



## **CERRO DE PASCO RESOURCES INC.**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Three-month period ended

March 31, 2021

(First Quarter)

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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This management discussion and analysis ("MD&A") of Cerro de Pasco Resources Inc., ("Cerro de Pasco Resources" or "CDPR" or the "Company") (formerly known as Genius Properties Ltd.) follows rule 51-102 of the Canadian Securities Administrators regarding continuous disclosure.

The following MD&A is a narrative explanation, through the eyes of the management of Cerro de Pasco Resources, on how the Company performed during the three-month period ended March 31, 2021. It includes a review of the Company's financial condition and a review of operations for the three-month period ended March 31, 2021 as compared to the three-month period ended March 31, 2020.

This MD&A complements the condensed interim consolidated financial statements for the three-month period ended March 31, 2021 but does not form part of them. It is intended to help the reader understand and assess the significant trends, risks and uncertainties related to the results of operations and it should be read in conjunction with the condensed interim consolidated financial statements as at March 31, 2021 and related notes thereto as well as the audited annual consolidated financial statements, accompanying notes and Management's Discussion and Analysis for the year ended December 31, 2020.

The condensed interim consolidated financial statements for the three-month period ended March 31, 2021 and 2020 have been prepared in accordance with the International Financial Reporting Standards ("IFRS") applicable to the preparation of condensed interim consolidated financial statements. The accounting policies applied in the financial statements are based on IFRS issued and effective as at March 31, 2021. On May 28, 2021, the Board of Directors approved, for issuance, the condensed annual consolidated financial statements.

All figures are in Canadian dollars unless otherwise stated. Additional information relating to the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com). The shares of Cerro de Pasco Resources are listed on the Canadian Securities Exchange ("CSE") under the symbol "CDPR".

## REPORT'S DATE

The MD&A was prepared with the information available as at May 28, 2021.

## CAUTION REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains forward-looking statements that are based on the Company's expectations, estimates and projections regarding its business, the mining industry in general and the economic environment in which it operates as of the date of the MD&A. To the extent that any statements in this document contain information that is not historical, the statements are essentially forward-looking and are often identified by words such as "anticipate", "expect", "estimate", "intend", "project", "plan" and "believe". In the interest of providing shareholders and potential investors with information regarding Cerro de Pasco Resources, including management's assessment of future plans and operations, certain statements in this MD&A are forward-looking and are subject to the risks, uncertainties and other important factors that could cause the Company's actual performance to differ materially from that expressed in or implied by such statements. Such factors include, but are not limited to: volatility and sensitivity to market metal prices, impact of change in foreign currency exchange rates and interest rates, imprecision in reserve estimates, environmental risks including increased regulatory burdens, unexpected geological conditions, adverse mining conditions, changes in government regulations and policies, including laws and policies; and failure to obtain necessary permits and approvals from government authorities, and other development and operating risks. The preliminary assessments contained in the Technical Report referred to in this MD&A, and the estimates contained therein to date are preliminary in nature and are based on a number of assumptions, any one of which, if incorrect, could materially change the projected outcome.

Although the Company believes that the expectations conveyed by the forward-looking statements are based upon information available on the date that such statements were made, there can be no assurance that such expectations will prove to be correct. The reader is cautioned not to rely on these forward-looking statements. The Company disclaims any obligation to update these forward-looking statements unless required to do so

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by applicable Securities laws. All subsequent forward-looking statements, whether written or orally attributable to the Company or persons acting on its behalf, are expressly qualified in their entirety by these cautionary statements.

## NATURE OF ACTIVITIES

Cerro de Pasco Resources Inc. and its subsidiaries (hereafter the "Company" or "Cerro de Pasco Resources" or "CDPR") is a resource management company attuned to the most demanding environmental, social and legal compliance required by global institutions and investors. The key strategic strength of the Company is an unparalleled knowledge of the challenges and opportunities presented by the minerals endowment within the city of Cerro de Pasco combined with a highly experienced and practical team of both Peruvian and international management. The key focus of the Company will be on developing the El Metalurgista mining concession using world class geo-resource and industrial development solutions in order to secure long-term economic operational sustainability in harmony with a healthy and prosperous local population. The plan of the Company is to reprocess tailings and stockpiles at the Quiulacocha and Cerro de Pasco sites and also to revive and modernize all existing installations at the mining complex the "Project" or "Quiulacocha Project"

## BUSINESS DEVELOPMENT HIGHLIGHTS

- **NI 43-101 on Excelsior Stockpile**

On March 18, 2021, the Company filed a NI 43-101 Technical report on maiden mineral resources estimate for Excelsior Stockpile. The Excelsior Stockpile covers a surface area of 67.92 ha and contains approximately 70 Mt of material mined from the open pit at the world-renowned Cerro de Pasco mine, approximately between the years 1952 and 1996. The polymetallic material was stockpiled as it was, at the time, considered to be low grade and uneconomic. This maiden Mineral Resource estimate accounts for the portion of the Excelsior Stockpile which falls within CDPR's 100% owned El Metalurgista mining concession as stated below:

### Mineral Resource Estimate of the Excelsior Stockpile with the Effective Date of August 31, 2020

Classification	NSR Cut-off (US\$/t)	Tonnes (Kt)	NSR (US\$/t)	Grade			Contained Metal		
				Ag (g/t)	Pb (%)	Zn (%)	Ag Koz	Pb Kt	Zn Kt
Inferred	11	30,100	22	44	0.6	1.5	42,900	184	437

The Mineral Resource estimate was completed by independent Qualified Person, Dr. Adrian Martínez Vargas, P.Geo., Senior Resource Geologist and employee of CSA Global Consultants Canada Limited (CSA Global), an ERM Group company. CDPR provided the block model, the informing data used for interpolation, relevant wireframes with geological interpretations and topographic surfaces, and the accompanying reports with the assumptions and parameters used for interpolation. Validations were completed by CSA Global on the model, informing data, geological interpretation and estimation domains, and interpolation parameters and assumptions. CSA Global also updated the density, topography and NSR cut-off used for reporting.

The Mineral Resource estimate incorporates six diamond drill-holes completed in 2008, sampled at 2 m intervals, composites of approximately 6 m depth collected from 146 test pits (trenches) completed in 2008, and 74 Reverse Circulation (RC) drill-holes drilled in 2009, sampled at 2m intervals. A set of surface grab samples collected prior to 2009 was used only to inform geological modelling. A total of 2,555 samples were used for Mineral Resource estimation: 2,191 from RC drill-holes, 207 from diamond drill-holes, and 146 from test pits. Samples were assayed for Pb and Zn in percent and Ag in g/t.

