



MADORO METALS CORP.

Management Discussion & Analysis

Form 51-102F1

As at and for the nine months ended November 30, 2021

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MADORO METALS CORP.

MANAGEMENT'S DISCUSSION & ANALYSIS

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January 26, 2022

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 interim condensed consolidated financial statements for the nine months ended November 30, 2021 and audited financial statements for the year ended February 28, 2021; 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.

The Company regretfully announces the passing of its Manager of Exploration and Director, Mr. David M. Jones.

DESCRIPTION OF THE COMPANY'S BUSINESS

Madoro Metals Corp. (formerly known as Megastar Development 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"), quoted and trading on the OTC Markets in USA (trading symbol "MSTXF") and also quoted and trading on the German exchanges and quotation systems (under WKN: "A2QQ1X"). On January 21, 2021, Megastar Development Corp. changed its name to Madoro Metals Corp. 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. At November 30, 2021, the Company had no revenue producing operations and had an accumulated deficit of \$5,920,749 (February 28, 2021 - \$5,606,366) since its inception. The Company had working capital of \$823,486 (February 28, 2021 - \$667,179). During the year ended February

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28, 2021, the Company closed a non-brokered private placement financing in the gross amount of \$926,800 (see also "*Liquidity and Capital Resources*"). During the period ended November 30, 2021, 6,807,500 of the outstanding share warrants were exercised for gross proceeds of \$658,350. 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.

During and after the nine months ended November 30, 2021, the COVID-19 pandemic has relatively stabilized in Mexico, access to vaccines has become more widespread, but the impact on the national and local economies remains significant, negative, and widespread. The Company continues to monitor and assess the impact on its business activities. Most communities in the company's project areas have re-opened to outsider access, at least on a limited basis under each community's specific protocols, and we are re-engaging with communities to regain full access for exploration work. With overall vaccination rates still below the optimal 70%, and with the advent of the recent COVID-19 variants, the full impact remains uncertain, and it is difficult to reliably measure the extent of the effect of the COVID-19 pandemic on future financial results.

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 to 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.

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To date, exploration work at Rama de Oro has consisted of reconnaissance geological mapping and rock-chip sampling. This work has outlined a 4 (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 the 100% interest, the Company is required to make total cash payments of US\$35,000, issue a total of 2,900,000 common shares of the Company, and incur total work expenditures of US\$350,000 over a two-year period as follows:

- i. Pay US\$35,000 (paid) and issue 1,100,000 common shares (issued) to the optionor within 15 days following the execution of the agreement, approved by TSX-V Exchange.
- ii. Issue 600,000 common shares (issued) to the optionor and incur US\$150,000 in work expenditures on or before the first anniversary of the agreement (May 9, 2019). The Company has incurred \$150,785 (US\$116,453) of work expenditures as of November 30, 2021.
- iii. Issue 1,200,000 common shares (issued) to the optionor and incur US\$200,000 in work expenditures on or before May 09, 2022 (as amended on August 10, 2020, for a cash consideration of US\$7,500 (\$10,116) which was paid on August 12, 2020).

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

All securities to be issued in connection with the transactions are subject to a hold period of 4 months and one day from their date of issuance. As of the date of the report, parties to the option agreement were negotiating amended terms of work expenditures.

Work on this project is currently paused pending community agreement for access. The community has recently elected a new leadership, and once seated, the Company will re-engage in negotiations for access and for drill permitting.

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 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.

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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 in 2021 in this principal northern portion of the project area owing to ongoing negotiations for a new community agreement for access. A community relations consultant is being used for the purpose of formal negotiations.

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 a Company news release dated July 6th 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 soon be requesting support from the newly seated community leadership for permitting for drill testing.

To earn the 100% interest, the Company is required to make total cash payments of US\$5,000, issue a total of 1,550,000 common shares of the Company, and incur total work expenditures of US\$310,000 over a three-year period as follows:

- Pay US\$5,000 (paid) and issue 200,000 common shares (issued) to the optionor within 15 days following the execution of the agreement, approved by the TSX-V.
- Issue 450,000 common shares (issued) to the optionor and incur US\$40,000 work expenditures (incurred) on or before the first anniversary of the agreement (June 1, 2019).
- Issue 900,000 common shares (issued) to the optionor and incur US\$80,000 work expenditures (incurred) on or before the second anniversary of the agreement (June 1, 2020).
- Incur US\$190,000 work expenditures (incurred) on or before December 1, 2021 (as amended on August 10, 2020, for a cash consideration of US\$2,500 (\$3,372) which was paid on August 12, 2020).

