commonly associated with felsic dikes and lie along a mineralized trend that links the historical Seven Troughs mining area immediately south (Timberline Resources), with the Wildcat property (Waterton Global Resource Management) immediately north. At Sat, an extensive and high-tenor gold-in-soil geochemical anomaly lies along a sub-parallel trend that was outlined by previous operators and is similarly associated with epithermal-style alteration and local veining. The total area encompassed by the Glitra and Sat properties equals roughly 1,130 acres.

Betty East

The Betty East property is located in west-central Nevada, approximately 40 miles north of the town of Tonopah, in Nye County. The claims, which cover 403 acres, lie at the southern end of the Manhattan Mining District, immediately north of Liberty Gold's Baxter Springs project and less than 20 km south of the world class Round Mountain Gold Mine Work on the Betty East property by Nevada Goldfields in the 1990's outlined a north-northwest trending gold-mineralized zone on the core claims that coincides with a number of historical pits, shallow shafts, and adits and this trend will be the initial focus for the Betty East exploration program. The property is readily accessible from Tonopah via state highway 376 and a network of well-maintained gravel roads.

Exploration Update

During the year ended December 31, 2022 and the year ended December 31 2021, Sierra completed certain exploration activities at its 3 properties, Glitra/Sat, Betty East, and B&C Springs/Mildred, located in the northern part of the Walker Lane trend of west-central Nevada. The focus of the work was on soil geochemistry, with totals of 813, 332, and 645 soil geochemical samples collected from the Glitra-Sat, Betty East, and B&C Springs-Mildred properties, respectively. Including blank samples submitted for

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QA/QC, a total of 1,805 soil geochemical samples were submitted. The aim on each property was to provide more or less complete coverage of the properties via wide-spaced sampling (50 to 100 meters between samples) along lines oriented across known mineralized and/or altered trends separated by 100 to 200 meters. Preliminary analyses for gold pathfinder elements (e.g., As and Sb) along with base metals (e.g., Cu, Pb, Zn) were obtained through use of a portable XRF instrument. This approach appears to have highlighted both known trends and a number of new areas worthy of follow-up. Complete assay results from this soil geochemistry program via gold fire assay and multi-element ICP are expected to be received from ALS's laboratory in Reno. Result will be released following compilation and interpretation in light of what is known of the historical exploration at each property. If the results of this work prove encouraging, the Company will likely commission airborne magnetometer surveys on the properties to further aid in their evaluation, and to help position possible ground geophysical surveying (Induced Polarization). Ultimately, these surveys, in combination with geologic mapping, should help to define targets for reverse circulation or diamond drilling, planned for later in the year or in 2022.

Glitra/Sat Results

The Glitra/Sat properties are contiguous with Millennial Precious Metals Wildcat Project which hosts a 43-101 compliant inferred mineral resource and they lie a few kms north of Timberline Resources Seven Troughs Project (Figure 2)

- At Glitra, a promising +1km north-northeast trending mineralized and altered zone with a pronounced epithermal Au-Ag-As-Hg signature and a width ranging up to 150 to 200 metres has been identified.
 - Consistently high gold-in-soil results occur along the NNE trend include values of **1460, 1400, 987 and 718 ppb gold**
 - A total of 467 samples were collected, with **58 samples returning values > 100 ppb gold**
- At Sat, strong soil sampling results also appear to outline a north-northeast trending anomalous zone, or zones, with a pronounced Au-Hg-As-Ag signature that most likely reflects structurally-hosted epithermal mineralizing system.
 - Highlighted gold-in-soil values along this trend include values of **905, 529 and 345 ppb gold**
 - A total of 355 samples were collected, with **31 samples returning values > 100 ppb gold**
- On June 28, 2022 the Company announced that it has commenced drone-borne magnetic (drone-mag) surveys covering the Glitra/Sat property. In addition, Sierra will also be conducting geological mapping, prospecting and rock and soil geochemical sampling work while on site. The airborne surveys will be conducted by Pioneer Exploration