Surface rights to the Excelsior Stockpile are owned by Activos Mineros S.A.C. a company created in June 2006 and wholly owned by the Peruvian Government. CDPR has initiated certain procedures with

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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the Ministry of Energy and Mines with the intention of acquiring the surface rights from AMSAC or obtaining their temporary permission to use them.

- **Other**

- On January 7, 2021, the Company issued to service providers 50,000 common shares for business development consultancy.
- On February 22, 2021, the Company issued to service providers 30,000 common shares for business development consultancy.
- On March 10, 2021, the Company granted 200,000 share options to consultants, to purchase 200,000 common shares of the Company at an exercise price of \$0.40 per share and expiring on March 10, 2023.

### BUSINESS DEVELOPMENT SUBSEQUENT EVENTS

- **Financing – Private Placement**

On April 8, 2021, the Company concluded a private placement by issuing 3,395,00 units at a price of \$0.35 per unit for proceeds of \$1,188,250. Each unit consists of one common share and one-half-warrant for a total of 3,395,000 common shares and 1,697,500 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of \$0.50 until April 8, 2023.

On April 27, 2021, the Company concluded a private placement by issuing 3,022,128 units at a price of \$0.35 per unit for proceeds of \$1,057,745. Each unit consists of one common share and one-half warrant for a total of 3,022,128 common shares and 1,511,064 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of \$0.50 until April 27, 2023.

On April 30, 2021, the Company concluded a private placement by issuing 1,064,429 units at a price of \$0.35 per unit for gross proceeds of \$372,550. Each unit consists of one common share and one-half warrant for a total of 1,064,429 common shares and 532,214 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of \$0.50 until April 30, 2023.

On May 27, 2021, the Company concluded a private placement by issuing 1,085,000 units at a price of \$0.35 per unit for gross proceeds of \$379,750. Each unit consists of one common share and one-half warrant for a total of 1,085,000 common shares and 542,500 warrants. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of \$0.50 until May 27, 2023.

- **Other**

- On April 5, 2021, the Company issued to service providers 50,000 common shares for business development consultancy.
- On May 6, 2021, the Company granted 200,000 share options to consultants, to purchase 200,000 common shares of the Company at an exercise price of \$0.50 per share and expiring on May 6, 2024.
- On May 26, 2021, the Company issued to service providers 30,000 common shares for business development consultancy and consulting fees.

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## PROJECT DEVELOPMENT HIGHLIGHTS

The Company continues to focus its efforts on further developing the Project. These efforts were focused on all areas of importance as summarized below:

- **Community relations**

The Company continued to spend a significant amount of time working with two adjacent local communities, Quiulacocha and the human settlement of Champamarca, discussing the opportunities of the El Metalurgista Project with them. Community support is integral for the success of any project in Peru. The Company continued to spend capital and time effort in communicating all the benefits of the proposed project to the members of the community. This was achieved by production of materials highlighting those benefits, distribution of those materials to the local communities, one on one communication with relevant stakeholders of the communities and general assembly meetings with the community population at large. The Company also hosted several cultural activities, participated in several sponsorship opportunities, and donated miscellaneous items to the children attending school.

Individual meetings with the representatives of the community of Quiulacocha, the human settlement of Champamarca, the Provincial Municipality of Cerro de Pasco, and the Municipality of Rancas are held on a regular basis to ensure a good information flow regarding the planned Quiulacocha exploration project and the acquisition of the Target Companies by CDPR. These meetings also serve as a platform to discuss other relevant issues, such as company policies, local development needs, and contract opportunities for local communities.

In September 2019, the Quiulacocha Community has voted decisively in favor of CDPR's tailings reprocessing plan. The decisive result was achieved on the 15<sup>th</sup> of September 2019 at the General Assembly of the Community and ninety eight percent (98%) of the community members attending the event voted in favor of the CDPR's initiative. This represented a crucial step towards achieving the required social license and key permits. Perhaps more important than any legal authorization, the landmark vote reinforces the Company's partnership with these communities. It enables CDPR to develop its strategic goal of removing and reprocessing mining waste at the famous Cerro de Pasco mine, and in doing so would provide an effective and practical environmental remediation solution with long-term economic and social benefits.

The community has agreed to assist CDPR, in the remediation of contamination specifically found in old tailings within the historical El Metalurgista Concession, through its removal & reuse. The Community of Quiulacocha owns an area of approximately 40 km<sup>2</sup> located in the area of influence of the El Metalurgista project.

- **Government relations**

The Company continued to spend time and capital communicating the opportunities of the El Metalurgista Project to the local and national government of Peru. The company employed various consultants to produce technical materials, related to health, safety, environment and communities. The materials highlighted the opportunities of the project and the potential positive impact it will have on Cerro de Pasco.

- **Urban Plan – Partial and Staged Relocation Strategy**

The company stepped up its internal process to clearly define areas of the town of Cerro de Pasco that would be affected by future projects. A staged footprint plan will be prepared in consultation with expert urban planners and in due course communicated to local and national government to build consensus at the outset. This effort is essential to the long-term success of the project.

- **Environmental Impact Declaration**

On July 14, 2020, the Company announced that the Environmental Impact Declaration (Declaración de Impacto Ambiental) (the "DIA") for the exploration of the Quiulacocha tailings deposit has been approved for admittance by the Peruvian Ministry of Energy and Mines (MINEM) as of July 7, 2020

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The DIA provides the details and coordinates for the 40-hole drilling program that CDPR intends to carry out on its El Metalurgista Concession located within the Quiulacocha tailings deposit. The Quiulacocha tailings deposit covers approximately 115 hectares with tailings deposited in the Quiulacocha Tailings Storage Facility (TSF) from the early 1920's to 1997. According to historical records, the Cerro de Pasco mine processed approximately 73 million tonnes of sulphide material between 1952 to 1997 from the open pit and underground workings, which was deposited into this facility during this time.

Cerro de Pasco mining operations started in 1630 and are still operational today. The tailings stored in the TSF, comprised of processing residues, come from the Cerro de Pasco open pit and underground mine. Initially these tailings resulted from the mining of copper-silver-gold mineralization with reported historical head grades of up to 10% Cu, 4g/t Au and over 300g/t Ag and later from the mining of zinc-lead-silver mineralized material with average historical grades of 7.41% Zn, 2.77% Pb and 90.33g/t Ag. The most recent Historical Mineral Resource Estimate for the Quiulacocha tailings by BO Consulting in 2012 reported 2.9 Mt at 1.43% Zn, 0.79 % Pb, 43.1 g/t Ag, and 0.04% Cu. This estimate was based on a shallow surface auger sampling program which was estimated to represent only 4% of the expected tonnes of the deposit.