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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.

All the above-mentioned obligations have been met and the management has initiated formal legal petition to the Mexico Mines Department for granting of concession titles.

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.

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), per an agreement dated September 30, 2019. Under the terms of such 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);
- iii. US\$30,000 (paid \$37,719 on October 21, 2021) and 250,000 shares (issued on October 21, 2021) on the second anniversary of the effective date of the agreement (October 23, 2021); and
- iv. US\$40,000 and 300,000 Shares 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. The agreement was approved by the TSX-V on October 21, 2019 subject to Gunpoint satisfying certain conditions, specifically: (a) Gunpoint having delivered to the Company (and to Mazateca) all reports and other filings regarding the Property which were required to be filed by CJ Gold under applicable laws (including, notably, the Ley Minera and the regulations adopted thereunder), and (b) having paid all outstanding fees and having provided written evidence of same to the Company (and to Mazateca). All conditions were met as of October 23, 2019.

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 plans to conduct confirmation field work and drill target identification and permitting in 2021.

The Company has recently re-entered negotiations for access and permission for drill permitting and has engaged a community relations consultant for this purpose.

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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 Company anticipates a resolution of this petition within the first calendar semester of 2022.

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 Mr. 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 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 was conducted during the years 2020 and 2021 owing first to a lack of community permission and later to extended closures owing to COVID-19 restrictions. The community has recently re-opened, and formal negotiations for access are being conducted using a contracted community relations consultant.

To earn the 100% interest, the Company is required to make total cash payments of US\$5,000, issue a total of 1,550,000 common shares of the Company, and incur total work expenditures of US\$310,000 over a three-year period as follows:

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- i. Pay US\$5,000 (paid \$6,529) and issued 200,000 common shares on August 8, 2018 (issued),
- ii. Issue 450,000 common shares (issued) to the optionor and incur US\$40,000 work expenditures (incurred) on or before the first anniversary of the approval date (June 1, 2019).
- iii. Issue 900,000 common shares (issued on June 1, 2020) to the optionor and incur US\$70,000 work expenditures (incurred) on or before the second anniversary of the approval date (June 1, 2020).
- iv. Incur US\$120,000 work expenditures on or before December 1, 2021 (as amended on August 10, 2020, for a cash consideration of US\$2,500 (\$3,372) which was paid on August 12, 2020). As of November 30, 2021, the Company has incurred \$91,689 (US\$72,350) 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 has the right to purchase 1% at any time for US\$1,650,000.

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.

The Company remains engaged in active ongoing negotiations for access and permission for drill permitting and has engaged a community relations consultant for this purpose.

RALLEAU Property, Quévillon, Quebec:

The Company has a 100% interest in 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 59 contiguous mineral claims covering approximately 3,324 hectares.

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

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have exercised its option to acquire a 50% interest in the property by making a payment of \$100,000 in cash, issuing 1,700,000 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.

RESULTS OF OPERATIONS

The Company had a comprehensive loss of \$314,383 for the nine months ended November 30, 2021, (November 30, 2020 –\$230,692). During the period ended November 30, 2021, the Company had a loss on foreign exchange of \$13,905 (2020 – \$93), and an unrealized loss on marketable securities of \$72,376 (2020 – unrealized gain \$161,625). The Company's significant operating expenses included the following:

- Management fees of \$72,000 (2020 - \$81,000)
- Consulting fees of \$70,207 (2020 – \$135,959)
- Accounting and audit fees of \$38,359 (2020 - \$20,495)
- Investor relations and filing fees of \$12,616 (2020 - \$9,244)
- Transfer agent and filing fees of \$12,082 (2020 - \$16,688)
- Share-based payments of \$Nil (2020 - \$55,922)

Management fees of \$72,000 (2020 - \$81,000) consist of payments made to the companies controlled by the CEO and CFO as discussed under the heading "Transactions with Related Parties." The decrease in the current period in comparison to the previous period is due to a decrease in the compensation rate for the Chief Executive Officer of the Company.

Consulting fees of \$70,207 (2020 – \$135,959) 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 decrease in the current period in comparison to the previous period is due to decreased expenditures for financial advisory marketing and corporate awareness consulting services. The marketing and corporate awareness services were not required during the period ended November 30, 2021.

Accounting and audit fees of \$38,359 (2020 - \$20,495) consist of expenses relating to the Company's financial recording and reporting activities. During the current year, the annual audit fee has been evenly distributed and accrued for each quarter. Accordingly, the reported accounting and audit fees for the period ended November 30, 2021, is higher than the comparative period. Please also refer to "Transactions with Related Parties."

