



*Image Reference:
Rendering of Cerro de Pasco Post Closure – A Vision for The Future*

MANAGEMENT'S DISCUSSION & ANALYSIS



Three-month and twelve-month periods
ended December 31, 2023
(Fourth Quarter)

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE-MONTH AND TWELVE-MONTH PERIODS ENDED DECEMBER 31, 2023 AND 2022

This Management Discussion and Analysis ("MD&A") of Cerro de Pasco Resources Inc., ("Cerro de Pasco Resources" or "CDPR" or the "Company") 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 and twelve-month periods ended December 31, 2023. It includes a review of the Company's financial condition and review of operations for the three-month and twelve-month periods ended December 31, 2023, as compared to the three-month and twelve-month periods ended December 31, 2022.

This MD&A complements the condensed interim consolidated financial statements for the three-month and twelve-month periods ended December 31, 2023, 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 December 31, 2023 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, 2022.

The condensed interim consolidated financial statements for the three-month and twelve-month period ended December 31, 2023, and 2022 have been prepared in accordance with the International Financial Reporting Standards ("IFRS") applicable to the preparation of annual consolidated financial statements. The accounting policies applied in the financial statements are based on IFRS issued and effective as at December 31, 2023. On February 28, 2024, the Audit Committee of the Board of Directors approved for issuance, the condensed interim consolidated financial statements for the three-month and twelve-month period ended December 31, 2023.

All figures are in United States Dollars unless otherwise stated. Additional information relating to the Company can be found on SEDAR at 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 February 28, 2024.

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 by applicable Securities laws. All subsequent forward-looking statements, whether written or orally attributable to

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE-MONTH AND TWELVE-MONTH PERIODS ENDED DECEMBER 31, 2023 AND 2022

the Company or persons acting on its behalf, are expressly qualified in their entirety by these cautionary statements.

USE OF NON-IFRS FINANCIAL PERFORMANCE MEASURES

This MD&A refers to the following non-IFRS financial performance measures: Earnings before interest, taxes, depreciation and amortization ("EBITDA"), Earnings before interest and taxes ("EBIT"), Adjusted EBITDA, Adjusted EBIT, Adjusted Earnings per Share, Net Debt, C1 Cash Cost and All-In Sustaining Cost ("AISC").

These measures are not recognized under IFRS as they do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. CDPR uses these measures internally to evaluate the underlying operating performance of the Company for the reporting periods presented. The use of these measures enables the Company to assess performance trends and to evaluate the results of the underlying business. CDPR understands that certain investors, and others who follow the Company's performance, also assess performance in this way.

The Company believes that these metrics measure our performance and are useful indicators of our expected performance in future periods. This data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

EBITDA and EBIT

EBITDA provides insight into overall business performance. This measure assists readers in understanding the ongoing cash generating potential of the business including liquidity to fund working capital, service debt, and fund capital expenditures and investment opportunities. EBITDA is profit attributable to shareholders before net finance expense, income taxes and depreciation, depletion, and amortization. EBIT is EBITDA after depreciation, depletion, and amortization. Other companies may calculate EBIT and EBITDA differently.

Adjusted EBITDA, Adjusted EBIT and Adjusted Earnings per Share

Adjusted EBITDA consists of EBITDA less the impact of impairments or reversals of impairment and other non-cash and non-recurring expenses and recoveries. Adjusted EBIT consists of EBIT less the impact of impairments or reversals of impairment and other non-cash and non-recurring expenses and recoveries. These expenses and recoveries are removed from the calculation of EBITDA and EBIT as the Company does not believe they are reflective of the Company's ability to generate liquidity and its core operating results.

Adjusted Earnings per Share consists of net income or loss in the period less the impact of impairments or reversals of impairment, settlement mark-to-market, fair value (gain) loss on financial instruments, (gain) loss on foreign exchange, restructuring expenses and other income or expenses.

C1 Cash Cost

This measures the estimated cash cost to produce a pound of payable zinc. This measure includes mine operating production expenses such as mining, processing, administration, indirect charges (including surface maintenance and camp), and smelting, refining and freight, distribution, royalties, and by-product metal revenues divided by pounds of payable zinc produced. C1 Cash Cost per pound of payable zinc produced does not include depreciation, depletion, and amortization, reclamation expenses, capital sustaining and exploration expenses.

AISC

This measures the estimated cash costs to produce a pound of payable zinc plus the estimated capital sustaining costs to maintain the mine and mill. This measure includes the C1 Cash Cost per pound and capital sustaining costs divided by pounds of payable zinc produced. All-In Sustaining Cost per pound of zinc payable produced does not include depreciation, depletion, and amortization, reclamation, and exploration expenses.

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE-MONTH AND TWELVE-MONTH PERIODS ENDED DECEMBER 31, 2023 AND 2022

NATURE OF ACTIVITIES

Cerro de Pasco Resources Inc. and its subsidiaries (hereafter the "Company" or "Cerro de Pasco Resources" or "CDPR") is a sustainable-oriented mining and resource management company sensitive to the most demanding environmental, social, governance and legal compliance required by global institutions and investors.

The Company has a multi-pronged strategy to leverage its unparalleled knowledge of the challenges and opportunities presented by the mineral endowment within the city of Cerro de Pasco.

