



MADORO METALS CORP.

Management Discussion & Analysis

Form 51-102F1

As at and for the six months ended August 31, 2023

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MANAGEMENT'S DISCUSSION & ANALYSIS

As at and for the six months ended August 31, 2023

October 25, 2023

OVERVIEW

The following management discussion and analysis ("MD&A") is a review of the operations, current financial position and outlook for Madoro Metals Corp. (the "Company") and should be read in conjunction with the Company's unaudited consolidated financial statements for six months ended August 31, 2023 and audited financial statements for the year ended February 28, 2023; including the notes thereto (the "Financial Statements"), copies of which are filed on the SEDAR website: www.sedar.com.

All dollar figures included herein and in the following discussion and analysis are quoted in Canadian dollars unless otherwise noted.

The financial information in this MD&A is derived from the Company's Financial Statements prepared in accordance with IFRS. Information provided in this MD&A, including financial information extracted from the Financial Statements, is the responsibility of management. This MD&A may contain forward-looking statements based on assumptions and judgments of management regarding events or results that may prove to be inaccurate as a result of risk factors beyond its control. Accordingly, actual results may differ materially from the expected results.

DESCRIPTION OF THE COMPANY'S BUSINESS

Madoro Metals Corp. (the 'Company'), incorporated in British Columbia on September 24, 1984, is an exploration stage public company primarily listed and trading on the TSX Venture Exchange (trading symbol "MDM"), and quoted and trading on the OTC Markets in USA (trading symbol "MSTXF") and the German exchanges and quotation systems (under WKN: "A2QQ1X"). The Company is assessing its mineral properties and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable reserves and confirmation of the Company's interest in the underlying properties, the ability of the Company to obtain necessary financing to satisfy the expenditure requirements under mineral property agreements and to complete the development of the properties, and upon future profitable production or the sale thereof.

On August 24, 2018, the Company incorporated a subsidiary, Minera Mazateca, S.A. de C.V. ("Minera Mazateca" or "Subsidiary"), under the laws of the United Mexican States.

The Company is listed as a Tier 2 mining exploration issuer. The Company is primarily engaged in the acquisition, exploration and development of mineral properties in the state of Oaxaca, Mexico (via its subsidiary) and in Quebec, Canada. As at August 31, 2023, the Company had no revenue producing operations and had an accumulated deficit of \$7,644,691 (February 28, 2023 - \$7,357,818). As at August 31, 2023, the Company had working capital of \$196,050 (February 28, 2023 - \$608,567). On September 26, 2022, the Company closed a non-brokered private placement financing for net proceeds of \$483,500. On December 9, 2022, the Company granted an aggregate of 3,150,000 incentive stock options to the members of its Board and the management team. The Company will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

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The Financial Statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The operations of the Company were exclusively funded by the issuance of share capital. The issuance of additional equity securities by the Company may result in significant dilution of the equity interests of current shareholders. The Company's future capital requirements will depend on many factors, including operating costs, the current capital market environment and global market conditions.

The head office, and principal address of the Company is Suite 1450, 789 West Pender Street, Vancouver, British Columbia, Canada, V6C 1H2. The Company's registered and records address is at the corporate solicitor's office, Fasken Martineau DuMoulin LLP, 2900 – 550 Burrard Street, Vancouver, BC, V6C 0A3.

OVERALL PERFORMANCE

MINERAL INTERESTS

RAMA DE ORO Project, Oaxaca, Mexico

On May 9, 2018, and as amended on August 10, 2020, the Company entered into an option agreement to acquire a 100% interest in the Rama de Oro Project, located in the state of Oaxaca, Mexico.

The Project lies to the northwest of and borders the La Calavera and Cobre Grande Cu-Zn porphyry-skarn projects in east-central Oaxaca. It also lies to the north of the WNW-ESE San José structural zone defined by Gold Resource Corporation. The Project is hosted by caldera-related Tertiary volcanic rocks (e.g. El Aguila model) crosscut by hydrothermal veining inferred to be related to late-stage granitic magmatism locally exposed as dikes and underlying the adjacent 'Nueve Puntos' mountain.

Access to the Project is provided by a two-lane paved highway from Oaxaca City followed by improved dirt roads from Santiago Matatlán to the western side of the project area. Numerous dirt farm roads and paths afford access to majority of the project area. Oaxaca City, Santiago Matatlán, and San Pablo Villa de Mitla are local sources of skilled workers, water, and power for the project.

To date, exploration work at Rama de Oro has consisted of reconnaissance geological mapping and rock-chip sampling. This work has outlined a four square-kilometer zone of quartz veining, silicification, and clay alteration of volcanic rocks inside and near the eastern margin of a Miocene caldera. Several rock samples assayed anomalous values of gold, silver, arsenic, mercury, and antimony, suggesting that the present-day surface represents high structural levels of a precious metal system.

To earn 100% interest, the Company is required to make total cash payments of US\$35,000 (paid), issue a total of 2,900,000 common shares of the Company (issued), and incur total work expenditures of US\$350,000. A 2% net smelter return royalty is payable to the optionor, of which the Company will have the right to purchase 1% of the royalty at any time for US\$1,650,000.

On August 12, 2020, an additional US\$7,500 (\$10,116) was paid in consideration of the amendment to the option agreement whereby the due date on the work expenditures was extended to May 9, 2022. As at February 28, 2022, the Company had capitalized US\$151,953 (\$197,077) of work expenditures.

Work on this project is currently paused pending community agreement for access. The Company continues to engage in negotiations with the community for access and drill permitting.