Investor relations and promotion expenses of \$12,616 (2020 - \$9,244) relates to expenditures in connection with maintaining communication with shareholders through web hosting and news releases. There was an increase in these expenses in the current period in comparison to the previous period due to the Company's name change and associated rebranding.

Transfer agent and filing fees of \$12,082 (2020 - \$16,688) relate to expenditures in connection with share capital activities and reporting of the Company. Transfer agent and filing fees decreased during the current period to the corresponding period during the last year due to decrease in compliance required for private placements.

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Share-based payments of \$Nil (2020 - \$55,922) relates to the vesting of share options issued to consultants pursuant to the Company's Share Option Plan. No options issued and vested during the period ending November 30, 2021.

The net loss during the current period was higher than the corresponding period in the last year mainly due to increase in unrealized loss on marketable securities and loss on foreign exchange.

The Company incurred the following exploration expenditures during the nine months ended November 30, 2021, and year ended February 28, 2021:

Expenses incurred during the nine months ended November 30, 2021				
	Rama de Oro Project Oaxaca, Mexico	Magdalena Project Oaxaca, Mexico	Yautepec Project Oaxaca, Mexico	Total
Assays and testing	\$ 2,871	\$ 1,032	\$ 15,956	\$ 19,859
Consulting fees	2,821	4,367	116,863	124,051
Staking fees/Mining taxes	16,904	3,005	14,671	34,580
Tools and supplies	-	837	12,403	13,240
Rent	-	-	2,342	2,342
Travel	416	-	5,467	5,883
Total	\$ 23,012	\$ 9,241	\$ 167,702	\$ 199,955

Exploration expenditure incurred during the year ended February 28, 2021				
	Rama de Oro Project Oaxaca, Mexico	Magdalena Project Oaxaca, Mexico	Yautepec Project Oaxaca, Mexico	Total
Assays and testing	\$ -	\$ 1,014	\$ 7,743	\$ 8,757
Consulting fees	2,998	16,042	110,760	129,800
Staking fees/ Mining taxes	50,787	8,963	10,043	69,793
Miscellaneous	-	1,421	14,347	15,768
Rent	-	960	3,473	4,433
Travel	262	787	1,573	2,622
Total	\$ 54,047	\$ 29,187	\$ 147,939	\$ 231,173

SUMMARY OF QUARTERLY FINANCIAL RESULTS

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

	Three months ended			
	November 30, 2021	August 31, 2021	May 31, 2021	February 28, 2021
Net loss	153,208	95,799	\$ 65,376	\$ 12,152
Loss per share	\$ 0.002	\$ 0.001	\$ 0.001	\$ 0.001

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	Three months ended			
	November 30, 2020	August 31, 2020	May 31, 2020	February 29, 2020
Net loss	\$ 72,808	\$ 91,402	\$ 66,482	\$ 123,610
Loss per share	\$ 0.001	\$ 0.002	\$ 0.001	\$ 0.003

Over the past eight fiscal quarters, the comprehensive loss of the Company ranged from a high of \$153,208 in the third quarter of the fiscal year 2022 to a low of \$12,152 during the fourth quarter of the fiscal year 2021. Total expenses of the Company have fluctuated within a range of \$20,000 to \$60,000 per quarter. Net loss of the Company has shown a declining trend from the fourth quarter of the fiscal year 2020 through to the fourth quarter of the fiscal year 2021 mainly attributable to limited business being conducted amid COVID-19. With the ease in the restrictions from Mexican authorities, the management resumed its exploration activities on Mexican properties which explains the increasing trend in net loss after the fourth quarter of the fiscal year 2021. The overall variations 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.

LIQUIDITY AND CAPITAL RESOURCES

As at November 30, 2021, the Company had net working capital of \$823,486 (February 28, 2021 – \$667,179) including cash and cash equivalents of \$667,777 (February 28, 2021 - \$468,804).

The Company anticipates increases in property expenditures, share capital activities and consulting fees as the Company increases its activities to meet project exploration obligations. General and administrative expenses, management fees and other expenses are expected to remain the same over the next quarters. Based on its current commitments, and subject to its ability to access the properties, the Company expects to spend in excess of US\$281,000 over a period of one year for significant expenditures required on projects in Mexico and as dictated by option agreements for these projects (See MINERAL PROPERTIES section of this report). The Company has enough funds to support property, compliance and general and administrative expenses for the current fiscal year but may require additional financing to fulfill project expenditure requirements for the next fiscal year.