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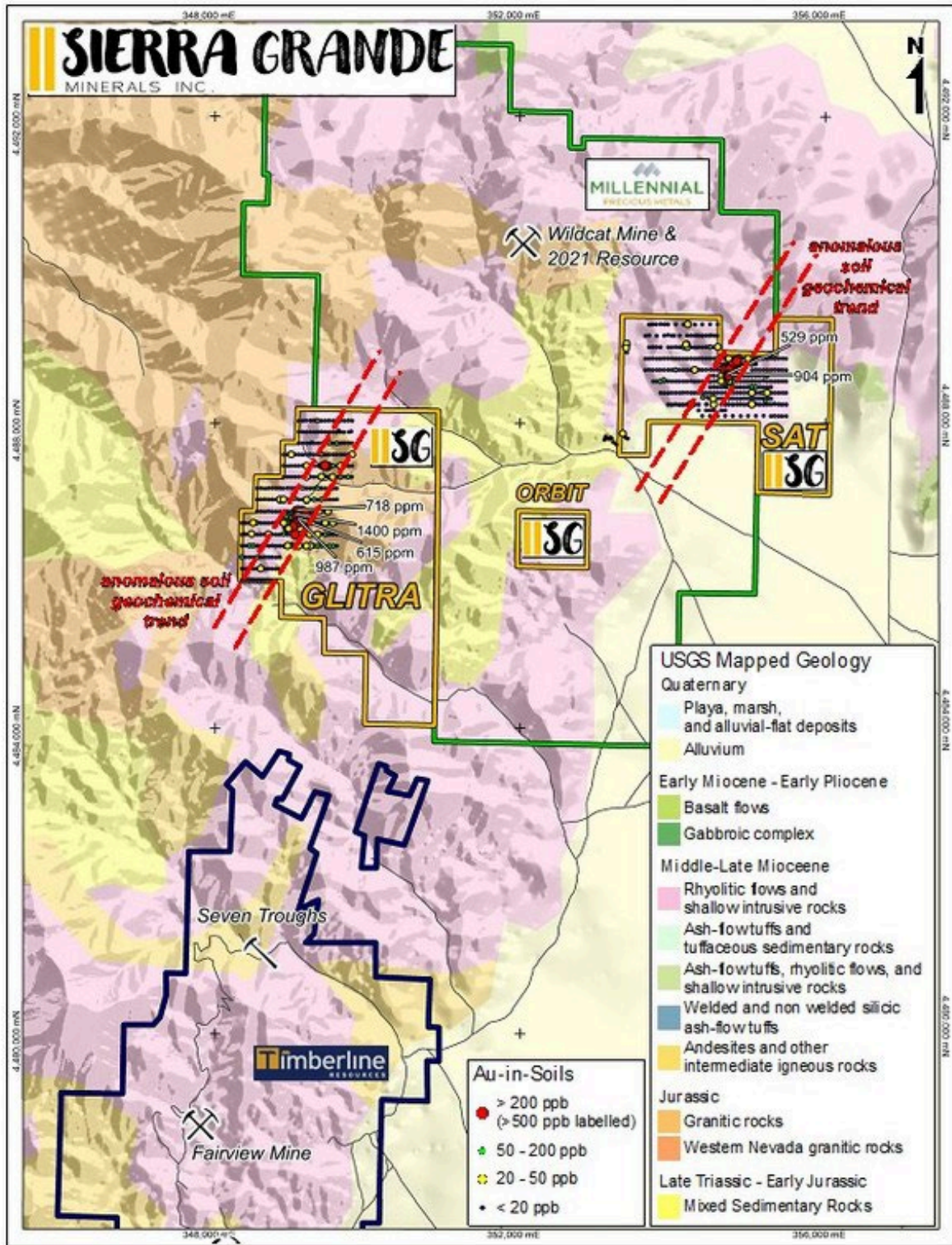


Figure 2 Glitra/Sat.Orbit regional setting with Gold-in-soil results.