➤ Quiulacocha Tailings Reprocessing Project

CDPR holds 100% of the El Metalurgista Concession encompassing the Quiulacocha Tailings Facility (QT) and the Excelsior Stockpile (EMP), the Company's flagship project. An August 2012 historical resource on the QT outlined 7.4Mt @ 39g/t Ag, 0.78% Pb and 1.42% Zn for 27Moz AgEq. in an area representing ~10% of the ~70Mt TSF.

The QT contains accumulations of mining residue from 1920 to 1992. The objective is to reprocess residue material at nearby concentrator plants creating multiple opportunities in a circular economy. In 2021 CDPR received approval on an environmental Impact declaration to commence a 40-hole drilling program. CDPR is awaiting approval of an easement to commence the drilling program. The drilling program is part of a phase one development plan which will include, sampling, minerology studies, metallurgy, resource estimation and economic assessment.

➤ Santander Mine

Cerro de Pasco Resources acquired the Santander mine in late 2021 and has operated at an average of 60k tpd (tonnes per day) until end the of June 2023, when the Company announced that the Santander Operations would undergo a temporary curtailment due to macro-economic pressures affecting zinc price. As a result of the Curtailed Operations Plan, CDPR revised estimates for 2023 zinc and lead production to a new estimated range of 27.5 to 34.7 million lbs on a ZnEq¹ basis

The Santander Advantage

The operating assets at the Santander mine are held on the books for approximately \$8.0M having been discounted when the former operator looked to close down the operation. As the Company works to expand the mine life and resources at Santander, it will enjoy a significant production advantage due to the potential replacement value of its operating assets. The assets are in first-class condition and include a 2,500 tonne per day sulfide milling and flotation plant originally commissioned in 2013, as well as buildings, communications equipment, underground infrastructure, support facilities, furniture, fixtures and other equipment. Likewise, social licenses as well as operating permits are, for the most part, already in place for future brownfield expansions.

Santander Pipe NI 43-101 PEA Study

The Santander Pipe NI 43-101 PEA Study entails pre-production development and shaft dewatering as well as retrofitting the plant to produce either a copper or lead concentrate.

The Company recently announced the results of a PEA based on a five-year minimum plan processing 2,500tpd at an average grade of 4.7% Zn and 0.11% Cu for an initial capex spend of \$52M.

The expansion project is expected to generate more than \$50M in cash over the LoM for a post-tax NPV of \$31M and an IRR of 25%.

Consolidated Mine Plan

The Company's non-NI43-101 compliant budget plan includes the current resource at Magistral and all the known resources at the Santander Pipe (Main Pipe, Upper-zone, North Extension) and envisages mining 13Mt

¹ Prices considered are \$1.51/lb for zinc, \$1.01/lb for lead, and \$23/oz for silver.

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE-MONTH AND TWELVE-MONTH PERIODS ENDED DECEMBER 31, 2023 AND 2022

at 4.4% Zn producing 1.1Mt Zn, 15kt Pb and 49kt Cu of concentrate, representing ~560,000kt of payable ZnEq over 13 years at \$ 1.00/lb AISC.

Restructuring of Santander Liabilities

As the Santander Mine is on Care and Maintenance, on Feb 1, 2024, the Company announced that it has implemented measures to strengthen its consolidated balance sheet by restructuring the liabilities (the "Restructuring Plan") at its wholly owned subsidiary Cerro de Pasco Subsidiaria del Perú SAC, owner of the Santander mine ("Santander").

To this effect, on January 29, 2024, the voluntary preventative refinancing proceeding (PRP) for Santander officially began. As of this date, all pre-commencement claims totaling approximately \$51,810,683 have been rendered unenforceable until a preventative reorganization plan is approved by over 66.6% of allowed creditors. The expected duration of the suspension period is approximately 18 months. This estimate factors in a six-month period for the Peruvian authority to adjudicate the recognition of all filed periods of claims within the PRP.

BUSINESS DEVELOPMENT HIGHLIGHTS Q4 2023

➤ Private Placement Financing

On October 6, 2023, the Company closed a second tranche of a non-brokered private placement offering (the "Offering") for gross proceeds of CA\$ 342,000. Under the Private Placement, the Company issued 3,420,000 units of the Company ("Units") at a price of CA\$ 0.10 per Unit. Each Unit is comprised of one Common Share and half of one Warrant. Each whole Warrant will entitle its holder to purchase one additional unit (each a "Warrant Unit") at a price of CA\$ 0.15 per Warrant Unit. Each whole Warrant entitles the holder thereof to purchase one additional unit (each a "Warrant Unit") at a price of CA\$ 0.15 per Warrant Unit until October 6, 2025 (the "Expiry Date"). The Company may, at its option, accelerate the expiry date under certain conditions. Each Warrant Unit will consist of (i) one additional Common Share and (ii) one additional transferable Common Share purchase warrant (the "Underlying Warrants"). Each Underlying Warrant will entitle the holder thereof to acquire one additional Common Share (the "Underlying Warrant Shares") at a price of CA\$ 0.25 per Underlying Warrant Share until the Expiry Date.

In connection with the Offering, the Company paid the amount of CA\$ 2,400 and issued 24,000 Warrants to arm's length third parties as finder's fees.