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In February 2022, the Company provided formal written notice to the optionor that it was declaring force majeure, as provided under the agreement, as access to the property has been unavailable to the Company since almost the onset of the agreement. During the year ended February 28, 2022, management impaired the carrying value of the property to \$1. Subsequent to the year ended February 28, 2022, any exploration expenditures incurred on the property were directly charged to the statement of operations and comprehensive loss.

During the year ended February 28, 2023, the Company received written notice from the optionor (i) rejecting the Company's force majeure claim and (ii) purporting to terminate the option agreement on the basis that the Company failed to make the required work expenditures within the option period specified in the agreement. The Company considers itself to be in compliance with the terms of the option agreement, as amended, and intends to vigorously contest this termination notice.

On January 11, 2023, the Company announced that it had filed a Notice of Civil Claim in the Supreme Court of British Columbia (the "Claim") brought against the Optionors seeking to enforce the Company's rights under the option agreements, including: specific performance of the option agreements, damages, costs, and other relief. The Company intends to advance its claims and prove its allegations in court.

YAUTEPEC Project, Oaxaca, Mexico

On June 1, 2018, and as amended on August 10, 2020, the Company entered into an option agreement to acquire a 100% interest in the Yautepec Project, located in the state of Oaxaca, Mexico.

The Yautepec Project comprises 4,861 hectares of Tertiary volcanic rocks highly prospective for hosting epithermal precious metal mineralization similar to that in the nearby producing Arista and Switchback mines at Gold Resources El Aguila project (20 km to the WNW) and Chesapeake Gold's La Gitana project (8 km to the east-southeast). The Yautepec project lies along a prominent northwest-southeast structural trend defined by small volcanic centers which include numerous identified Au-Ag prospects as identified in regional mapping by the Mexican Geological Survey (Servicio Geológico Mexicano (SGM)), none of which have been systematically explored by modern methods. The mapped altered rocks along this trend are part of a nearly 100-kilometer-long structural volcanic corridor that extends from the San Jose mine (Fortuna Silver) to the northwest, to Chesapeake La Gold's Gitana project to the southeast. Outside of areas of active mining, the region has seen little to no systematic exploration, and the Yautepec project is inferred to represent one of the most prospective segments of the trend.

Multiple periods of geologic mapping and rock chip sampling were completed in 2019-2020. This work has identified volcanic caldera-related features which include rhyolite domes, breccias, and volcanic tuffs along a 22-kilometer trend. Evidence for a strongly developed epithermal system with the potential to host precious and base metal deposits in veins is found along at least 8.4 kilometers of this trend as evidenced by the presence of quartz veins and intrusive dike rocks, and fossil carbonate and silica hot springs deposits (travertine and sinter). Geochemical results from 321 rock chip samples reveal modest to strong anomalies in Au, Ag, Cu, Pb, Zn, Mo, As, Ba, Hg, Se, Te, and Tl as reported in news releases dated July 16 and August 22, 2019. No work has been conducted since 2021 in this principal northern portion of the project area owing to ongoing negotiations for a new community agreement for access.

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Multiple periods of reconnaissance field work were carried out in 2020 and in 2021 in the southern portion of the Yautepec project where the Company has maintained continuous community access. This field work resulted in the discovery of a previously unknown 7-km trend of epithermal alteration and veining along the trace of the southern projection of the Yautepec project supervolcano (caldera). Specific high-potential exploration targets in this area include the *Tecolote*, *Tortuga-Guiluna*, and *Southern Dike-Tepeztate* vein systems, which were discussed in Company news releases dated July 6, and August 3, 2021. Highlights of this sampling include:

- *12.35 g/t Au and 1,250 g/t Ag* from a 0.10 meter quartz vein grab sample within a 400 by 200 meter stockwork vein complex ('Tecolote' zone), and
- *0.54 g/t Ag, 1630 ppm Cu, and 1.26 wt% Zn* from a 0.10 meter vein within a 1.1 km dike and vein system; samples along this zone ('Southern Dike') contain up to 0.30 g/t Au

The newly discovered epithermal trend lies at, or just below, a paleo-surface (i.e. fossil surface hot springs) level, indicating that potential bonanza grades in precious metals in this area, if present, remains conserved at depth.

The Company has maintained ongoing exploration access in the southern area and will be requesting support from the community leadership for permitting for drill testing once concession titles are granted by the government.

To earn a 100% interest, the Company was required to make total cash payments of US\$5,000 (paid), issue a total of 1,550,000 common shares of the Company (issued), and incur total work expenditures of US\$310,000 (incurred). A 2% net smelter return royalty is payable to the optionor, of which the Company will have the right to purchase 1% of the royalty at any time for US\$1,650,000. An additional US\$2,500 (\$3,372) was paid in consideration of the amendment to the option agreement whereby the due date on the work expenditures was extended to December 1, 2021.

On June 24, 2022, the Company announced that it had exercised its option to acquire a 100% interest in the Yautepec project.

During the year ended February 28, 2023, the Company filed the application for transfer of titles in the name of the Company. Pursuant to the delay by the Mexican authorities in transferring the title of the claims, the Company has filed a litigation suite against the Mexican authorities.

Cerro Minas

Successful negotiations were reached with Gunpoint Exploration Ltd. ('Gunpoint'), and its subsidiary, Minera CJ Gold S.A. de C.V., to acquire an inlier tenement ('Cerro Minas'; 899 hectares) to the Yautepec Project, per an agreement dated September 30, 2019. Under the terms of said Agreement, the Company may earn a 100% interest in Cerro Minas by paying Gunpoint US\$100,000 and issuing 800,000 common shares as follows:

- i. US\$10,000 (paid \$13,200) and 100,000 shares (issued) on the effective date of the agreement (October 23, 2019);
- ii. US\$20,000 (paid \$26,602) and 150,000 shares (issued) on the first anniversary of the effective date of the agreement (October 23, 2020);

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- iii. US\$30,000 (paid \$37,719) and 250,000 shares (issued) on the second anniversary of the effective date of the agreement (October 23, 2021); and
- iv. US\$40,000 (paid \$56,665 on September 29, 2022) and 300,000 shares (issued on September 29, 2022) on the third anniversary of the effective date of the agreement (October 23, 2022).