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B&C Springs-Mildred Results

A total of 544 soil geochemical samples were collected from the B&C Springs-Mildred property. The results of the soil geochemical sampling clearly show that the anomalous copper, molybdenum and silver geochemistry at B&C Springs is closely associated with a west-northwesterly trending porphyry dike swarm crossing the northern part of the property. The anomalous zone is extensive, running from beyond the previously drilled Mo-Cu-Ag mineralized zone at B&C Springs on the east, to beyond the western boundary of the claim group, a distance of over 4 km. The anomalous values are of high tenor, with a broad zone, nearly a km in width, that has many values exceeding 100 ppm copper, and which range up to 1200 ppm copper. Elevated Ag, Mo, Au, Hg and Sb are commonly associated with the anomalous copper values, but this latter expression is most evident in a semi-circular “halo” around the northern margins of the greenstone “cap” to the B&C Springs Mo-Cu-Ag mineralized zone.

In the vicinity of the Mildred Mine and toward the southwestern part of the property, where there are numerous historical prospect pits, adits and shallow shafts, the soil geochemical response for gold and silver confirms the potential of that area for precious metals mineralization. It also hints at further potential for precious metals, to the west beneath the shallow overburden of the pediment area, which is an area staked very recently by the Company (see Figure 3):

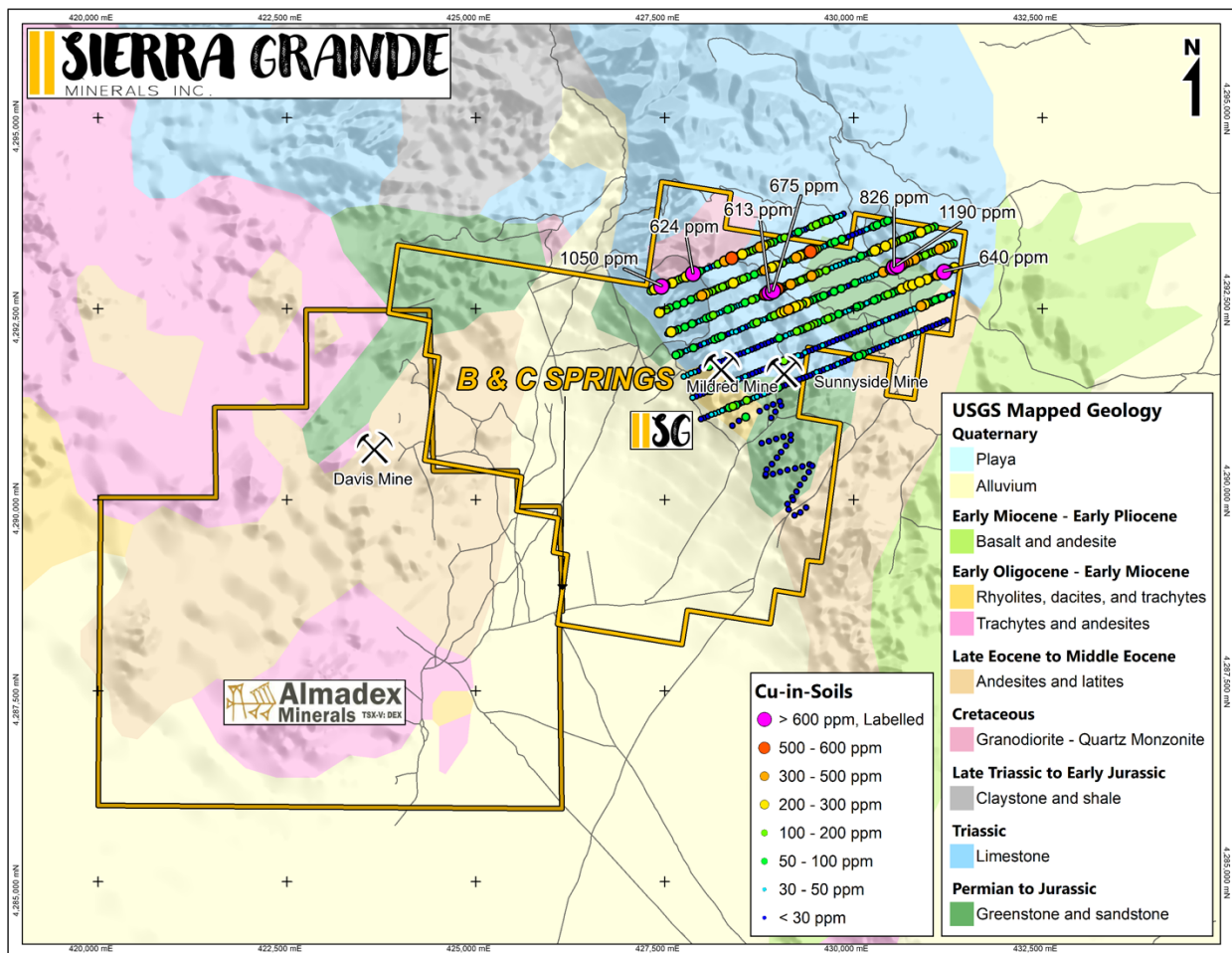


Figure 3. B&C Springs-Mildred regional setting with Copper-in-soil results

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Beatty East Results

The Betty/East claims, which cover 653 acres, lie at the southern end of the Manhattan Mining District, adjacent to and immediately north of Huntsman Exploration's/Liberty Gold's Baxter Springs project and less than 20 km south of the world class Round Mountain Gold Mine (see figure 4).