This Historical Resource Estimate is detailed and discussed in the technical report titled The Excelsior Mineral Pile (EMP) and Quiulacocha Tailings (QT) associated with the Cerro de Pasco Mine, Cerro de Pasco District, Altiplano Region, North-Central Peru filed on Sedar.com on July 26, 2018 and available on the Company's website at [www.pascoresources.com](http://www.pascoresources.com). They are treated as historic information and have not been verified for economic evaluation by the Company. These are considered Historical Mineral Resources and do not refer to any category of sections 1.2 and 1.3 of the Canadian Securities Administrator's National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101") such as Mineral Resources or Mineral Reserves as stated in the 2010 CIM Definition Standards on Mineral Resources and Mineral Reserves. A Qualified Person (within the meaning of NI 43-101) has not done sufficient work to classify the historical estimate as current Mineral Resources or Mineral Reserves. The explanation lies in the inability by the Qualified Person to fully verify the data acquired by the various historical drilling campaigns and other sampling works. Further drilling would be required to upgrade or verify the historical resources. However, the Qualified Person has read the documents pertaining to historical evaluation of the Mineral Resources and is of the opinion that they need to be updated to fully conform to the NI 43-101 or CIM norms.

The drilling program presented in the DIA is planned with sonic drilling equipment and will focus on the central, deeper section of the tailings deposit. Drilling is planned on a 100 x 100-meter grid with drill depth to be limited by the base of the deposit (lake sediments and organic material). It is expected that the drilling will confirm the grades already established in the upper portion of the tailings while also intersecting the expected higher-grade tailings in the deeper sections of the deposit. The sampling and assaying program from the drilling will include a Quality Assurance/Quality Control (QA/QC) program which incorporates the insertion of blanks, standards, twin samples, duplicate pulps and coarse rejects and a selection of sample pulps to be sent to a secondary laboratory. After completing the sampling and assaying program and mineralogical studies, composites will be generated to undertake metallurgical studies.

On August 18, 2020 MINEM confirmed that their internal review of the DIA was completed, and that they are awaiting the Technical Opinion of the National Water Authority (ANA).

On August 19, 2020 ANA confirmed to the Company that the review of DIA was ongoing, and they will submit their Technical Opinion to the General Directorate of Mining Environmental Affairs (DGAAM) before the end of August.

On August 20, 2020, the Company obtained the permit for collection of species (flora and fauna) from SERFOR.

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On January 8, 2021, The Company received notice from DGAAM that the DIA for Exploration of the Quiulacocha Tailings Deposit has been disapproved. The main reason for disapproval was due to an observation claiming that the participatory informative workshop was not conducted correctly.

On April 18, 2021, The Company held a new workshop with the local Quiulacocha Community and authorities and in compliance with the requirements for the formulation of a DIA. Due to the pandemic, the workshop was held using a virtual internet conferencing platform, transmitted live on local radio and simultaneously streamed on the website and Facebook page of the local radio station. Members of the general committee of the workshop as well as the president of the Quiulacocha Community and the mayor of Quiulacocha expressed their interest in and support of the tailings exploration program. During the workshop CDPR and its advisors Yaku Consultores SAC, responded to over 80 questions and comments from the Quiulacocha Community, authorities, and the general public. The workshop airing on Facebook was viewed over 9,500 times

On April 19, 2021, the Company received the official minutes of the workshop from the Environmental branch of the Ministry (DGAAM).

On April, 30 2021 the DIA was officially submitted to the Peruvian Ministry of Energy and Mines, the Company now awaits the review and approval.

- **Formal Proposal to Peruvian Ministry of Energy and Mines**

Since the start of 2019, the Company has been in discussions with the legal department of the Peruvian Ministry of Energy and Mines (the "MINEM") with regards to finding the best legal mechanism for the State of Peru to grant the company with the tailings areas which surround the El Metalurgista concession. The company expects to advance these discussions following approval of the DIA as previously described.

### **CORPORATE OBJECTIVES FOR 2021**

- Obtain approval to commence the Quiulacocha drilling program.
- Complete Mineral Resource Estimate on the Quiulacocha tailings area that falls within the El Metalurgista boundreis
- Conduct metallurgical test work on the Quiulacocha tailings material;
- Evaluate potential Transactions for the acquisition of operatiing mines and or complimentary infrastrucutre within the Cerro de Pasco Region.

## CURRENT PROJECTS

### Quiulacocha Tailings



- **Ownership** - CDPR holds a 100% interest in the El Metalurgista mining concession (95.74 ha) incorporating mineral rights covering 57 ha of the Quiulacocha Tailings Storage Facility (TSF).
- **Location** - approximately 175 km NNE of the city of Lima in the Region of Pasco, Peru.
- **Infrastructure** - Roads accessible, power grid, abundant water, adjacent to operational processing facility
- **Deposit Type** - tailings produced during processing of mineral mined from the Cerro de Pasco Mine which hosts complex epithermal polymetallic mineralized system of the type known as Cordilleran base-metal deposit.
- **Status** - Development Stage
- **End Product** - Zn and Pb concentrate

The Quiulacocha Tailings Storage Facility (TSF) covers approximately 115 hectares and is estimated to hold approximately 70 million tonnes of tailings deposited from 1920s to 1990s. Approximately 57 ha of the Quiulacocha TSF lies within the El Metalurgista mining concession.

The most recent Historical Mineral Resource Estimate for the Quiulacocha TSF by JA Brophy in 2012 were estimated at 2,500,000 tonnes grading 1.46% zinc per tonne, 0.85 % lead per tonne, 38 grams silver per tonne in the measured category\*; and 4,900,000 tonnes grading 1.43% zinc per tonne, 0.76% lead per tonne, 38 grams silver per tonne in the indicated category\*. This estimate was based on a shallow surface auger sampling program which is estimated to represent only 10% of the expected tonnes of the Quiulacocha tailings deposit.

\* The resource estimates described above are historical in nature and cannot be relied upon for economic evaluations.

CDPR has an agreement with the local community of Quiulacocha to undertake exploration work on the Quiulacocha TSF. CDPR is undertaking permitting to drill 40 boreholes in the Quiulacocha TSF and hopes to start drilling by Q2 2021.



# MANAGEMENT'S DISCUSSION AND ANALYSIS

The tailings stored in the TSF, comprised of processing residues, come from the Cerro de Pasco open pit and underground mine. Initially these tailings resulted from the mining of copper-silver-gold mineralization with reported historical head grades of up to 10% Cu, 4g/t Au and over 300g/t Ag and later from the mining of zinc-lead-silver mineralized material with average historical grades of 7.41% Zn, 2.77% Pb and 90.33g/t Ag.