All securities to be issued in connection with the transactions will be subject to a hold period of 4 months and one day from their date of issuance.

Gunpoint shall retain a 1.5% Net Smelter Returns Royalty on the Property, of which the Company may purchase, at any time, 0.5% for US\$1,000,000.

As of the date of this report, the Company has fulfilled all the obligations as per the agreement and has exercised its option to purchase a 100% interest in the Cerro Minas mineral concession.

The Cerro Minas property contains multiple areas of polymetallic (Au-Ag-Cu-Pb-Zn) skarn mineralization as documented in previous work by Gunpoint Exploration Ltd and visually confirmed by the Company prior to entering into the aforementioned agreement.

The Company has initiated a formal petition for titles for several of the Yautepec Project applications in response to the Mexico Mines Department suspension of new titles during the administration of President Lopez Obrador. The granting of these titles is uncertain during the current administration.

MAGDALENA Project, Oaxaca, Mexico

On June 1, 2018, and as amended on August 10, 2020, the Company entered into an option agreement to acquire a 100% interest in the Magdalena Project, located in the state of Oaxaca, Mexico.

The Magdalena Project comprises a single 480-hectare property in the central portion of the Oaxaca Au-Ag polymetallic epithermal belt in the Sierra Madre del Sur, Mexico, 20 kilometers east-northeast of Gold Resource Corporation's producing Au-Ag-base metal Arista-Switchback Mine, and 22 kilometers south of the Company's Yautepec project. Extensive felsic tuffs mapped by the Mexican Geological Survey (SGM) were interpreted by the late David Jones as a caldera setting similar to that of both the nearby Gold Resource Corporation mine area and the Company's recently acquired Rama de Oro Project. Historical sampling of strongly clay- and silica-altered rocks at Magdalena reported values up to 0.705 g/t Au, 15.2 g/t Ag, 2700 ppm As, 53 ppm Bi, 357 ppm Cu, 12,780 ppm Hg, 38 ppm Mo, 2730 ppm Pb, and 147 ppm Zn. The area of coincident metals anomalies, clay and silica alteration, sulfate (gypsum) deposition, and minor rhyolite dike, lies along a prominent NW-SE structural trend (SGM mapping) adjacent to an inferred caldera margin. The presence of various types of chalcedonic and vuggy silica, elevated pathfinder metals (Hg, As), and extensive sulfate deposition (gypsum) indicates exposures at the highest levels of an anomalous Au-Ag-base metal system with excellent exploration potential.

Two periods of geologic mapping and rock chip geochemical sampling were completed during the second half of 2019, as reported in a Company news release dated December 5, 2019. This work identified characteristics of a significant epithermal system developed within and along the structural boundary of a partially defined Tertiary caldera system. Strong epithermal alteration was mapped along a minimum 1.7 km E-W structural trend that shows sheeted quartz veining and silicification in conjugate NNW to NNE-NE structural sets. The setting is the eastern structural margin of the caldera where it intersects a prominent regional E-W structural

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trend. Approximately 4,100 square meters of silicified bladed calcite textures were mapped within a larger area of strong and sheeted quartz veining. Geochemical sampling result highlights include two samples above 3.00 g/t gold, 12 samples above 1.00 g/t gold, and 54 samples above 0.20 g/t gold from a quartz veined area of approximately 375 meters E-W by 190 meters N-S. Mound-like silica forms within 250 meters of this area are interpreted as silicified stromatolites related to a fossil hot springs system, this suggesting that the entire vertical extent of the potential 'bonanza' grades, if present, may be conserved at depth.

No field work has been conducted since 2019 owing primarily to a lack of community permission and to extended closures owing to COVID-19 restrictions.

To earn the 100% interest, the Company is required to make total cash payments of US\$5,000 (paid), issue a total of 1,550,000 common shares of the Company (issued), and incur total work expenditures of US\$230,000. On August 12, 2020, an additional US\$2,500 (\$3,372) was paid in consideration of the amendment to the option agreement whereby the due date on the work expenditures was extended to December 1, 2022. As at February 28, 2022, the Company had incurred US\$194,200 (\$257,916) of work expenditures.

The Company shall also pay, for and on behalf of Minera Zalamera, all cash payments to be made to the Concession holder for a total amount of \$50,000 (paid) over an 18-month period and the granting of a 1% net smelter returns royalty.

A 2% net smelter returns royalty is payable to the optionor, of which the Company will have the right to purchase 1% of the royalty at any time for US\$1,650,000.

In February 2022, the Company provided formal written notice to the optionor that it was declaring force majeure, as provided under the agreement, as access to the property has been unavailable to the Company for more than two years. During the year ended February 28, 2022, management impaired the carrying value of the property to \$1. Subsequent to the year ended February 28, 2022, any exploration expenditures incurred on the property were directly charged to the statement of comprehensive income.

During the year ended February 28, 2023, the Company received written notices from the optionor (i) rejecting the Company's force majeure claim and (ii) purporting to terminate the option agreement on the basis that the Company failed to make the required work expenditures within the option period specified in the agreement. The Company considers itself to be in compliance with the terms of the option agreement, as amended, and intends to vigorously contest this termination notice.