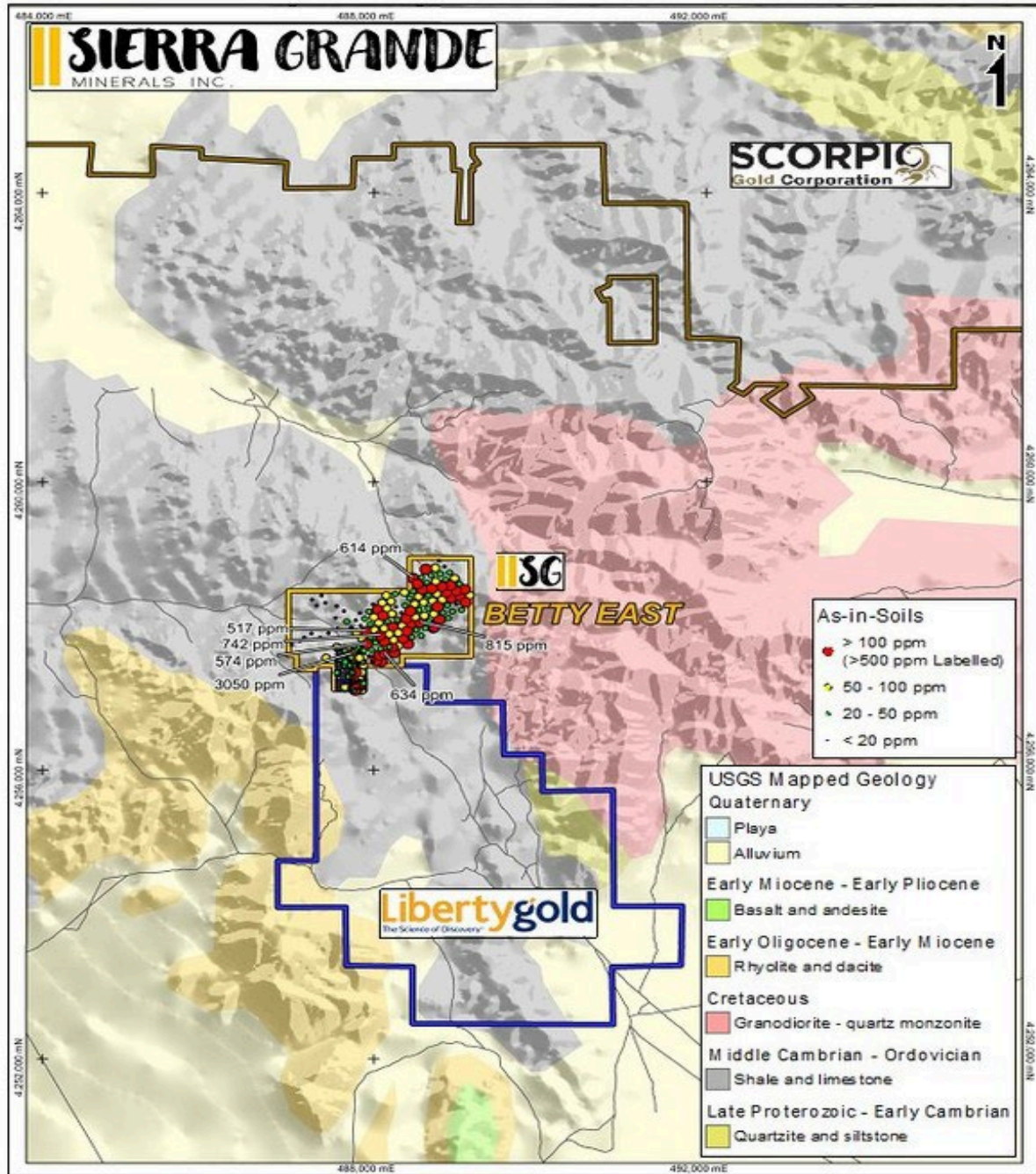


Figure 4. Betty East Regional Setting with Arsenic-in-soil results

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Two prospective trends are apparent in the soil geochemical data. One, known as “The Knolls,” trends northerly, has been explored previously and displays a pronounced Au-As-Ag-Hg epithermal signature. The other is a newly-emerging and more extensive trend. It appears to trend east-northeastward from the Knolls, and displays an Ag-As-Sb-Hg-Mo (Zn-Cu-W) signature

- The Knolls trend has locally very high gold-in-soil results, including values of 6270, 5060, 1185 and 690 ppb gold, within an envelope of values that are anomalous in gold and arsenic
- The newly emerging east-northeast trend is extensive (>1.5km long by up to 1km wide) and displays elements of both epithermal and intrusive-related signatures, with highly anomalous As-Hg-Ag-Sb-Mo, along with locally elevated gold and consistently elevated Zn-Cu-W. This trend appears to merge with the Knolls anomaly in the southwest part of the property

Additional Staking at the Nevada Properties was Completed in 2021

Upon receipt of the encouraging results from the Company’s soil geochemical programs in Nevada, all three projects were expanded materially through additional claim-staking during the course of the late summer and early fall of 2021,.

- At Glitra/Sat, 90 additional claims were staked to ensure that the anomalous trends identified by the soil geochemical program were sufficiently covered and buffered. The combined properties now total 1,130 acres.
- At B&C Springs 225 additional claims were staked. This expanded the property to the west and south west, in part to cover the encouraging Cu-Mo-Ag geochemical trend on the north, but also to cover the potential for precious metals mineralized zones between the historical workings around and to the south of the Mildred Mine where there are numerous historical prospect pits, adits and shallow shafts. Many of the new claims were staked to the west of this area, encompassing a pediment area covered by shallow overburden that lies north of the main B&C Springs access road. Initial prospecting efforts there and along the west side of the pediment area, along with numerous historical workings in that area and on the adjacent Almadex property suggest that there is excellent potential the remains to be explored on the new Sierra claims. The B&C Springs project now totals 4,607 acres.
- At Beatty East 28 additional claims were staked to cover the newly extensive and newly recognized east-northeast soil geochemical trend. The Beatty East Project now totals 653 acres.