On November 20, 2023, the Company closed a third tranche of a non-brokered private placement offering (the "Offering") for gross proceeds of CA\$ 1,105,000. Under the Private Placement, the Company issued 11,050,000 units of the Company ("Units") at a price of CA\$ 0.10 per Unit. Each Unit is comprised of one Common Share and half of one Warrant. Each whole Warrant will entitle its holder to purchase one additional unit (each a "Warrant Unit") at a price of CA\$ 0.15 per Warrant Unit. Each whole Warrant entitles the holder thereof to purchase one additional unit (each a "Warrant Unit") at a price of CA\$ 0.15 per Warrant Unit until November 20, 2025 (the "Expiry Date"). The Company may, at its option, accelerate the expiry date under certain conditions. Each Warrant Unit will consist of (i) one additional Common Share and (ii) one additional transferable Common Share purchase warrant (the "Underlying Warrants"). Each Underlying Warrant will entitle the holder thereof to acquire one additional Common Share (the "Underlying Warrant Shares") at a price of CA\$ 0.25 per Underlying Warrant Share until the Expiry Date.

➤ Update on Land Easement Application Process for Quiulacocho

On November 20, 2023, the Company confirmed that it was currently addressing the final requirements in relation to a two-year Legal Easement ("Easement"), providing access to the surface areas corresponding to CDP's El Metalurgista Concession and the Quiulacocho Tailings Project ("QT Project"). The Easement, enabling the Company to perform confirmatory exploration via a 40-hole sonic drilling program, is expected to be passed by Supreme Resolution in December 2023.

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE-MONTH AND TWELVE-MONTH PERIODS ENDED DECEMBER 31, 2023 AND 2022

BUSINESS DEVELOPMENT SUBSEQUENT EVENTS

➤ Update on Land Easement Application Process for Quiulacocho

On January 10, 2024, the Company announced that, following a special session held on 30th November 2023, the independent Mining Council has issued a definitive resolution effectively endorsing CDPR's application for a Legal Easement ("Easement").

The resolution addresses in detail the numerous observations made by Activos Mineros SAC, via an appeal filed in September 2023 and during the special session itself. Thus, it secures CDPR's right to continue the procedure for the attainment of the Easement to gain access to the surface areas corresponding to the Company's El Metalurgista Concession and the Quiulacocho Tailings Project ("QT Project") and its ability to perform confirmatory exploration via a 40-hole sonic drilling program.

➤ Private Placement

On January 17, 2024, the Company closed the final tranche of its non-brokered private placement (the "Offering"). In connection with the closing of the final tranche, the Company issued 2,280,000 Units (each, a "Unit") at CA \$0.10 per Unit for gross proceeds of CA\$ 228,000.

Under all the tranches of the offering, the Company raised aggregate gross proceeds of CA \$2,000,000.

Each Unit is comprised of one Common Share and half of one Warrant. Each whole Warrant will entitle its holder to purchase one additional unit (each a "Warrant Unit") at a price of CA\$ 0.15 per Warrant Unit. Each whole Warrant entitles the holder thereof to purchase one additional unit (each a "Warrant Unit") at a price of CA\$ 0.15 per Warrant Unit until January 17, 2026 (the "Expiry Date"). The Company may, at its option, accelerate the expiry date under certain conditions. Each Warrant Unit will consist of (i) one additional Common Share and (ii) one additional transferable Common Share purchase warrant (the "Underlying Warrants"). Each Underlying Warrant will entitle the holder thereof to acquire one additional Common Share (the "Underlying Warrant Shares") at a price of CA\$ 0.25 per Underlying Warrant Share until the Expiry Date.

In connection with the completion of the final tranche of the Offering, the Company paid finder's fees of CA\$ 12,090 and issued 120,900 Warrants to arm's length third parties as finder's fees. to certain parties who assisted the Company by introducing subscribers to the placement.

➤ Restructuring of Santander Liabilities

On February 1, 2024, the Company announced that it has implemented measures to strengthen its consolidated balance sheet by restructuring the liabilities (the "Restructuring Plan") at its wholly owned subsidiary Cerro de Pasco Subsidiaria del Perú SAC, owner of the Santander mine ("Santander").

As part of the Restructuring Plan, Santander has applied for a Preventive Restructuring Proceeding before the Peruvian National Institute for the Defense of Competition and the Protection of Intellectual Property ("INDECOPI"). Following review by INDECOPI, Santander has qualified for, and been granted a framework and formal space of time to reach effective agreements with recognized creditors, to ensure long-term continuity of operations.

The Restructuring Plan will enable the Company's Santander subsidiary to restructure payables with suppliers in a controlled and orderly way and complement any potential project financing for Santander's higher-grade Pipe Project.

Formal next steps include a detailed audit of the creditor list by INDECOPI, following which Santander will submit a restructuring plan. Once approved, the Preventive Restructuring Proceeding will conclude, and the restructuring plan will take effect accordingly. Through this process, the Company intends to achieve a uniform settlement.

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE-MONTH AND TWELVE-MONTH PERIODS ENDED DECEMBER 31, 2023 AND 2022

Santander continues to perform safe and reliable operations on a care and maintenance basis.