The Quiulaocha TSF has potential to increase significantly if CDPR can acquire government owned surface rights that surround the El Metalurgista concession.

## Excelsior Stockpile



- **Ownership** - CDPR holds a 100% interest in the El Metalurgista mining concession (95.74 ha) incorporating mineral rights covering approximately 35 ha of the Excelsior Stockpile.
- **Location** - Approximately 175 km NNE of the city of Lima in the Region of Pasco, Peru.
- **Infrastructure** – Roads accessible, power grid, abundant water, adjacent to operational processing facility
- **Deposit Type** – stockpiled low-grade Zn, Pb, Ag mineralization sourced from the Cerro de Pasco Mine which hosts complex epithermal polymetallic mineralized system of the type known as a Cordilleran base-metal deposit.
- **Status** – Development Stage
- **End Product** –Zn and Pb concentrates

The Excelsior Stockpile covers a surface area of 67.92 ha and contains approximately 70 Mt of broken rock. The stockpile was in use between approximately 1970 and 1996 to store what was then considered uneconomic/low grade mineralization from the Raul Rojas open pit. The surface area of the Excelsior Stockpile lying within the El Metalurgista Concession is approximately 35 ha and contains approximately 30 Mt of broken rock.

Inferred Mineral Resource of 30.10 Mt grading 44 g/t Ag, 0.6% Pb and 1.5% Zn, containing 42.9 Million ounces of silver, 437,000 tonnes of zinc and 184,000 tonnes of lead.

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The Excelsior Mineral Resource has potential to increase significantly if CDPR can acquire government owned surface rights that surround the El Metalurgista concession.

## **Our Business Plan**

The plan of the Company is to reprocess tailings and stockpiles at Cerro de Pasco and to use these to revive and modernise all existing installations at the mining complex.

## **Our Concept Proposal**

The future of Cerro de Pasco (Peru) will depend on the application of the latest science in geo-resource and industrial development. The town's history has, until now depended entirely on conventional mining of commodity metals through underground and open pit mining methods. However, new science can secure long-term economic sustainability in harmony with a healthy and prosperous local population. The initial objective of this project will be to drive the productive utilization of all material resources available at Cerro de Pasco and new industrial activities that will further perpetuate prosperity into the future.

The Concept starts with completing a detailed drilling program and associated technical studies of the Quiulacocha TSF to gain a better understanding of the deposit (resource estimation, mineralogy, metallurgical recoveries and process) and their current impact on the environment (to include a baseline study of the entire Cerro de Pasco watershed).

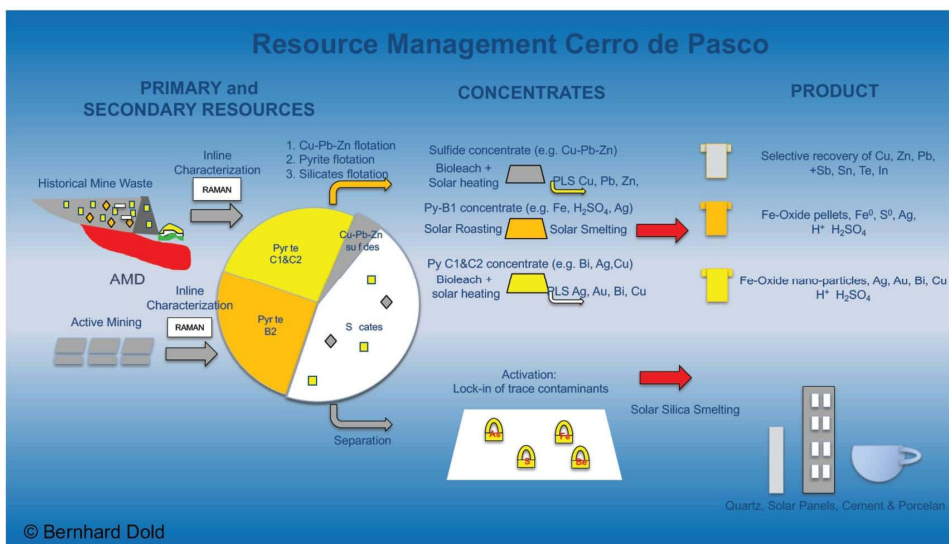
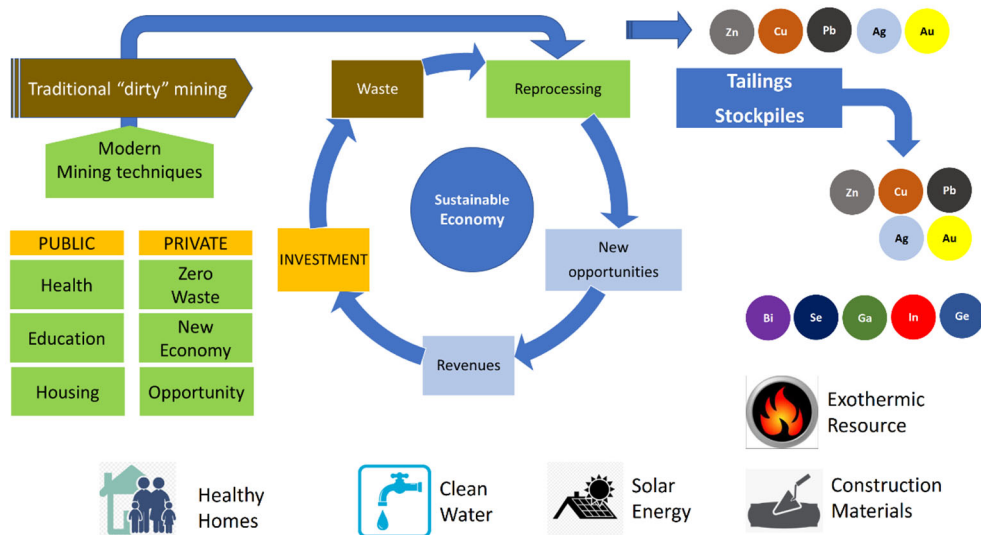
To this end, our upcoming drilling program and technical studies are designed to collect the information required to:

1. Determine what solutions may be possible and how best the tailings can be reprocessed; and
2. Collect information required for designing systems that will be used to aid environmental cleanup while work is ongoing to reuse as much of the natural resources as possible.