Continuity of the Company’s exploration and evaluation assets is as follow:

| | Giltra/Sat | B&C Springs | Betty East | Total |
|--|-------------------|------------------------|-------------------|--------------|
| | \$ | \$ | \$ | \$ |
| Balance, December 31, 2021 | 242,806 | 97,297 | 80,835 | 420,932 |
| Acquisition – option payments | 51,580 | 25,790 | 32,238 | 109,608 |
| New claims staking | - | 130,571 | 8,545 | 139,116 |
| Deferred exploration cost: | | | | |
| Permit renewal and maintenance | 28,638 | 51,459 | 7,100 | 87,197 |
| Geophysical analysis | 5,011 | 12,169 | 1,273 | 18,453 |
| Surveying | 43,844 | 106,480 | - | 150,324 |
| Balance, December 31, 2022 and March 31, 2023 | 371,879 | 423,761 | 129,991 | 925,630 |

Silveria Property

During the year ended December 31, 2020, the Company entered into an agreement with Consorcio De Ingenieros Ejecutores Mineros S.A., a private Peruvian company (“CIEMSA”) and sold its Silveria mining concessions located in Peru to CIEMSA.

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On February 20, 2023, the Company entered into an amended agreement with CIEMSA. The original and amended terms of the option agreement are outlined as follows:

Option Agreement (Silveria)

| August 21, 2020 Original Agreement | | February 20, 2023 Modified Agreement | |
|---|--------------------------|---|--------------------------------|
| NSR 1% Amount | Date | NSR 1% Amount | Date |
| \$200,000 | Upon Registration (Paid) | \$200,000 | Credit from original agreement |
| \$100,000 | 12 months thereon | \$82,527 | Upon Execution (paid) |
| \$450,000 | 24 months thereon | \$82,527 | December 29, 2023 |
| \$250,000 | 36 months thereon | \$165,000 | June 28, 2024 |
| | | \$165,108 | December 30, 2024 |
| | | \$250,000 | Court Confirmation (Peru) |
| \$1,000,000 | | \$945,162 | |

During the three months ended March 31, 2023 the Company received USD35,000 and recorded the amount as Other Income.

Summary of quarterly results

| Quarter ended, | 31-Mar-23 | 31-Dec-22 | 30-Sept-22 | 30-June-22 |
|----------------------------|-----------|-----------|------------|------------|
| | \$ | \$ | \$ | \$ |
| Gain (loss) for the period | (82,589) | (127,375) | (53,142) | (140,354) |
| Loss per share | (0.00) | (0.00) | (0.00) | (0.01) |
| Quarter ended, | 31-Mar-22 | 30-Dec-21 | 30-Sep-21 | 30-June-21 |
| | \$ | \$ | \$ | \$ |
| Gain (loss) for the period | (85,690) | 15,091 | (86,973) | (416,643) |
| Loss per share | (0.01) | 0.00 | (0.01) | (0.05) |

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The Company's quarterly historical results were not subject to seasonality. During the quarter ended June 30, 2021, the Company granted stock options and recorded a one-time share-based compensation of \$255,000, which resulted in a higher than average quarterly loss.

Results for the

| Three months ended March 31, | 2023 | 2022 |
|--|-----------------|-----------------|
| | \$ | \$ |
| Operating expenses | | |
| Advertising and promotion | - | 4,907 |
| Filing and transfer fees | 6,634 | 3,509 |
| Foreign exchange gain | (46) | - |
| Management and consulting | 121,449 | 60,234 |
| Office and miscellaneous | 6,919 | 9,040 |
| Professional fees | 1,158 | 8,000 |
| | 136,114 | (85,690) |
| Other income | | |
| Interest Income | 1,875 | - |
| Loss on debt settlement | (1,223) | - |
| Other income | 52,873 | - |
| Net loss and comprehensive loss | (82,589) | (85,690) |

(i) The foreign exchange gain (loss) fluctuates from time to time depends on the amount of US dollars held in hand and the foreign exchange rate between US dollar and Canadian dollar.

(ii) Commencing April 2022, the Company engaged a consulting company related to the CEO to render services in connection with the Company's business development including looking for mineral properties with merit. As a result, consulting fees increased.

During the three months ended March 31, 2023, the Company's cash balance increased by \$226,936 which is mainly the result of the receipt of \$295,000 from issuance of security units through a private placement and repayment of note receivable totalling \$50,000 that was partially offset by using \$118,064 in operating activities.