➤ **Change of financial year-end and appointment of new auditors**

On February 22, 2024, the Company announced that its Board of Directors has approved the change of the financial year-end from December 31 to March 31 in order to have reporting deadlines occurring during a less busy period for the Company and its auditors, thereby facilitating the production of its annual audited financial statements.

The Company also reported that it appointed Davidson and Company LLP, Chartered Professional Accountants ("Davidson"), as auditors of the Company for the current financial year. The appointment follows the resignation of the former auditors of the Company, Raymond Chabot Grant Thornton LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE-MONTH AND TWELVE-MONTH PERIODS ENDED DECEMBER 31, 2023 AND 2022

SANTANDER MINE, PERU

As of Q3 2023, the Santander Mine is under care and maintenance. For information on previous quarterly operational results please refer to previous interim financial statements and corresponding management discussion and analysis reports. As of Q1 2024, the Company maintains operational readiness for the Santander Pipe Project through various actions, including:

- Conducting metallurgical testing of Santander Pipe mineralized material from the longstanding La Cuñada waste dump, which was used to operate the old La Cuñada open pit. To date, 18,525 dry-tonnes (dmt) of bulk sample material was tested at the Santander mine processing plant, obtaining good recoveries of 80+% on Pb and over 70% in Ag. Zn recovery was lower than usual, due to head grade as well as clay and other geochemical alterations to the ore from being exposed to weathering.

| La Cuñada Met-Test | | Set-23 | Oct-23 | Nov-23 | Dic-23 | Total |
|--------------------|---|--------|--------|--------|--------|--------|
| Ore Mined | t | 5,053 | | 13,472 | | 18,525 |
| Zn Recovery | % | 82.55 | | 81.21 | | 81.58 |
| Pb Recovery | % | 80.22 | | 84.49 | | 83.32 |
| Ag recovery | % | 69.67 | | 71.45 | | 70.97 |

- Processing third-party ore from other operations on a tolling basis. A total of 31,290 dry-tonnes (dmt) have been processed in 3 different batch events.

| Tolling Batch-Process | | Set-23 | Oct-23 | Nov-23 | Dic-23 | Total |
|-----------------------|-----|--------|--------|--------|--------|--------|
| Ore Milled | DMT | 10,642 | 11,493 | | 9,155 | 31,290 |

- Continuing to actively dewater the Magistral Mine to prepare for the resumption of mining operations at depth and the Magistral-Santander Pipe connection.
- Processing third-party polymetallic Ag-Pb ore in the Santander Processing Plant while maintaining optimal metallurgical performance and standard maintenance.
- Optimizing the Life of Mine Plan through various mine scheduling scenarios and improved cost drivers.
- Restructuring plan to enable Santander to restructure \$51,810,683 of payables with suppliers in a controlled and orderly way and complement any potential project financing for Santander's higher-grade Pipe Project. As of January 29, 2024, \$51,810,683 of payables have been rendered unenforceable until a preventative reorganization plan is approved by over 66.6% of allowed creditors. The expected duration of this suspension period is approximately 18 months.

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE-MONTH AND TWELVE-MONTH PERIODS ENDED DECEMBER 31, 2023 AND 2022

El Metalurgista

➤ Highlights

- Unique location at the center of a historic mining cluster undergoing a process of consolidation in Cerro de Pasco.
- Significant scale with 170 million tons of material and massive overground resource.
- 42.9 million ounces of silver inferred with NI 43-101 certification at the outset with significant upside.
- Strong social license and support from local authorities combined with commitment to ESG principles.
- Unique management team with profound knowledge of Cerro de Pasco
- Near term production objectives and low initial capital requirements based on conservative assumptions



MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE-MONTH AND TWELVE-MONTH PERIODS ENDED DECEMBER 31, 2023 AND 2022

➤ **EI Metalurgista – Quiulacocha TSF**

- 100% interest in the EI Metalurgista mining concession (95.74 ha) incorporating mineral rights covering 57 ha of the Quiulacocha Tailings Storage Facility.
- Located approximately 175 km NNE of the city of Lima in the Region of Pasco, Peru.
- Roads accessible, power grid, abundant water, adjacent to operational processing facility.
- 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.
- End Product: Zn, Cu, Pb, Mo Concentrate
- Development Stage

The most recent Historical NI 43-101 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.*

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 Company believes that Quiulacocha TSF has potential to increase significantly if CDPR can acquire government owned surface rights that surround the EI Metalurgista concession.

Easement Process

The Easement process was initiated by CDPR on 25 August 2022 with the authority and guidance of the General Mining Bureau (“DGM”), the organic unit within the Ministry of Energy and Mines (“MINEM”) responsible for formulating technical standards and issuing opinions related to mining permits and authorizations. Audiences were held between CDPR and Activos Mineros SAC (“AMSAC”), as further described below, who control surface rights over the entire QT Project area. Having confirmed AMSAC’s rejection of a voluntary land easement, DGM endorsed the initiation of a Legal (or “Forced”) Easement process.

Easement Approvals

Approvals were obtained from four ministries including 1. Energy and Mines, 2. Environment, 3. Housing and Construction, and 4. Agriculture. With the file complete, CDPR had expected DGM to draft a Supreme Resolution granting the Legal Easement in August, for signature by the MINEM Minister and the President of the Republic in September 2023.