It also includes the development of a sustainable inline extraction process towards the elimination of all waste. This implies a search for and separation of critical elements like Rare Earth Elements (REE), Platinum Group Elements (PGE) and other strategic elements (Ge, In, Ga) as well research and innovation to use of the main volume of the known waste material (pyrite, carbonates, and silicates). An example is the innovative exploitation of the heat capacity of pyrite for home heating systems for the population of Cerro de Pasco. Additionally, new concepts for the sustainable urban development of Cerro de Pasco will be studied to strengthen the social impact by providing better living conditions for the whole population of Cerro de Pasco. This implies the attraction of secondary industries drawing benefit from the entire range of geo-resources present at Cerro de Pasco (including classical commodities (Pb, Zn, Ag, Bi, Cu, Au) as well as innovative commodities (including pyrite, carbonate, silicates).

The positive impacts will be immense in terms of job creation, poverty reduction and quality of life at Cerro de Pasco, a city with over 50,000 inhabitants and a unique history in, and loyalty to mining. CDPR will promote a broad spectrum of initiatives including urban re-planning, health and welfare in collaboration with the local and national authorities. Under the initial plan, households will be relocated from the most heavily contaminated areas. Cerro de Pasco Resources can therefore become the nucleus for sustainable growth, renewing the site's ageing infrastructure and plant and employing the latest technologies to create an emblematic project.

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## Exploration outlook

As part of the next steps in the development of the project, the Company will first need to update the historical Mineral Resource Estimates performed on the QT to render them compliant with the NI43-101 and CIMM norms.

## QUALIFIED PERSON

Mr. Shane Whitty has reviewed and approved the scientific and technical information regarding the technical information contained in this news release. Mr. Whitty is a qualified Person within the meaning of the NI 43-101 and is also the Vice President, Exploration for CDP.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## MINING PROPERTIES & EXPLORATION AND EVALUATION ASSETS

Mining properties and exploration and evaluation assets for the three-month period ended March 31, 2021 and 2020.

### CERRO DE PASCO RESOURCES INC.

#### Mining properties

For the three-month period ended March 31, 2021

	PERU	
	Quiulacocha tailings and Excelsior Stockpile	Total
	\$	\$
<b>Mining properties</b>		
Mining rights	-	-
Exchange loss	(16,801)	(16,801)
	(16,801)	(16,801)
<b>Balance, beginning of period</b>	1,362,449	1,362,449
<b>Balance, end of period</b>	1,345,648	1,345,648

### CERRO DE PASCO RESOURCES INC.

#### Mining properties

For the three-month period ended March 31, 2020

	PERU	
	Quiulacocha tailings and Excelsior Stockpile	Total
	\$	\$
<b>Mining properties</b>		
Mining rights	-	-
Exchange gain	128,305	128,305
	128,305	128,305
<b>Balance, beginning of period</b>	1,389,843	1,389,843
<b>Balance, end of period</b>	1,518,148	1,518,148

#### Exploration and evaluation assets

For the three-month period ended March 31, 2021

	PERU	
	Quiulacocha tailings and Excelsior Stockpile	Total
	\$	\$
<b>Exploration and evaluation assets</b>		
Installation pre-operative expenses	-	-
Exchange loss	(2,262)	(2,262)
	(2,262)	(2,262)
<b>Balance, beginning of period</b>	183,482	183,482
<b>Balance, end of period</b>	181,220	181,220

#### Exploration and evaluation assets

For the three-month period ended March 31, 2020

	PERU	
	Quiulacocha tailings and Excelsior Stockpile	Total
	\$	\$
<b>Exploration and evaluation assets</b>		
Installation pre-operative expenses	-	-
Exchange gain	17,279	17,279
	17,279	17,279
<b>Balance, beginning of period</b>	187,171	187,171
<b>Balance, end of period</b>	204,450	204,450

## FINANCIAL INFORMATION

### Functional and presentation currency

These selected annual and quarterly financial information and other financial information are presented in Canadian dollars, the Company's functional currency.

### IFRS Accounting policies

The Company's significant accounting policies under IFRS are disclosed in Note 5 in the audited annual consolidated financial statements for the year ended December 31, 2020.

### Use of estimates and judgements

Please refer to Note 3.6 of the 2020 audited annual consolidated financial statements for an extended description of the information concerning the Company's significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses.

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## Reporting global event

During the year ended December 31, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy, capital markets and the Company's financial position cannot be reasonably estimated at this time. The Company is monitoring developments and will adapt its business plans accordingly. The actual and threatened spread of COVID-19 globally could adversely impact the Company's ability to carry out its plans and raise capital.

The Company has implemented the health measures recommended by the Canadian and Peruvian authorities to reduce physical contact: significant reduction in travel, teleworking and video conferences and others. The Company is continuing its activities to further the Company's objectives during this uncertain and rapidly evolving time. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods. Due to market uncertainty the Company may be restricted in its ability to raise additional funding.

## Changes in accounting policies

The Company's changes to accounting policies are disclosed in Note 4.1 in the condensed interim consolidated financial statements for the three-month period ended March 31, 2021.

## New standards and interpretations that have not yet been adopted

The information is provided in Note 4.2 in the condensed interim consolidated financial statements for the three-month period ended March 31, 2021.

## Dividends

Since its incorporation, the Company has not paid any cash dividends on its outstanding common shares. Any future dividend payment will depend on the Company's financial needs to fund its exploration programs and its future growth, and any other factor that the Board may deem necessary to consider. It is highly unlikely that any dividends will be paid in the near future.

## SELECTED QUARTERLY FINANCIAL INFORMATION

Cerro de Pasco Resources anticipates that the quarterly and annual results of operations will primarily be impacted for the near future by several factors, including the timing and efforts of the exploration's expenditures and efforts related to the development of the Company. Due to these fluctuations, the Company believes that the quarter to quarter and the year-to-year comparisons of the operating results may not be a good indication of its future performance.