Capital Resources and Liquidity

As of March 31, 2023, the Company believe its resources (cash - \$1,457,638; working capital - \$1,397,185) is adequate to finance its operations in the next twelve months. However, management realizes that the financial resources on hand may not enough to achieve its long term business goals. The Company has a history of securing financing when needed in the past but there is no guarantee that the Company can do the same in the future.

Disclosure of Outstanding Share Data

As at the reporting date of this MD&A, there are 29,311,215 common shares outstanding.

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Related Party Transactions

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers.

During the three months ended March 31, 2023, the Company was charged the following consulting fees by the Company's officers/ directors, and/or entities controlled by them:

| | Nature | 2023 | 2022 |
|--------------------------------|---------------------|------------------|-----------------|
| | | \$ | \$ |
| Chief Executive Office ("CEO") | Consulting | 41,203 | 30,000 |
| Chief Financial Officer | Consulting | 4,500 | - |
| Former Chief Financial Officer | Consulting | 2,200 | 6,600 |
| Companies related to the CEO | Management services | 65,097 | 16,800 |
| Directors | Consulting | 14,974 | 15,234 |
| | | <u>\$127,974</u> | <u>\$68,634</u> |

During the three months ended March 31, 2023, the Company issued 83,333 common shares (2022 – Nil) to a director to settle outstanding debt of \$5,444 (USD4,000) with a fair value of \$6,667 (2022 - \$Nil) and recorded a loss on settlement of \$1,223.

As at March 31, 2023, there was an amount owing of \$21 (December 31, 2022 - \$58,254) due to related parties that was included in the Company's trade payables and accrued liabilities.

As of March 31, 2023, the note receivable from a related party is \$Nil (December 31, 2022 - \$50,000). During the three months ended March 31, 2023, the Company received repayment of the loan in full plus accrued interest of \$1,875 (2022 - \$Nil) and a loan fee of \$5,000 (2022 - \$Nil) recorded in Other Income.

Proposed Transactions

The Company does not have any proposed transactions that are material to disclose.

Off Balance Sheet Arrangements

The Company does not have off balance sheet arrangements nor transactions.

Subsequent Events

Subsequent to March 31, 2023, the Company came to agreement with the Optionor of the Primus properties (Giltra/Sat, B&C Springs and Betty East) to extend the deadline of the March 1, 2023 option payment to July 2023.

Significant Accounting Policies

A full listing of the Company's significant accounting policies is available in the condensed consolidated interim financial statements for the period ended March 31, 2023 and the consolidated financial statements

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and notes for the year ended December 31, 2022. The Company has not adopted new accounting policies since the last year ended December 31, 2022.

Controls and Procedures

Venture issuers are not required to include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in National Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings ("NI 52-109"). In particular, the Company's certifying officers are not making any representations relating to the establishment and maintenance of:

- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings of other reports filed or submitted under

securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Company's generally accepted accounting principles.

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they make. Investors should be aware that inherent limitations on the ability of the Company are certifying officers to design and implement on a cost effective basis.

Financial Risk Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors reviews and monitors the risk management processes, inclusive of documented investment policies, counterparty limits and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with major banks in Canada and Peru. As most of the Company's cash is held by two banks, there is a concentration of credit risk. However, this risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies.

Liquidity Risk

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Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient holdings of cash and cash equivalents to meet its short-term exploration and evaluation requirements and anticipated operating cash flows.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Foreign Exchange Risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company's Peruvian subsidiaries are exposed to currency risk as they incur expenditures that are denominated in US dollars and the Peruvian Soles, and their functional currency is the Canadian dollar. The Company does not hedge its exposure to fluctuations in foreign exchange rates. A 10% fluctuation in the US dollar and Peruvian Sole would have an impact of \$69,000 (December 31, 2022 – 66,000) to the Company's net loss for the year.