On January 11, 2023, the Company announced that it had filed a Notice of Civil Claim in the Supreme Court of British Columbia (the "Claim") brought against the Optionors seeking to enforce the Company's rights under the option agreements, including: specific performance of the option agreements, damages, costs, and other relief. The Company intends to advance its claims and prove its allegations in court.

RALLEAU Property, Quévillon, Quebec:

The Ralleau property located within the Abitibi greenstone belt approximately 40 km east of Quévillon, Quebec. Previous mapping and sampling have identified anomalous Cu-Zn Volcanogenic Massive Sulphide (VMS) style mineralization and alteration on the property. Several untested airborne INPUT geophysical anomalies occur within felsic volcanic rocks from which anomalous base metal values have been returned in surface sampling. As of the date of this report, the Ralleau property comprises 52 contiguous mineral claims.

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From 2006 to 2010, the Company has completed the following exploration work in several successive programs:

- 75 km of line cut grid
- ground magnetic and deep EM surveys
- 1,545.7 meters (5 holes) of diamond drilling
- trenching and channel sampling
- 1,457-line km of helicopter-borne VTEM Survey spaced at 75-meter intervals that identified a total of forty-nine anomalies of which eight were classified as Priority One
- Preliminary ground-proofing of VTEM anomalies together with minor mapping and prospecting

On April 5, 2017, the Company entered into an option agreement with DeepRock Minerals Inc. ("optionee") on the Company's wholly owned Ralleau Property. Under the terms of the option agreement and as amended on March 15, 2018 (1st Amending Agreement), on June 30, 2018 (2nd Amending Agreement), on April 20, 2020 (3rd Amending Agreement), and on March 12, 2021 (4th Amending Agreement) the optionee will be deemed to have exercised its option to acquire a 50% interest in the property by making a payment of \$75,000 in cash, issuing 1,400,000 common shares to the Company and incurring exploration expenditures of \$250,000. With the payment of \$50,000 on March 24, 2021, the optionee has met all its obligations and has acquired a 50% interest in the property.

FIRST GREEN LITHIUM, Quebec, Canada:

The Company entered into an option agreement to acquire a 100% interest in the 213 claims, 12,325 hectare First Green Lithium Project located in the rapidly emerging Cadillac-Pontiac lithium camp in the Abitibi Témiscamingue region, approximately 75 kilometers southwest of Val-d'Or, Québec.

Pursuant to the agreement, the Company may acquire a 100% right, title and interest in and to the property. The optionors will receive a total of \$165,000 in cash payments, which will be made in four installments disbursed over the course of three years, and a total of 5,400,000 Shares will be allotted, issued, and delivered to them in four installments, based on the following schedule:

- (i) \$21,000 cash payment (paid) and 750,000 payment in shares (issued for a total value of \$45,000) on or before February 5, 2023,
- (ii) \$36,000 cash payment and 1,050,000 shares on or before January 31, 2024,
- (iii) \$48,000 cash payment and 1,500,000 shares on or before January 31, 2025, and
- (iv) \$60,000 cash payment and 2,100,000 shares on or before January 31, 2026.

The Company would need to complete aggregate expenditures of \$1,000,000 as follows:

- (i) \$200,000 (\$47,375 expenditures to date) on or before January 31, 2024.
- (ii) \$300,000 on or before January 31, 2025, and
- (iii) \$500,000 on or before January 31, 2026.

As of August 31, 2023, the Company has incurred \$47,375 in exploration expenditures.

Pursuant to the agreement, upon exercise of the option, the Company will assign a 2% Net Smelter Returns ("NSR") Royalty to South Shore Partnership Inc.

The Company also paid \$17,500 in cash as finder fees to a third-party consultant to identify and then close the option agreement of First Green Lithium. The amount has been recorded as the cost of acquisition.

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The Company has started a prospecting and sampling program on the First Green Lithium property. Subsequent to the period end, the Company announced that it has discovered a swarm of lithium-bearing pegmatite dykes in the central part of the property. Analyses of five samples from the dykes also showed elevated levels of pathfinder elements and significantly low potassium/rubidium ratios. The Company is evaluating these results and planning the next steps for the project.

RESULTS OF OPERATIONS

Three months ended August 31, 2023

The Company had a net and comprehensive loss of \$224,510 for the three months ended August 31, 2023, (2022 -\$128,628). During the three months ended August 31, 2023, the Company had an unrealized loss on marketable securities of \$16,800 (2022 - \$16,475), and a loss on foreign exchange of \$3,133 (2022 - \$729).

The Company's significant operating expenses included the following:

- Legal fees of \$67,760 (2022 - \$17,017)
- Exploration expenditures of \$38,728 (2022 - \$28,005)
- Accounting and audit fees of \$28,219 (2022 - \$25,169)
- Management fees of \$24,000 (2022 - \$24,000)
- Consulting fees of \$7,500 (2022 - \$5,992)

Legal fees of \$67,760 (2022 - \$17,017) consist of expenses paid to a lawyer for legal and corporate affairs. The significant increase relates to legal opinions on the mining claims, Mines Department filings and matters relating to the litigation involving the Company's Mexican properties.

Exploration expenditures of \$38,728 (2022 - \$28,005) consist of expenses paid for rights and dues on the Company's mineral properties during the period ended August 31, 2023. Pursuant to the Notices received in relation to Rama de Oro and Magdalena properties, the Company has charged all the expenses incurred on these two properties to the income statement.

Accounting and audit fees of \$28,219 (2022 - \$25,169) consist of expenses relating to the Company's financial recording and reporting activities. The increase mainly pertains to an increase in the portion of the audit fees accrued during the period ended August 31, 2023.