Timing

The Supreme Resolution is expected to be submitted for signature in March 2024.

Terms of Easement

CDPR will pay AMSAC approximately US\$1 million (3.7M soles) for the Easement and will be permitted to access and perform drilling inside its own concession area over a period of up to two years, providing

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE-MONTH AND TWELVE-MONTH PERIODS ENDED DECEMBER 31, 2023 AND 2022

access to the surface areas corresponding to CDPR's El Metalurgista Concession and the QT Project. The Easement will enable the Company to perform confirmatory exploration via a 40-hole sonic drilling program.

Development

Following the granting of the easement, expected by March 2024, CDPR plans to file for initiation of drilling activities. It is expected that CDPR will start the first phase the Quiulacocha Project by Q2 2024. Studies include geophysical studies, 40-hole sonic drilling program, laboratory testing, mineralogy studies, resource estimation and economic assessment.

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE-MONTH AND TWELVE-MONTH PERIODS ENDED DECEMBER 31, 2023 AND 2022

➤ **EI Metalurgista – Excelsior Stockpile**

- 100% interest in the EI Metalurgista mining concession (95.74 ha) incorporating mineral rights covering approximately 35 ha of the Excelsior Stockpile.
- Located approximately 175 km NNE of the city of Lima in the Region of Pasco, Peru.
- Roads accessible, power grid, abundant water, adjacent to operational processing facility.
- 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.
- End Product: Zn, Cu, Pb Concentrate

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 EI Metalurgista Concession is approximately 35 ha and contains approximately 30 Mt of broken rock.

NI 43-101 compliant 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.

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

SOCIAL RESPONSIBILITY

- Ensure open, honest, and transparent communications and interactions;
- Recognize and use of existing structures and initiatives, to avoid displacement or redundancy;
- Create partnerships and multi-stakeholder approaches;
- Use key areas of support: health, education, support for disadvantages groups, and strengthening of local economy; and
- Retreat and remove environmental mining liabilities with a high ethical standard, in compliance with all applicable laws, regulations, and internationally accepted standards, and exceeding these where we can.

➤ **Stakeholder Consultation**

At CDPR we ensure that our environmental and social permitting processes involve extensive community /stakeholder consultation, and full transparent disclosure of the characteristics of our projects and their potential environmental and social impacts during the mine life cycle (e.g., exploration and feasibility, planning and construction, operation and mine closure).

➤ **Land Use Agreements**

On 13 October 2019, CDPR and the community of Quiulacocha reached an agreement for the temporary use of 77.54 hectares of communal land. Through a majority vote the community of Quiulacocha expressed its support for the reprocessing of the Quiulacocha tailings. It also approved CDPR's upcoming drilling and technical studies program which objective is to prove that the tailings can be reprocessed economically, and that the area can be rehabilitated.

On February 22, 2023, the Company announced the extension of the surface right contract between CDPR and the community of Quiulacocha for the first phase of the Quiulacocha Tailings Project.

In order to fulfill the requirements to obtain the authorization to start exploration activities from the General Mining Bureau of Mining of the Ministry of Energy and Mines (DGM, for its acronym in Spanish), on August 25th, 2022, CDPR requested the DGM to impose an easement for 2 years over a part of the plot called

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE-MONTH AND TWELVE-MONTH PERIODS ENDED DECEMBER 31, 2023 AND 2022

Parcel "K", owned by Activos Mineros S.A.C. ("AMSAC"). The easement procedure is expected to culminate by March of 2024.

CORPORATE OBJECTIVES FOR 2024.

- Obtain land access agreement (rights of passage) for permission to access the surface land which underlays the El Metalurgista concession
- Complete Drilling Campaign for Quiulaocha Tailings Project
- Complete Geophysical, Mineralogical and Metallurgical studies on the Quiulaocha Tailings.
- Produce a Resource Estimate on Quiulaocha Tailings
- Restructure Santander Liabilities
- Obtain Financing for Santander Pipe Project.
- Strengthen balance sheet

QUALIFIED PERSON

Mr. Jorge Lozano, MMSAQP and Chief Operating Officer for CDPR, has reviewed and approved the scientific and technical information contained in this news release. Mr. Lozano is a Qualified Person for the purposes of reporting in compliance with NI 43-101.

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE-MONTH AND TWELVE-MONTH PERIODS ENDED DECEMBER 31, 2023 AND 2022

MINING PROPERTIES & EXPLORATION AND EVALUATION ASSETS

Mining properties and exploration and evaluation assets for the three-month and twelve-month periods ended December 31, 2023 and 2022.