Share transactions during the period ended November 30, 2021

During the period ended November 30, 2021, 6,807,500 of the outstanding warrants were exercised for gross proceeds of \$658,350.

Share transactions during the year ended February 28, 2021

On April 20, 2020, the Company amended the Ralleau project option agreement dated April 5, 2017 with DeepRock Minerals Inc. (“DeepRock”). The parties have extended the due date on the final cash payment of \$75,000 from April 5, 2020 to December 31, 2020. In consideration of the extension, DeepRock has agreed to issue the Company an additional 300,000 common shares on or before April 23, 2020 (received on April 23, 2020 with a fair value of \$4,500), bringing the total to 2,000,000 common shares of DeepRock owned by the Company. All other remaining requirements under the option agreement have been fulfilled.

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On April 23, 2020, pursuant to the option agreement dated April 5, 2017 with DeepRock, the Company received an aggregate of 500,000 common shares of DeepRock, valued at \$7,500.

On May 15, 2020, pursuant to the option agreement dated May 9, 2018 for the Rama de Oro project entered into with Paradex Inc., the Company issued an aggregate of 1,200,000 common shares valued at \$108,000.

On June 1, 2020, pursuant to the option agreement dated June 1, 2018 for the Yautepec project entered into with Paradex Inc., the Company issued an aggregate of 900,000 common shares valued at \$45,000.

On June 1, 2020, pursuant to the option agreement dated June 1, 2018 for the Magdalena project entered into with Paradex Inc., the Company issued an aggregate of 900,000 common shares valued at \$45,000.

On June 17, 2020, the Company closed a non-brokered private placement financing in the amount of \$926,800 (the "Placement"). Under the terms of the Placement, the Company issued 11,585,000 units at a price of \$0.08 per unit. Each unit comprises one common share in the capital of the Company and one-half of one non-transferable share purchase warrant. Each whole warrant will allow the holder to purchase an additional common share of the Company at a price of \$0.12 for a period of 24 months.

On June 24, 2020, the Company entered into a consulting agreement with an independent advisor, pursuant to which the Company granted 444,000 stock options. The options are exercisable for a period of 36 months from grant date to purchase common shares of the Company at a price of \$0.11 per share.

On June 24, 2020, the Company entered into a consulting agreement with a second independent advisor, pursuant to which the Company granted 224,000 stock options. The options are exercisable for a period of 24 months from grant date to purchase common shares of the Company at a price of \$0.11 per share.

On October 19, 2020, pursuant to the option agreement with respect to the Cerro Minas property, the Company issued 150,000 common shares for \$19,500.

During the year ended February 28, 2021, an aggregate of 1,952,500 share warrants were exercised for a total value of \$195,250.

Cash Flow Activities:

Nine months ended November 30, 2021:

Cash balances increased by \$198,973 during the period ended November 30, 2021 and increased by \$529,670 during the period ended November 30, 2020.

During the period ended November 30, 2021, cash used in operating activities before changes in working capital was \$254,523 as compared to \$352,185 during the period ended November 30, 2020. The change in cash flows from operating activities as compared to the prior period was primarily due to decreased field expenses during the current period.

Cash used in investing activities during the period ended November 30, 2021, was \$204,854, compared to cash used in investing activities of \$159,634 during the period ended November 30, 2020. The amounts consist of exploration and evaluation expenditures incurred on the Company's Rama De Oro Project, Magdalena Project, and Yautepec Project. The increase in cash outflows during the current period as compared to the prior period

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was due to increased exploration activities on the mineral properties as a result of reduced access restrictions on the mineral sites.

Cash provided by financing activities during the period ended November 30, 2021, was \$658,350 compared to the cash provided by financing activities of \$1,041,489 during the period ended November 30, 2020. The cash inflow during the prior period was significantly higher due to the issuance of common shares in relation to a private placement closed during the period ended November 30, 2020.

Outstanding Share Data

As of the date of this report, there were 67,926,716 common shares, 5,792,500 warrants, and 2,468,000 stock options outstanding.