The following selected quarterly financial information is derived from our unaudited condensed annual financial statements for each of the two most recently completed financial years.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## CERRO DE PASCO RESOURCES INC. SELECTED QUARTERLY FINANCIAL INFORMATION

	Q1-2021	Q4-2020	Q3-2020	Q2-2020	Q1-2020	Q4-2019	Q3-2019	Q2-2019
	\$	\$	\$	\$	\$	\$	\$	\$
<b>CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS</b>								
<b>Operating expenses</b>								
General and administrative expenses	1,182,888	2,440,979	2,552,884	1,039,564	1,095,260	980,676	646,745	2,314,869
	1,182,888	2,440,979	2,552,884	1,039,564	1,095,260	980,676	646,745	2,314,869
<b>Other expenses (revenues)</b>								
Finance expense	82,734	67,426	14,663	21,151	21,579	22,303	2,271	2,460
Non-recoverable sales taxes	(2,473)	18,893	18,184	3,630	34,746	93,746	-	7,540
Change in fair value of								
marketable securities in a quoted company	7,188	7,187	-	(25,156)	25,156	-	-	-
warrants and embedded derivative on convertible debenture	(29,622)	(17,976)	-	-	-	-	-	-
Loss on settlement of receivables	-	-	-	-	-	35,937	-	-
Gain on settlement of payables	-	-	-	-	-	-	-	-
Write-off of equipment	-	-	-	-	2,032	-	-	-
Write-off of payables	-	-	-	-	-	(32,119)	-	-
Government assistance	-	-	(19,299)	-	-	-	-	-
Gain on Covid-19 related rent concessions	-	(39,862)	-	-	-	-	-	-
Exchange (gain) loss	33,847	260,413	115,963	160,202	(384,901)	(54,518)	65,813	5,627
	91,674	296,081	129,511	159,827	(301,388)	65,349	68,084	15,627
<b>Income tax</b>	-	33,257	-	-	-	62,795	-	-
<b>Net loss</b>	1,274,562	2,770,317	2,682,395	1,199,391	793,872	1,108,820	714,829	2,330,496
<b>Other comprehensive loss (income)</b>								
Currency translation adjustment	(74,018)	(219,640)	(81,522)	(152,658)	287,702	45,904	(64,556)	22,894
<b>Other comprehensive loss (income) net of tax</b>	(74,018)	(219,640)	(81,522)	(152,658)	287,702	45,904	(64,556)	22,894
<b>Net loss and comprehensive loss (income)</b>	1,200,544	2,550,677	2,600,873	1,046,733	1,081,574	1,154,724	650,273	2,353,390
<b>Net loss attributable to:</b>								
Shareholders of Cerro de Pasco Resources Inc.	1,274,562	2,770,317	2,682,395	1,199,391	793,872	1,108,820	714,829	2,330,496
Non-controlling interests	-	-	-	-	-	-	-	-
<b>Other comprehensive loss (income) attributable to:</b>								
Shareholders of Cerro de Pasco Resources Inc.	(74,018)	(219,640)	(81,522)	(152,658)	287,702	45,904	(64,556)	22,894
Non-controlling interests	-	-	-	-	-	-	-	-
<b>Basic and diluted loss per share:</b>	0.01	0.01	0.01	0.01	0.00	0.00	0.00	0.01

(1) See Note 4.1 in the audited annual consolidated financial statements for the year ended December 31, 2018.

	Q1-2021	Q4-2020	Q3-2020	Q2-2020	Q1-2020	Q4-2019	Q3-2019	Q2-2019
	\$	\$	\$	\$	\$	\$	\$	\$
<b>CONSOLIDATED STATEMENTS OF FINANCIAL POSITION</b>								
Cash and cash equivalents	25,255	897,979	779,108	681,802	609,674	275,466	1,132,065	615,800
Property and equipment	47,156	52,463	58,515	65,335	74,642	67,953	60,636	21,071
Right-of-use assets	13,540	41,506	61,801	89,124	121,735	140,180	17,995	-
Mining properties	1,345,648	1,362,449	1,427,404	1,458,330	1,518,148	1,389,843	1,078,910	1,088,687
Exploration and evaluation assets	181,220	183,482	192,230	481,083	204,450	187,171	190,846	192,576
Total assets	2,118,992	2,938,587	2,919,297	3,167,570	2,804,974	2,329,583	2,883,841	2,154,280
Trade accounts payable and other liabilities	3,140,748	2,818,581	1,299,628	1,213,312	960,049	739,392	286,272	565,295
Promissory note	-	-	-	226,499	433,166	-	-	-
Convertible debenture	864,559	813,249	-	-	-	-	-	-
Total current liabilities	4,088,258	3,723,106	1,417,584	1,583,927	1,553,699	884,578	288,654	565,295
Total non-current liabilities	158,102	191,105	58,360	77,252	76,720	140,029	869	2,088
(Deficit) Equity	(2,127,368)	(975,624)	1,443,353	1,506,391	1,174,555	1,304,976	2,594,318	1,584,629

The net loss of \$1,274,562 for Q1-2021 is attributable to general and administrative expenses of \$1,182,888.

The net loss of \$2,770,317 for Q4-2020 is attributable to general and administrative expenses of \$2,440,979.

The net loss of \$2,682,395 for Q3-2020 is attributable to general and administrative expenses of \$2,552,884.

The net loss of \$1,199,391 for Q2-2020 is attributable to general and administrative expenses of \$1,039,564.

The net loss of \$793,872 for Q1-2020 is attributable to general and administrative expenses of \$1,095,260 combined with an exchange gain \$384,901.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The net loss of \$1,108,820 for Q4-2019 is attributable to general and administrative expenses of \$980,676.

The net loss of \$714,829 for Q3-2019 is attributable to general and administrative expenses of \$646,745.

The net loss of \$944,219 for Q2-2019 is attributable to general and administrative expenses of \$851,506.

### **Results of operations for the three-month period ended March 31, 2021 (Q1-2021)**

#### ***Net loss***

The basic and diluted loss per share for the three-month period ended March 31, 2021 is \$0.01 as compared to \$0.00 for the three-month period ended March 31, 2020.

During Q1-2021, the Company realized a net loss of \$1,274,562 as compared to a net loss of \$793,872 for Q1-2020.

The increase of \$480,690 in net loss for Q1-2021 as compared to Q1-2020 is attributable to an increase of \$393,062 in other expenses (\$91,674 in Q1-2021 in other expenses compared to \$301,388 in Q1-2020 in other revenues).

#### ***Operating expenses***

During Q1-2021, operating expenses were \$1,182,888 as compared to \$1,095,260 for Q1-2020.

The increase of \$87,628 for Q1-2021 as compared to Q1-2020 in operating expenses is mostly attributable to an increase of \$260,148 in salaries and employee benefit expense (\$359,282 in Q1-2021 compared to \$99,134 in Q1-2020) due mainly to growth in the number of employees hired after March 2020, combined with a decrease of \$87,913 in management and consulting fees (\$387,018 in Q1-2021 compared to \$474,931 in Q1-2020), a decrease of \$43,602 in professional fees (\$114,254 in Q1-2021 compared to \$157,856 in Q1-2020) and a decrease in business development expense of \$62,670 (\$176,307 in Q1-2021 compared to \$238,977 in Q1-2020).

#### ***Other expenses (revenues)***

During Q1-2021, the other expenses were \$91,674 as compared to other revenues of \$301,388 for Q1-2020.