Mining properties

For the three-months ended December 31, 2023

| | PERU | PERU | |
|-------------------------------------|---|-----------|-----------|
| | Quiulacocha tailings and Excelsior stockpile | Santander | Total |
| Mining Properties | \$ | \$ | \$ |
| Mining rights | - | - | - |
| Additions | - | - | - |
| Adjustments and concessions | - | - | - |
| Balance, beginning of period | 1,453,246 | - | 1,453,246 |
| Balance, end of period | 1,453,246 | - | 1,453,246 |

Mining properties

For the three-months ended December 31, 2022

| | PERU | PERU | |
|-------------------------------------|---|-----------|-----------|
| | Quiulacocha tailings and Excelsior stockpile | Santander | Total |
| Mining Properties | \$ | \$ | \$ |
| Mining rights | - | - | - |
| Additions | - | - | - |
| Adjustments and concessions | (30,380) | - | (30,380) |
| Balance, beginning of period | 1,262,104 | - | 1,262,104 |
| Balance, end of period | 1,231,724 | - | 1,231,724 |

Mining properties

For the twelve-months ended December 31, 2023

| | PERU | PERU | |
|-------------------------------------|---|-----------|-----------|
| | Quiulacocha tailings and Excelsior stockpile | Santander | Total |
| Mining Properties | \$ | \$ | \$ |
| Mining rights | - | - | - |
| Additions | 221,522 | - | 221,522 |
| Adjustments and concessions | - | - | - |
| | 221,522 | - | 221,522 |
| Balance, beginning of period | 1,231,724 | - | 1,231,724 |
| Balance, end of period | 1,453,246 | - | 1,453,246 |

Mining properties

For the twelve-months ended December 31, 2022

| | PERU | PERU | |
|-------------------------------------|---|-----------|-----------|
| | Quiulacocha tailings and Excelsior stockpile | Santander | Total |
| Mining Properties | \$ | \$ | \$ |
| Mining rights | - | - | - |
| Additions | - | - | - |
| Adjustments and concessions | (30,380) | - | (30,380) |
| | - | - | - |
| Balance, beginning of period | 1,262,104 | - | 1,262,104 |
| Balance, end of period | 1,231,724 | - | 1,231,724 |

Development, exploration and evaluation assets

For the three-months ended December 31, 2023

| | PERU | PERU | |
|---|---|-----------|-----------|
| | Quiulacocha tailings and Excelsior stockpile | Santander | Total |
| Development, exploration and evaluation assets | \$ | \$ | \$ |
| Exploration costs | - | 3,129 | 3,129 |
| Adjustments and concessions | - | - | - |
| Transfer to property, plant, & equipment | - | - | - |
| | - | 3,129 | 3,129 |
| Balance, beginning of period | 144,111 | 7,918,462 | 8,062,573 |
| Balance, end of period | 144,111 | 7,921,591 | 8,065,702 |

Development, exploration and evaluation assets

For the three-months ended December 31, 2022

| | PERU | PERU | |
|---|---|-------------|-------------|
| | Quiulacocha tailings and Excelsior stockpile | Santander | Total |
| Development, exploration and evaluation assets | \$ | \$ | \$ |
| Exploration costs | - | - | - |
| Adjustments and concessions | - | - | - |
| Transfer to property, plant, & equipment | - | (1,087,136) | (1,087,136) |
| | - | (1,087,136) | (1,087,136) |
| Balance, beginning of period | 144,111 | 8,421,969 | 8,566,080 |
| Balance, end of period | 144,111 | 7,334,833 | 7,478,944 |

Development, exploration and evaluation assets

For the twelve-months ended December 31, 2023

| | PERU | PERU | |
|---|---|-----------|-----------|
| | Quiulacocha tailings and Excelsior stockpile | Santander | Total |
| Development, exploration and evaluation assets | \$ | \$ | \$ |
| Exploration costs | - | 589,404 | 589,404 |
| Adjustments and concessions | - | (2,646) | (2,646) |
| Transfer to property, plant, & equipment | - | - | - |
| | - | 586,758 | 586,758 |
| Balance, beginning of period | 144,111 | 7,334,833 | 7,478,944 |
| Balance, end of period | 144,111 | 7,921,590 | 8,065,702 |

Development, exploration and evaluation assets

For the twelve-months ended December 31, 2022

| | PERU | PERU | |
|---|---|-------------|-------------|
| | Quiulacocha tailings and Excelsior stockpile | Santander | Total |
| Development, exploration and evaluation assets | \$ | \$ | \$ |
| Exploration costs | - | 5,470,202 | 5,470,202 |
| Adjustments and concessions | - | - | - |
| Transfer to property, plant, & equipment | - | (3,380,707) | (3,380,707) |
| | - | 2,089,495 | 2,089,495 |
| Balance, beginning of period | 144,111 | 5,245,338 | 5,389,449 |
| Balance, end of period | 144,111 | 7,334,833 | 7,478,944 |

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE-MONTH AND TWELVE-MONTH PERIODS ENDED DECEMBER 31, 2023 AND 2022

Functional and presentation currency

These selected annual and quarterly financial information and other financial information are presented in US dollars ("USD"). The functional currency of Cerro de Pasco Resources Inc. is the Canadian dollar ("CAD"). The functional currency of Cerro de Pasco Resources Sucursal del Peru and Santander is USD. The functional currency of H2-Sphere GmbH is the Euro. See Note 4 to the audited annual consolidated financial statements for the year ended December 31, 2022, for change in presentation currency details.

IFRS Accounting policies

The Company's significant accounting policies under IFRS are disclosed in Note 5 in the interim consolidated financial statements for the year ended December 31, 2023.

Use of estimates and judgements

Please refer to Note 3 of the 2022 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.