	Number of shares	Share capital
Balance, February 29, 2020	44,181,716	\$ 6,187,930
Share issued for exploration and evaluation assets	3,150,000	319,500
Shares issued for Private placement	11,585,000	921,219
Shares for exercise of warrants	1,952,500	195,250
Balance, February 28, 2021	60,869,216	\$ 7,623,899
Shares for exercise of warrants	6,807,500	658,350
Fair value of share warrants exercised	-	14,882
Shares issued for exploration and evaluation assets	250,000	17,500
Balance, November 30, 2021	67,926,716	\$ 8,314,631

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements as at November 30, 2021 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 operations 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 November 30, 2021, \$20,211 (February 28, 2021 - \$39,770) was due to directors and officers of the Company.

	As at	
	November 30, 2021	February 28, 2021
Company controlled by Chief Executive Officer	\$ 4,200	\$ 5,250
Company controlled by Chief Financial Officer	9,200	10,200
Company controlled by Corporate Secretary	2,825	2,625
Company controlled by a director (David Jones)	3,986	21,695
	\$ 20,211	\$ 39,770

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During the period ended November 30, 2021, and 2020, the Company entered into the following transactions with related parties:

	Nine months ended	
	November 30, 2021	November 30, 2020
Expenses paid or accrued to directors of the Company, senior officers and companies with common directors:		
Management fees	\$ 72,000	\$ 81,000
Consulting fees	33,823	29,228
Professional fees	14,007	13,151
Mineral exploration consulting	54,686	29,815
	\$ 174,516	\$ 153,194

Management fees consisted of the following:

	Nine months ended	
	November 30, 2021	November 30, 2020
Company controlled by CEO	\$ 36,000	\$ 45,000
Company controlled by CFO	36,000	36,000
	\$ 72,000	\$ 81,000

Consulting fees consisted of the following:

	Nine months ended	
	November 30, 2021	November 30, 2020
Company controlled by the Corporate Secretary	\$ 22,500	\$ 22,500
Company controlled by a director (David Jones)	11,323	6,728
	\$ 33,823	\$ 29,228

Professional fees were paid or accrued to the following:

	Nine months ended	
	November 30, 2021	November 30, 2020
Company controlled by CFO	\$ 14,007	\$ 13,151
	\$ 14,007	\$ 13,151

Mineral exploration consulting fees were paid or accrued to the following:

	Nine months ended	
	November 30, 2021	November 30, 2020
Company controlled by director (David Jones)	\$ 54,686	\$ 29,815
	\$ 54,686	\$ 29,815

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During the year ended February 28, 2021, the Company paid \$16,590 to a company controlled by David Jones, Director, to amend the option agreement with respect to the Yautepec, Magdalena, and Rama de Oro properties. The amount has been reported as part of exploration and evaluation assets in the statement of financial position as at February 28, 2021.

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.

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,

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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.

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

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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 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.

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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.

Litigation

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

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Public Health Crisis

During and after the period ended November 30, 2021, the COVID-19 pandemic has caused significant and negative impact to the global economy. The Company continues to monitor and assess the impact on its business activities. So far, the Company has been impacted by having to hold exploration activities on its properties. The full impact is uncertain, and it is difficult to reliably measure the extent of the effect of the COVID-19 pandemic on future financial results.

During and after the nine months ended November 30, 2021, the COVID-19 pandemic has relatively stabilized in Mexico, access to vaccines has become more widespread, but the impact on the national and local economies remains significant, negative, and widespread. The Company continues to monitor and assess the impact on its business activities. Most communities in the company's project areas have re-opened to outsider access, at least on a limited basis under each community's specific protocols, and we are re-engaging with communities to regain full access for exploration work. With overall vaccination rates still below the optimal 70%, and with the advent of the recent COVID-19 variants, the full impact remains uncertain, and it is difficult to reliably measure the extent of the effect of the COVID-19 pandemic on future financial results.

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,

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the Company does not intend to update any of the forward-looking statements to conform these statements to actual results.

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.

<u>Financial Instruments</u>	<u>As at November 30, 2021</u>	<u>As at February 28, 2021</u>
Cash and cash equivalents	\$ 667,777	\$ 468,804
Amounts receivable	18,980	11,192
Marketable securities	192,000	264,376
Accounts payables	(46,170)	(48,387)
Due to related parties	(20,211)	(39,770)
Total	\$ 812,376	\$ 656,215

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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.

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 November 30, 2021, the Company had a net working capital of \$823,486 (February 28, 2021 – \$667,179). 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 November 30, 2021, the Company had cash and cash equivalents balance of \$667,777 (February 28, 2021 - \$468,804) of which \$11,000 was in a term deposit, earning interest at a rate of 0.05% 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 period by approximately \$16,880.

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OTHER MATTERS

Legal proceedings

The Company is not aware of any legal proceedings.

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.