The increase of \$393,062 in other expenses for Q1-2021 as compared to Q1-2020 is attributable to an increase in exchange loss of \$418,748 (\$33,847 in exchange loss for Q1-2021 as compared to \$384,901 in exchange gain for Q1-2020).

### **CASH FLOWS**

#### **Cash flows used for operating activities**

Cash flows used for operating activities were \$892,994 during Q1-2021, an increase of \$344,655 as compared to cash flows used for operating activities of \$548,339 during Q1-2020. The increase of \$344,655 in cash flows used for operating activities is mostly explained by an increase of \$480,690 in net loss for Q1-2021 as compared to Q1-2020 (\$1,274,562 for Q1-2021 compared to \$793,872 for Q1-2020).

#### **Cash flows (used for) from financing activities**

Cash flows from financing activities were \$12,160 during Q1-2021, a decrease of \$1,324,483 as compared to cash flows of \$1,312,323 from financing activities during Q1-2020.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The increase of \$1,324,483 is mostly attributable to a decrease of \$961,400 in proceeds from warrants exercised and private placements (\$Nil for Q1-2021 as compared to \$961,400 for Q1-2020) combined with a decrease of \$399,570 in proceeds from promissory note (\$Nil for Q1-2021 as compared to \$399,570 for Q1-2020).

### **Cash flows used for investing activities**

Cash flows used for investing activities were \$37,104 (acquisition of mining property relating to agreements with the communities) during Q1-2021, a decrease of \$17,086 as compared to cash flows of \$54,190 used for investing activities Q1-2020 (acquisition of property and equipment and mining property relating to agreements with the communities).

### **OTHER FINANCIAL DISCLOSURES**

#### **Related party transactions**

Please refer to Note 13 of the condensed interim consolidated financial statements for the three-month period ended March 31, 2021, for a summary of the Company's transactions with related parties.

#### **Contingency**

Please refer to Note 17 of the condensed interim consolidated financial statements for the three-month period ended March 31, 2021, for a summary of the Company's commitments.

#### **Subsequent events**

Please refer to Note 18 of the condensed interim consolidated financial statements for the three-month period ended March 31, 2021, for a summary of the Company's subsequent events.

#### **Off-financial position arrangements**

As at March 31, 2021, the Company had no off-financial position arrangements.

#### **Going concern assumption**

The accompanying consolidated financial statements have been prepared on the basis of the on going concern assumption meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of business. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period.

Management is aware, in making its assessment, of material uncertainties related to events and conditions that may cast a significant doubt on the Company's ability to continue as a going concern and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities, expenses and financial position classifications that would be necessary if the going concern assumption was not appropriate. These adjustments could be material.

For the three-month period ended March 31, 2021, the Company recorded a net loss of \$1,274,562 (\$793,872 for the three-month period ended March 31, 2020) and has an accumulated deficit of \$31,232,210 as at March 31, 2021 (\$29,957,648 as at December 31, 2020). Besides the usual needs for working capital, the Company must obtain funds to enable it to meet the timelines of its exploration programs and to pay its overhead and administrative costs. As at March 31, 2021, the Company had a negative working capital of \$3,556,830 (a negative working capital of \$2,424,419 as at December 31, 2020) consisting of cash and cash



## MANAGEMENT'S DISCUSSION AND ANALYSIS

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equivalents of \$25,255 (\$897,979 as at December 31, 2020). Management believes that these funds will not be sufficient to meet the obligations and liabilities of the Company. These uncertainties cast significant doubt regarding the Company's ability to continue as a going concern. Any funding shortfall may be met in the future in a number of ways, including but not limited to, the issuance of new equity instruments. Given that the Company has not yet determined whether its mineral properties contain mineral deposits that are economically recoverable, the Company has not yet generated income nor cash flows from its operations. The recovery of the cost of exploration and evaluation assets as well as other tangible and intangible assets, is subject to certain conditions: the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to continue the exploration, evaluation, development, construction and ultimately disposal of these assets. During the three-month period ended March 31, 2021, the Company has raised no funds from private placements to finance its exploration works and working capital (\$2,668,332 funds raised from warrants exercised and private placements during the year ended December 31, 2020). While management has been successful in raising financing in the past, there is no assurance that it will succeed in obtaining additional financing in the future.

Please refer to Note 18 of the condensed interim consolidated financial statements for the three-month period ended March 31, 2021, for a summary of the Company's subsequent events which consisted in new funds raised from private placements.

### **Capital management policies and procedures**

The Company's capital management objectives are to ensure its ability to continue as a going concern and to maximize the return of its shareholders. The Company's definition of capital includes all components of equity. Capital for the reporting periods under review is summarized in Note 16 and in the condensed interim consolidated statements of changes in equity of the condensed interim consolidated statements for the three-month period March 31, 2021. In order to meet its objectives, the Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The Company finances its exploration and evaluation activities principally by raising additional capital either through private placements or public offerings. When financing conditions are not optimal, the Company may enter into option agreements or other solutions to continue its exploration and evaluation activities or may slow its activities until conditions improve. No changes were made in the objectives, policies and processes for managing capital during the reporting periods.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## Disclosure of outstanding share data

The following selected financial information is derived from our unaudited financial statements.

### CERRO DE PASCO RESOURCES INC.

Disclosure of outstanding share data (as at May 28, 2021)

Outstanding common shares: 275,362,851

Outstanding share options: 10,768,500

Average exercise price of: \$0.402

Average remaining life of: 3.31 years

Expiry date	Number	Exercise price \$	Remaining life (years)
December 31, 2022	218,500	0.40	1.59
March 10, 2023	200,000	0.40	1.78
August 19, 2023	200,000	0.40	2.23
August 28, 2023	200,000	0.40	2.25
March 7, 2024	5,400,000	0.40	2.78
March 29, 2024	50,000	0.40	2.84
May 6, 2024	200,000	0.50	2.94
August 28, 2025	4,300,000	0.40	4.25
	<u>10,768,500</u>		

Outstanding warrants: 18,955,719

Average exercise price of: \$0.527

Average remaining life of: 1.29 years

Expiry date	Number	Exercise price \$	Remaining life (years)
February 28, 2022	1,300,210	0.65	0.76
March 6, 2022	1,080,500	0.65	0.77
June 15, 2022	3,711,090	0.50	1.05
June 16, 2022	200,000	0.50	1.05
July 2, 2022	1,812,034	0.50	1.10
August 21, 2022	1,128,130	0.50	1.23
August 28, 2022	3,333,334	0.50	1.25
August 28, 2022	250,000	0.365	1.25
October 15, 2022	1,857,143	0.600	1.38
April 8, 2023	1,697,500	0.50	1.86
April 22, 2023	1,511,064	0.50	1.90
April 30, 2023	532,214	0.50	1.92
May 27, 2023	542,500	0.50	2.00
	<u>18,955,719</u>		

## RISK AND UNCERTAINTIES

Cerro de Pasco Resources is subject to a variety of risks, some of which are described below. If any of the following risks occur, the business, results of operations or financial condition could be adversely affected in a material manner.