Management fees of \$24,000 (2022 - \$24,000) consist of payments made to the companies controlled by the CEO and CFO as discussed under the heading "Transactions with Related Parties.". No changes were made in the compensation of CFO and CEO. Hence, management fees for the period ended August 2023, and 2022 remain the same.

Consulting fees of \$7,500 (2022 - \$5,992) relate to fees paid to consultants for the Company's marketing, business development, financing advisory and corporate secretarial services (see "Transaction with Related Parties"). These expenses cannot be directly attributed to any particular project and have therefore been expensed as general consulting.

The net and comprehensive loss during the current period was higher than the corresponding period during the previous year primarily due to the increase in legal fees, property investigation expenses and exploration expenditures during the three months ended August 31, 2023.

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Six months ended August 31, 2023

The Company had a net and comprehensive loss of \$320,393 for the six months ended August 31, 2023, (2022 -\$194,405). During the six months ended August 31, 2023, the Company had an unrealized loss on marketable securities of \$42,800 (2022 - \$34,850) and a loss on foreign exchange of \$3,010 (2022 - gain of \$4,061).

The Company's significant operating expenses included the following:

- Legal fees \$77,730 (2022 - \$17,261)
- Management fees of \$48,000 (2022 - \$48,000)
- Accounting and audit fees of \$44,439 (2022 - \$33,674)
- Exploration expenditures of \$38,728 (2022 - \$30,488)
- Consulting fees of \$15,000 (2022 - \$15,000)

Legal fees of \$77,730 (2022 - \$17,261) consist of expenses paid to a lawyer for legal and corporate affairs. The significant increase relates to drafting articles of incorporation, due diligence on mining claims, shareholder meetings, banking communication, legal opinions, Mines Department filings and matters relating to the litigation involving the Company's Mexican properties.

Management fees of \$48,000 (2022 - \$48,000) consist of payments made to the companies controlled by the CEO and CFO as discussed under the heading "Transactions with Related Parties.". No changes made in the compensation rate of CFO and CEO. Hence, management fees for the six months ended August 31, 2023, and 2022 remain the same.

Accounting and audit fees of \$44,439 (2022 - \$33,674) consist of expenses relating to the Company's financial recording and reporting activities. The increase mainly pertains to an increase in the audit fees for the period ended August 31, 2023.

Exploration expenditures of \$38,728 (2022 - \$30,488) consist of the expenses paid for rights and dues on the Company's mineral properties during the period ended August 31, 2023. Pursuant to the Notices received in relation to Rama de Oro and Magdalena properties, the Company has charged all the expenses incurred on these two properties to the income statement.

Consulting fees of \$15,000 (2022 - \$15,000) relate to fees paid to consultants for the Company's marketing, business development, financing advisory and corporate secretarial services (see "Transaction with Related Parties"). These expenses cannot be directly attributed to any particular project and have therefore been expensed as general consulting.

The net and comprehensive loss during the current period was higher than the corresponding period during the previous year primarily due to the increase in legal fees, accounting and audit fees, property investigation expenses and exploration expenditures during the six months ended August 31, 2023.

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The Company incurred the following exploration expenditures during the six months ended August 31, 2023 and the year ended February 28, 2023.

Expenses incurred during the six months ended August 31, 2023						
	Ralleau Project Quebec, Canada	Rama de Oro Project Oaxaca, Mexico	Magdalena Project Oaxaca, Mexico	Yautepec Project Oaxaca, Mexico	First Green Lithium Quebec, Canada	Total
Assaying and testing	\$ -	\$ -	\$ -	\$ -	\$ 128	\$ 128
Consulting fees	-	-	-	1,845	30,600	32,445
Field work ⁽¹⁾	-	-	-	5,798	16,647	22,445
Staking and claims maintenance	125	31,089	7,639	19,511	-	58,364
Total	\$ 125	\$ 31,089	\$ 7,639	\$ 27,154	\$ 47,375	\$ 113,382

Expenses incurred during the year ended February 28, 2023					
	Ralleau Project Quebec, Canada	Rama de Oro Project Oaxaca, Mexico	Magdalena Project Oaxaca, Mexico	Yautepec Project Oaxaca, Mexico	Total
Consulting fees	\$ -	\$ -	\$ -	\$ 12,708	\$ 12,708
Field work ⁽¹⁾	-	-	1,703	11,314	13,017
Staking and claims maintenance	927	79,048	12,654	27,957	120,585
Total	\$ 927	\$ 79,048	\$ 14,357	\$ 51,979	\$ 146,310

(1) Field work comprises expenses incurred for travel, meals and entertainment, equipment rental, tools and supplies etc.

SUMMARY OF QUARTERLY FINANCIAL RESULTS

The Company's operating results from the last eight quarters are summarized as follows:

	Three months ended			
	August 31, 2023	May 31, 2023	February 28, 2023	November 30, 2022
Net and comprehensive loss	\$ (224,510)	\$ (95,883)	\$ (322,166)	\$ (76,986)
Loss per share	\$ (0.00)	\$ (0.001)	\$ (0.008)	\$ (0.001)

	Three months ended			
	August 31, 2022	May 31, 2022	February 28, 2022	November 30, 2021
Net and comprehensive loss	\$ (128,628)	\$ (65,777)	\$ (1,003,282)	\$ (153,208)
Loss per share	\$ (0.001)	\$ (0.001)	\$ (0.015)	\$ (0.002)

Over the past eight fiscal quarters, the comprehensive loss of the Company ranged from a high of \$1,003,282 in the fourth quarter of fiscal year 2022 to a low of \$65,777 during the first quarter of fiscal year 2023. During the fiscal year ended February 28, 2023, while the mining industry was gradually recovering from the impact of COVID-19, the Company had increased operational activities leading to an inclining trend in the net loss of the Company over the quarters. Significant loss during the fourth quarter of the fiscal year 2022 reflects the impairment of the Rama de Oro and Magdalena projects in response to the termination letters received from the optionors.