Interest Rate Risk

Interest rate risk refers to the risk that fair values of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company does not have material financial assets or liabilities that are exposed to fluctuation of interest rate. As a result, the exposure to interest rate risk is not significant.

Classification of Financial Instruments

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

| | 2023/03/31 | 2022/12/31 |
|--|--------------|--------------|
| Amortized cost: | | |
| Cash | \$ 1,457,638 | \$ 1,230,702 |
| Amortized cost: | | |
| Trade payables and accrued liabilities | \$ 65,128 | \$ 123,357 |

Fair Value

The Company does not have financial instruments measured at fair value. The carrying amount of the Company's financial assets and liabilities approximate the fair values due to their short-term nature.

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Risks Disclosure

Business Risk

The Company's financial results may be significantly influenced by its business environment. Business risks include, but not limited to:

- cost to find, develop, produce and deliver commodities;
- satisfactory title to property it has agreed to develop;
- government regulations; and
- cost of capital.

Uncertainty of Exploration and Development Programs

Mineral exploration involves a high degree of risk and there is no assurance that expenditures made on exploration by the Company will result in discoveries or production of minerals in commercial quantities. It is difficult to project the costs of implementing an exploratory drilling program due to the inherent uncertainties of drilling unknown formations and the costs associated with encountering various drilling conditions. The long-term success of the Company's mineral programs depends on its ability to find, acquire, develop and commercially produce mineral properties.

There is no assurance that the Company will be able to locate satisfactory properties for acquisition or participation. Even if such acquisitions or participations are identified, the Company may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions, or participations uneconomic. Future mineral exploration may involve unprofitable efforts, not only from unsuccessful exploration drilling, but also from deposits that do not produce sufficient net revenues to return a profit after mining, operating and other costs.

In addition, mining hazards or environmental damage could greatly increase the costs of operations, and various field operating conditions, such as delays in obtaining any necessary governmental consent or approvals, extreme weather conditions or insufficient transportation capacity, may adversely affect the production from successful mines. Mineral exploration and development activities are also dependent on the availability of drilling and related equipment in the particular areas where such activities will be conducted. Demand for such limited equipment or access restrictions may affect the availability of such equipment to the Company and may delay exploration and development activities.

Future Acquisition

The Company undertakes evaluations of potential opportunities to acquire additional mining assets from time to time. Any resultant acquisitions or joint ventures may be significant in size, may change the scale of the Company's business and may expose the Company to new geographic, political, operating, financial and geological risks. The Company's success in its growth strategies depends on its ability to identify suitable acquisitions, acquire them on acceptable terms and integrate them successfully into those already in existence.

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Any future acquisitions would be accompanied by risks, such as changes in commodity prices, reserves proving to be below expectations; the difficulty of assimilating the operations and personnel of any acquired companies; the potential disruption of the Company's ongoing business; the inability of management to maximize the financial and strategic position of the Company through the successful integrations of acquired assets; the maintenance of uniform standards, controls, procedures and policies; the potential unknown liabilities associated with acquired assets and businesses. In addition, the Company may need additional capital to finance new acquisitions of assets. Equity financing may expose the Company and its existing shareholders to dilution. There can be no assurance that the Company would be successful in overcoming these risks or any other problems encountered in connection with such acquisition of assets.

Regulatory Risk

The operations of all mineral explorers and producers are subject to extensive controls and regulations imposed by various levels of government. The Company monitors and adheres to all regulations which could affect its operations and has established standards of operating practice which are designed to minimize risk to our employees, the community and the environment. Changes to regulations could have an adverse effect on the Company's result of operations and financial condition.

Safety and Environmental Risk

The mineral exploration business is subject to extensive regulation pursuant to various state, national and international conventions and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on mine size, mill size and overburden and tailing management.

The Company is committed to meeting its environmental and safety policy that is designed, at minimum to comply with current governmental regulations set for the mineral exploration industry. Changes to government regulations are monitored to ensure compliance. Environmental reviews are completed as part of the due diligence process when evaluating acquisitions and developments.