### Financial instrument risks

Please refer to Note 16 of the condensed interim consolidated financial statements for the three-month period ended March 31, 2021, for a summary of the Company's financial instruments risks.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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## COVID-19

The COVID-19 pandemic is causing significant financial market and social dislocation. The situation is dynamic with various cities and countries around the world responding in different ways to address the outbreak. The Company continues assess the impact COVID-19 will have on its business activities. The extent of the effect of the COVID-19 pandemic on the Company is uncertain.

## Certain Risks associated with the Quiulacocha Tailings and Excelsior Stockpile

Cerro de Pasco Resources will be solely focused on the exploration and development of the Property. Cerro de Pasco has initiated negotiations with local stakeholders for gaining access to a portion of the surface lands that Cerro de Pasco Resources will require for processing the tailings, dumps and slag to which Cerro de Pasco's "El Metalurgista" concession entitles it to. It is the intention of Cerro de Pasco Resources to pursue the negotiations and reach an agreement with local stakeholders. There is however no guarantee that such an agreement will be reached. Unless Cerro de Pasco Resources acquires additional property interests, any adverse developments affecting the Property could have a material adverse effect upon Cerro de Pasco Resources and would materially and adversely affect any profitability, financial performance and results of operations of Cerro de Pasco Resources.

## Exploration and mining risks

The Company is engaged in the business of acquiring and exploring mineral properties in the hope of locating economic deposits of minerals. The Company's property interests are in the exploration and evaluation stage only. The business of mineral exploration involves a high degree of risk. Few properties that are explored are ultimately developed into production. Currently, there are no known bodies of commercial ore on the mineral properties of which the Company owns an interest. Accordingly, there is little likelihood that the Company will realize any profits in the short to medium term. Any profitability in the future from the Company's business will be dependent upon locating an economic deposit of minerals. However, there can be no assurance, even if an economic deposit of minerals is located, that it can be commercially mined.

Unusual or unexpected formations, fires, power outages, labour disruptions, flooding, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the conduct of exploration programs.

The economics of developing mineral properties is affected by many factors including the cost of operations, variation of the grade of ore mined and fluctuations in the price of any minerals produced. There are no underground or surface plants or equipment on the Company's mineral properties, nor any known body of commercial ore. Programs conducted on the Company's mineral property would be an exploratory search for ore.

## Titles to property

While the Company has diligently investigated title to the various properties in which it has interest, and to the best of its knowledge, title to those properties are in good standing, this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements or transfer, or native or government land claims, and title may be affected by undetected defects.

## Permits and licenses

The Company's operations may require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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## **Metal prices**

Even if the Company's exploration programs are successful, factors beyond the control of the Company may affect marketability of any minerals discovered. Metal prices have historically fluctuated widely and are affected by numerous factors beyond the Company's control, including international, economic and political trends, expectations for inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and worldwide production levels. The effect of these factors cannot accurately be predicted.

## **Competition**

The mining industry is intensely competitive in all its phases. The Company competes with many companies possessing greater financial resources and technical facilities than itself for the acquisition of mineral interests as well as for recruitment and retention of qualified employees.

## **Environmental regulations**

The Company's operations are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions of spills, release or emission of various substances produced in association with certain mining industry operations, such as seepage from tailing disposal areas, which could result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require submissions to and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. The Company intends to fully comply with all environmental regulations.

## **Conflicts of interest**

Certain directors or proposed directors of the Company are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

## **Stage of development**

The Company's properties are in the exploration stage and to date none of them have a proven ore body. The Company does not have a history of earnings or providing a return on investment, and in future, there is no assurance that it will produce revenue, operate profitably or provide a return on investment.

## **Industry conditions**

Mining and milling operations are subject to government regulations. Operations may be affected in varying degrees by government regulations such as restrictions on production, price controls, tax increases, expropriation of property, pollution controls or changes in conditions under which minerals may be mined, milled or marketed. The marketability of minerals may be affected by numerous factors beyond the control of the Company, such as government regulations. The effect of these factors cannot be accurately determined.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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## Uninsured risks

The Company's business is subject to a number of risks and hazards, including environmental conditions adverse, environmental regulations, political uncertainties, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to the Company's properties or the properties of others, delays in mining, monetary losses and possible legal liability.

## Capital needs

The exploration and evaluation, development, mining and processing of the Company's properties may require substantial additional financing. The only current source of future funds available to the Company is the sale of additional equity capital and the borrowings of funds. There is no assurance that such funding will be available to the Company or that it will be obtained on terms favourable to the Company or will provide the Company with sufficient funds to meet its objectives, which may adversely affect the Company's business and financial position.

In addition, any future equity financings by the Company may result in a substantial dilution of the existing shareholders. Failure to obtain sufficient financing may result in delaying or indefinite postponement of further exploration and evaluation, development or production on any or all of the Company's properties or even a loss of property interest.

## Key employees

Management of the Company rests on a few key officers and members of the Board of Directors, the loss of any of whom could have a detrimental effect on its operations. The development of the Company's business is and will continue to be dependent on its ability to attract and retain highly qualified management and mining personnel. The Company faces competition for personnel from other employers.

## Canada Customs and Revenue Agency

No assurance can be made that Canada Customs and Revenue Agency will agree with the Company's characterization of expenditures as Canadian exploration expenses or Canadian development expenses or the eligibility of such expenses as Canadian exploration expenses under the *Income Tax Act* (Canada).

## CERTIFICATION OF INTERIM FILINGS

The President and Chief Executive Officer and the Chief Financial Officer have signed the Basic Certifications of Interim Filings as required by National Instrument 52-109 for venture issuer, thus confirming, the review, the absence of misrepresentations and the fair presentation of the interim filings.

- The President and Chief Executive Officer and the Chief Financial Officer confirm to have reviewed the interim financial report and the interim MD&A (together, the "interim filings") of the Company for the three-month period ended March 31, 2021.
- Based on their knowledge, having exercised reasonable diligence, the President and Chief Executive Officer and the Chief Financial Officer confirm that the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the interim filings.
- Based on their knowledge, having exercised reasonable diligence, the President and Chief Executive Officer and the Chief Financial Officer confirm that the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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condition, financial performance and cash flows of the issuer, as of the date of and for the period presented in the interim filings.