As of the date of this report, the Company has announced that it filed a Notice of Civil Claim in the Supreme Court of British Columbia (the "Claim") brought against the Optionors seeking to enforce the Company's rights under the option agreements, including specific performance of the option agreements, damages, costs, and other relief. The Company intends to advance its claims and prove its allegations in court. The overall variation in the comprehensive loss is primarily due to the high variations in the gain or loss on foreign exchange and unrealized gain or loss on marketable securities.

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LIQUIDITY AND CAPITAL RESOURCES

As at August 31, 2023, the Company had net working capital of \$196,050 (February 28, 2023 – \$608,567) including cash and cash equivalents of \$219,725 (February 28, 2023 - \$520,001).

General and administrative expenses, management fees and other expenses are expected to remain the same over the next quarters. Consequent to the recently received termination letters concerning the Mexican mineral properties, the Company expects limited property expenditures during the fiscal year ending February 28, 2024. Accordingly, the primary focus of exploration activities will be the Canadian property. The nature, extent and timing of exploration activities will be dependent, in part, on the Company's ability to raise capital to support such activities.

Share transactions during and after the six months ended August 31, 2023.

On March 6, 2023, pursuant to the property purchase agreement for First Green Lithium, the Company issued 750,000 common shares at a price of \$0.07 per share for a total value of \$45,000.

Share transactions during the year ended February 28, 2023

On September 29, 2022, pursuant to the option agreement to acquire Cerro Minas, the Company issued 300,000 shares at \$0.05 per share for a total value of \$15,000.

On September 26, 2022, the Company closed a non-brokered private placement financing for net proceeds of \$483,500. Under the terms of the private placement, the Company has issued 9,670,000 units at a price of \$0.05 per unit. Each unit comprises one common share in the capital of the Company and one-half transferable share purchase warrant. Each whole warrant will allow the holder to purchase an additional common share of the Company at a price of \$0.08 for a period of 24 months.

Cash Flow Activities:

Six months ended August 31, 2023:

Cash balances decreased by \$300,276 during the period ended August 31, 2023, and \$24,281 during the period ended August 31, 2022.

During the period ended August 31, 2023, cash used in operating activities before changes in working capital was \$271,716 as compared to \$159,549 during the period ended August 31, 2022. The change in cash flows from operating activities as compared to the prior period was primarily due to increased legal fees and property-related expenses during the current period.

Cash used in investing activities during the period ended August 31, 2023, was \$92,154, compared to cash used in investing activities of \$22,916 during the period ended August 31, 2022. The amounts consist of exploration and evaluation expenditures incurred on the Company's Yau-tepec Project and First Green Lithium. Pursuant to the option agreement to acquire First Green Lithium project, the Company had higher exploration expenses during the period ended August 31, 2023.

Cash provided by financing activities during the period ended August 31, 2023, was \$Nil, compared to cash provided by financing activities of \$125,965 during the period ending August 31, 2022.

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Outstanding Share Data

There were 78,646,716 common shares, 4,835,000 share warrants and 3,150,000 stock options outstanding as of the date of this report.

	Number of shares	Share capital
Balance, February 28, 2022	67,926,716	\$ 8,314,631
Shares issued under private placement	9,670,000	483,500
Shares issued for exercise of warrants	300,000	15,000
Balance, February 28, 2023	77,896,716	\$ 8,813,131
Share issued for mineral properties	750,000	45,000
Balance, August 31, 2023	78,646,716	8,858,131

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements as at August 31, 2023 or as of the date of this report.

TRANSACTIONS WITH RELATED PARTIES

The amounts due to/from related parties are amounts due to the directors and officers. The balances are unsecured, non-interest bearing and have no specific terms for repayment. These transactions are in the normal course of operation and have been valued in the Financial Statements at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

As at August 31, 2023, \$16,025 (February 28, 2023 - \$19,201) was due to directors and officers of the Company.

	As at	
	August 31, 2023	February 28, 2023
Company controlled by Chief Executive Officer ('CEO')	\$ 4,200	\$ 4,200
Company controlled by Chief Financial Officer ('CFO')	9,200	9,200
Company controlled by Corporate secretary	2,625	5,801
	\$ 16,025	\$ 19,201

During the six months ended August 31, 2023, and 2022, the Company entered into the following transactions with related parties:

	Six months ended	
	August 31, 2023	August 31, 2022
Expenses paid or accrued to directors of the Company, senior officers and companies with common directors:		
Management fees	\$ 48,000	\$ 48,000
Professional fees	17,518	10,872
Consulting fees	15,000	15,000
	\$ 80,518	\$ 73,872

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Management fees consisted of the following:

	Six months ended	
	August 31, 2023	August 31, 2022
Company controlled by CEO	\$ 24,000	\$ 24,000
Company controlled by CFO	24,000	24,000
	\$ 48,000	\$ 48,000

During the period ended August 31, 2023, the Company paid or accrued a total of \$15,000 (2022-\$15,000) to a company controlled by the Corporate secretary.

During the six months ended August 31, 2023, the Company paid or accrued a total of \$17,518 (2022 - \$10,872) to a company controlled by the CFO as professional fees.

CRITICAL ACCOUNTING ESTIMATES

For a detailed summary of the Company's significant accounting estimates, the readers are directed to Note 3 of the Financial statements that are available on SEDAR at www.sedar.com.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

For a detailed summary of the Company's significant accounting policies, the readers are directed to Note 3 of the Financial Statements that are available on SEDAR at www.sedar.com.