Changes in accounting policies

As a result of the acquisition and increased operations of the acquired subsidiary, Santander, the Company has changed its financial statement presentation currency from CAD to USD, effective January 1, 2022. The change in the financial statement presentation currency is an accounting policy change and has been accounted for retrospectively. See Note 4 to the audited annual consolidated financial statements for the year ended December 31, 2022 for change in presentation currency details.

On December 21, 2023, the Company changed its fiscal year end from December 31 to March 31. These unaudited interim financial statements are comparable to the audited December 31, 2022 and 2021 financial statements and all information disclosed will be included in the transition period audited financial statements for the 15-months period ended March 31, 2024.

There were no other accounting changes in accounting policy to disclose during the three-month and twelve-month period ended December 31, 2023.

New standards and interpretations that have not yet been adopted

IAS 1 was issued in January 2020 and applies to annual reporting periods beginning on or after January 1, 2024. The amendment clarifies the criterion for classifying a liability as non-current relating to the right to defer settlement of a liability for at least 12 months after the reporting period. The Company has not early adopted this policy but will be applied beginning April 1, 2024.

Since the issuance of the Company's audited consolidated financial statements for the year ended December 31, 2022, the IASB and IFRIC have issued no additional new and revised standards and interpretations which are applicable to the Company besides that mentioned above.

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, profitability in the Santander mining operations 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE-MONTH AND TWELVE-MONTH PERIODS ENDED DECEMBER 31, 2023 AND 2022

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.

| | 2023 | | | | 2022 | | | |
|---|-------------|-------------|--------------|-------------|--------------|-------------|-------------|-------------|
| | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS | | | | | | | | |
| Revenue from Zinc, Lead and Silver concentrate sales | 1,590,173 | 1,160,013 | 4,515,149 | 12,304,938 | 9,898,489 | 9,220,818 | 6,891,234 | 14,580,777 |
| Cost of Sales | 1,092,235 | 3,420,227 | 11,893,468 | 14,605,490 | 13,335,711 | 10,511,822 | 8,249,807 | 9,729,666 |
| Gross Profit | 497,938 | (2,260,214) | (7,378,319) | (2,300,552) | (3,437,242) | (1,291,004) | (1,358,573) | 4,851,111 |
| Expenses: | | | | | | | | |
| Selling Expenses | 21,558 | 42,646 | 311,885 | 302,479 | 304,194 | 305,929 | 179,564 | 216,770 |
| Exploration and evaluation expenditures | - | - | - | - | 2,810,494 | - | 836,873 | - |
| Care and maintenance | 1,634,229 | 3,616,741 | - | - | - | - | - | - |
| General and administrative expenses | 1,705,373 | 1,693,684 | 2,206,240 | 2,222,042 | 1,349,498 | 1,496,123 | 2,099,300 | 2,381,998 |
| Operating income (loss) before other revenues (expenses) and income tax | (2,863,222) | (7,613,265) | (9,896,444) | (4,825,073) | (7,901,428) | (3,093,066) | (4,474,310) | 2,252,343 |
| Other revenues (expenses) | | | | | | | | |
| Financial income | 2,704 | 1,055 | 51,002 | 22,515 | 5,480 | 5,407 | 15,844 | 46,938 |
| Financial expenses | (581,642) | (577,108) | (553,394) | (315,811) | (361,621) | (309,591) | (282,696) | (334,810) |
| Non-recoverable sales taxes | - | - | - | - | (146,216) | - | - | - |
| Change in fair value of other financial assets | 90 | 8,015 | (26,733) | 2,655 | (1,150) | (20,976) | - | - |
| Change in fair value of warrants and embedded derivative on convertible debenture | - | - | - | - | 1,504 | 27,438 | - | - |
| Change in fair value of contingent consideration | 19 | 31 | 6 | (6,156) | 32,693 | (1,341,188) | - | - |
| Gain on convertible debenture refinancing | - | - | - | - | 100,124 | - | - | - |
| Exchange gain (loss) | 150,821 | (80,785) | 46,032 | (276,173) | 100,095 | (390,187) | (131,244) | (38,678) |
| Gain(loss) on sale of subsidiary | - | 246,876 | - | - | (3,573) | - | - | - |
| Gain (loss) on dissolution of subsidiaries | - | - | - | - | 103,275 | - | - | - |
| Total other revenue (expense) | (428,008) | (401,916) | (483,087) | (572,970) | (272,669) | (1,925,822) | (398,096) | (326,550) |
| Income and mining taxes | (9,434) | - | (63,559) | (374,008) | (1,777,517) | (423,631) | 448,437 | (463,711) |
| Net income (loss) from continuing operations | (3,300,664) | (8,015,181) | (10,443,090) | (5,772,051) | (9,951,614) | (5,442,509) | (4,423,969) | 1,462,082 |
| Other comprehensive income (loss) from continuing operations | | | | | | | | |
| Currency translation adjustment | (70,461) | 81,108 | (78,743) | 284 | 41,490 | 391,682 | 183,386 | (110,552) |
| Other comprehensive income (loss) net of tax | (70,461) | 81,108 | (78,743) | 284 | 41,490 | 391,682 | 183,386 | (110,552) |
| Net comprehensive income (loss) from continuing operations | (3,371,125) | (7,934,073) | (10,521,833) | (5,771,766) | (9,910,124) | (5,050,827) | (4,240,583) | 1,351,530 |
| Net income (loss) from discontinued operations | - | (85) | (1,604) | (9,718) | (76,755) | (57,541) | (7,347) | (111,684) |
| Other comprehensive income (loss) from discontinued operations | | | | | | | | |
| Currency translation adjustment | - | 111 | 1,385 | (1,097) | 28,198 | (13,588) | (3,470) | (583) |
| Net comprehensive income (loss) from discontinued operations | - | 26 | (219) | (10,816) | (48,557) | (71,129) | (10,817) | (112,268) |
| Net comprehensive income (loss) | (3,371,125) | (7,934,047) | (10,522,052) | (5,782,582) | (9,958,681) | (5,121,956) | (4,251,400) | 1,239,263 |
| Net income (loss) attributable to: | | | | | | | | |
| Shareholders of Cerro de Pasco Resources Inc. | (3,300,664) | (8,015,249) | (10,444,373) | (5,779,825) | (10,013,017) | (5,488,542) | (4,429,846) | 1,372,734 |
| Non-controlling interest | - | (17) | (321) | (1,944) | (15,352) | (11,508) | (1,469) | (22,337) |
| Other comprehensive income (loss) attributable to: | | | | | | | | |
| Shareholders of Cerro de Pasco Resources Inc. | (70,461) | 81,197 | (77,635) | (594) | 64,048 | 380,812 | 180,610 | (111,018) |
| Non-controlling interest | - | 22 | 277 | (219) | 5,640 | (2,718) | (694) | (117) |
| Net comprehensive income (loss) attributable to: | | | | | | | | |
| Shareholders of Cerro de Pasco Resources Inc. | (3,371,125) | (7,934,052) | (10,522,008) | (5,780,419) | (9,948,969) | (5,107,730) | (4,249,237) | 1,261,716 |
| Non-controlling interest | - | 5 | (44) | (2,163) | (9,712) | (14,226) | (2,163) | (2,454) |
| Weighted averages shares outstanding | 335,953,543 | 324,338,165 | 316,148,469 | 289,370,204 | 287,864,412 | 287,811,369 | 287,795,439 | 287,123,835 |
| Basic and diluted income (loss) per share - continuing operations | (0.01) | (0.02) | (0.03) | (0.02) | (0.03) | (0.02) | (0.02) | 0.01 |
| Basic and diluted income (loss) per share - discontinued operations | - | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) |
| Basic and diluted income (loss) per share | (0.01) | (0.02) | (0.03) | (0.02) | (0.03) | (0.02) | (0.01) | - |