RISKS AND UNCERTAINTIES

The Company believes that the following risks and uncertainties may materially affect its success.

Limited Operating History

The Company has no history of business or mining operations, revenue generation or production. The Company was incorporated on September 24, 1984, and has yet to generate a profit from its activities. The Company is subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that it will not achieve its growth objective. The Company anticipates that it may take several years to achieve positive cash flow from operations.

Exploration, Development and Operating Risks

The exploration for and development of minerals involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties that are explored are ultimately developed into producing mines. There can be no guarantee that the estimates of quantities and qualities of minerals disclosed will be economically recoverable. With all mining operations, there is uncertainty and, therefore, risk associated with operating parameters and costs resulting from the scaling up of extraction methods is tested in pilot conditions. Mineral exploration is speculative in nature and there can be no assurance that any minerals discovered would result in an increase in the Company's resource base.

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The Company's operations are subject to all of the hazards and risks normally encountered in the exploration, development and production of minerals. These include unusual and unexpected geological formations, rock falls, seismic activity; flooding and other conditions involved in the extraction of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although precautions to minimize risk will be taken, operations are subject to hazards that may result in environmental pollution and consequent liability that could have a material adverse impact on the business, operations and financial performance of the Company.

Fluctuating Mineral Prices

The economics of mineral exploration are affected by many factors beyond the Company's control, including commodity prices, the cost of operations, and variations in the grade of minerals explored. Depending on the price of minerals, it may be determined that it is impractical to continue the mineral exploration operation.

Regulatory Requirements

The current or future operations of the Company require permits from various governmental authorities, and such operations are and will be governed by laws and regulations governing exploration, development, production, taxes, labor standards, occupational health, waste disposal, toxic substances, land use, environmental protection, site safety and other matters. Companies engaged in the exploration and development of mineral properties generally experience increased costs and delays in development and other schedules as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that all permits which the Company may require for the facilities and conduct of exploration and development operations will be obtainable on reasonable terms or that such laws and regulation would not have an adverse effect on any exploration and development project which the Company might undertake.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in exploration and development operations may be required to compensate those suffering loss or damage by reason of the exploration and development activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations. Amendments to current laws, regulation and permits governing operations and activities of mineral companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or exploration and development costs or require abandonment or delays in the development of new properties.

Financing Risks and Dilution to Shareholders

The Company will have limited financial resources, no operations and no revenues. If the Company's exploration program on its properties is successful, additional funds will be required for the purposes of further exploration and development. There can be no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be available on favorable terms or at all. It is likely such additional capital will be raised through the issuance of additional equity, which will result in dilution to the Company's shareholders.

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Title to Properties

Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed. The Company cannot guarantee that title to the Property will not be challenged or impugned. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify. A successful claim that the Company, as the case may be, does not have title to the properties could cause the Company to lose any rights to explore, develop and mine any minerals on that property, without compensation for its prior expenditures relating to such property.

Competition

There is competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Company will compete with other mining companies, many of which have greater financial, technical and other resources than the Company, for, among other things, the acquisition of minerals claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel.

Reliance on Management and Dependence on Key Personnel

The success of the Company will be largely dependent upon on the performance of the directors and officers and the ability to attract and retain key personnel. The loss of the services of these persons may have a material adverse effect on the Company's business and prospects. The Company will compete with numerous other companies for the recruitment and retention of qualified employees and contractors. There is no assurance that the Company can maintain the service of its directors and officers, or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Company and its prospects.

No Mineral Reserves or Mineral Resources

The properties in which the Company holds an interest are considered to be early exploration stage properties and no mineral reserve or mineral resource estimates have been prepared in respect of the properties. Mineral reserves are, in the large part, estimates and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. Reserve estimates for properties that have not yet commenced production may require revision based on actual production experience. Market price fluctuations of metals, as well as increased production costs or reduced recovery rates, may render mineral reserves containing relatively lower grades of mineralization uneconomic and may ultimately result in a restatement of reserves. Moreover, short-term operating factors relating to the mineral reserves, such as the need for orderly development of the ore bodies and the processing of new or different mineral grades may cause a mining operation to be unprofitable in any particular accounting period.

Environmental Risks

The Company's exploration and appraisal programs will, in general, be subject to approval by regulatory bodies. Additionally, all phases of the mining business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and federal, provincial and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with mining operations. The legislation also requires that drill holes and facility sites be operated, maintained, abandoned

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and/or reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs.

Governmental Regulations and Processing Licenses and Permits

The activities of the Company are subject to Canadian and provincial approvals, various laws governing prospecting, development, land resumptions, production taxes, labor standards and occupational health, mine safety, toxic substances and other matters. Although the Company believes that its activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner that could limit or curtail production or development. Amendments to current laws and regulations governing operations and activities of exploration and mining, or more stringent implementation thereof, could have a material adverse impact on the business, operations and financial performance of the Company. Further, the mining licenses and permits issued in respect of its projects may be subject to conditions which, if not satisfied, may lead to the revocation of such licenses. In the event of revocation, the value of the Company's investments in such projects may decline.

Local Resident Concerns

Apart from ordinary environmental issues, work on, or the development and mining of, the properties could be subject to resistance from local residents that could either prevent or delay exploration and development of the properties.

Conflicts of Interest

Certain directors and officers of the Company will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies (including mineral resource companies) and, as a result of these and other activities, such directors and officers of the Company may become subject to conflicts of interest. The British Columbia Business Corporations Act ("BCBCA") provides that in the event that a director has a material interest in a contract or proposed contract or agreement that is material to the issuer, the director must disclose his interest in such contract or agreement and refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA.

Uninsurable Risks

Exploration, development and production operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could have an adverse impact on the Company's results of operations and financial condition and could cause a decline in the value of the Company shares. The Company does not intend to maintain insurance against environmental risks.

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Litigation

The Company and/or its directors may be subject to a variety of civil or other legal proceedings, with or without merit.

Public Health Crisis

The outbreak of epidemics or pandemics or other health crises, including any outbreak of additional strains of COVID-19, could materially and adversely impact the Company's business, including without limitation, employee health, limitations on travel, supply chain disruptions, the availability of industry experts and personnel, and restrictions on the Company's exploration programs. Although the Company has the capacity to continue certain administrative functions remotely, many other functions cannot be conducted remotely.

FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking statements. Forward-looking statements are projections of events, revenues, income, future economic performance or management's plans and objectives for future operations. In some cases, you can identify forward-looking statements by the use of terminology such as "may", "should", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "potential" or "continue" or the negative of these terms or other comparable terminology. Examples of forward-looking statements made in this MD&A include statements about the Company's business plans; the costs and timing of its developments; its future investments and allocation of capital resources; success of exploration activities; requirements for additional capital; government regulation of mining operations. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including: general economic and business conditions, fluctuations in worldwide prices and demand for minerals; our lack of operating history; the actual results of current exploration activities; conclusions or economic evaluations; changes in project parameters as plans continue to be refined; possible variations in grade and or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labor disputes or other risks of the mining industry; delays in obtaining government approvals or financing or incompleteness of development or construction activities, any of which may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements.

While these forward-looking statements and any assumptions upon which they are based are made in good faith and reflect our current judgment regarding the direction of the Company's business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions or other future performance suggested herein. Except as required by applicable law, including the securities laws of Canada, the Company does not intend to update any of the forward-looking statements to conform these statements to actual results.

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MANAGEMENT'S REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING

In connection with Exemption Orders issued in November 2007 by each of the securities commissions across Canada, the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited interim condensed consolidated financial statements and the audited annual consolidated financial statements and respective accompanying MD&A.

In contrast to the certificate under National Instrument ("NI") 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification includes a 'Note to Reader' stating that the CEO and CFO do not make any representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financing reporting, as defined in NI 52-109.

FINANCIAL AND OTHER INSTRUMENTS

Fair Values

Per IFRS 7, a three-level hierarchy that reflects the significance of inputs used in making fair value measurements is required. The three levels of fair value hierarchy are as follows:

- a) Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities.
- b) Level 2 – Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
- c) Level 3 – Inputs for assets or liabilities that are not based on observable market data.

Financial Instrument Risks

The following table outlines the Company's financial assets and liabilities measured at fair value by level within the fair value hierarchy described above. Assets and liabilities are classified in entirety based on the lowest level of input that is significant to the fair value measurement.

Financial Instruments	As at August 31, 2023	As at February 28, 2023
Cash and cash equivalents	\$ 219,725	\$ 520,001
Amounts receivable	14,141	5,545
Marketable securities	103,925	146,725
Total current liabilities	(145,777)	(81,726)
Total	\$ 192,014	\$ 590,545

The Company's cash and cash equivalents, and marketable securities are valued using quoted market prices in active markets for identical assets, and therefore are classified as Level 1.

The fair value of amounts receivable, accounts payable and accrued liabilities and due to related parties approximates their carrying values due to their short term to maturity.

The Company's financial instruments are exposed to certain financial risks, including credit risk, interest rate risk, market risk, liquidity risk and currency risk.

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Credit risk

Credit risk is the risk of financial loss to the Company if a counter party to a financial instrument fails to meet its contractual obligation. The Company's exposure to credit risk includes cash, cash equivalents and receivables. The Company reduces its credit risk by maintaining its bank accounts at large international financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments. As at August 31, 2023, the Company had a net working capital of \$196,050 (February 28, 2023 - \$608,567). The payment terms for accounts payable and accrued liabilities from vendors are generally 30 days or due on receipt.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Company's marketable securities bear market price risk. The maximum exposure to this risk is equal to the carrying value of the investment.

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates. The Company has no significant interest rate risk. As of August 31, 2023, the Company had cash and cash equivalents balance of \$219,725 (February 28, 2023 - \$520,001) of which \$11,127 was in a term deposit, earning interest at a rate of 0.50% per annum. The Company had no interest-bearing debt.

Foreign currency 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 does not hedge its exposure to fluctuations in foreign exchange rates. The Company is exposed to foreign currency risk on fluctuations related to amounts payable and Mexican property expenditures that are denominated in US dollars and Mexican pesos. A 10% fluctuation in the Mexican peso against the Canadian dollar will affect comprehensive loss for the year by approximately \$925.

OTHER MATTERS

Legal Proceedings

The Company has filed a Notice of Civil Claim in the Supreme Court of British Columbia against Paradex Inc. and Minera Zalamera, S.A. de C.V. for specific performance of option agreements, damages, costs, and other relief. The claim is based on the Company's belief that it is in compliance with the terms of the agreements, despite receiving written notices of termination due to lack of work expenditure within the specified option periods. The Company intends to prove its allegations and dispute the termination notices in court.

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Contingent Liabilities

At the date of report, management was unaware of any outstanding contingent liability relating to the Company's activities.

PROPOSED TRANSACTIONS

The Company had no proposed transactions.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Detailed listings of general and administrative expenses and exploration expenditures are provided in the Financial Statements of the Company.

OTHER REQUIREMENTS

Additional disclosure of the Company's material documents, information circular, material change reports, new release, and other information can be obtained on SEDAR at www.sedar.com.