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE-MONTH AND TWELVE-MONTH PERIODS ENDED DECEMBER 31, 2023 AND 2022

| | 2023 | | | | 2022 | | | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|--------------------|-------------------|-------------------|
| | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 |
| CONSOLIDATED STATEMENTS OF FINANCIAL POSITION | | | | | | | | |
| Cash and cash equivalents | 322,294 | 530,939 | 1,563,191 | 1,464,415 | 992,301 | 2,150,242 | 3,756,537 | 6,892,901 |
| Cash and cash equivalents - restricted | 4,589,876 | 4,589,876 | 4,575,332 | 4,575,332 | 4,462,271 | 5,483,902 | 6,270,243 | 785,456 |
| Accounts receivable | 51,874 | 757,931 | 444,274 | 6,691,851 | 5,660,345 | 2,464,661 | 4,846,543 | 8,875,775 |
| Other receivables | 6,855,202 | 5,609,928 | 5,419,007 | 3,889,578 | 2,456,496 | 332,496 | 1,071,462 | 1,296,663 |
| Income and mining taxes receivable | 150,800 | 147,418 | 146,794 | 734,048 | 701,060 | 671,100 | 1,452,071 | 753,214 |
| Inventories | 1,871,315 | 2,500,584 | 2,243,973 | 2,404,669 | 2,547,917 | 2,352,207 | 2,628,738 | 1,987,751 |
| Prepaid expenses | 888,747 | 1,158,034 | 968,870 | 1,669,816 | 1,194,902 | 2,374,169 | 575,739 | 1,412,490 |
| Cash and cash equivalents - restricted (non-current) | - | - | - | - | - | - | - | 5,459,317 |
| Property, plant & equipment | 10,222,187 | 11,146,643 | 11,535,465 | 10,526,812 | 9,085,578 | 8,490,660 | 5,804,910 | 5,643,087 |
| Deferred income tax | - | - | - | - | - | - | 264,149 | - |
| Mining properties, exploration and evaluation assets | 9,518,948 | 9,515,819 | 9,484,124 | 9,439,026 | 8,710,668 | 9,828,184 | 8,936,168 | 7,418,927 |
| Total assets | 34,523,218 | 36,008,137 | 36,425,312 | 41,465,049 | 35,877,778 | 34,217,373 | 35,706,410 | 40,632,424 |
| Trade accounts payable and other liabilities | 50,415,488 | 48,281,556 | 43,896,107 | 39,456,842 | 29,095,996 | 18,446,912 | 15,588,087 | 15,611,028 |
| Promissory note | 426,180 | 428,994 | 438,074 | 428,562 | 818,719 | 886,783 | 1,051,040 | 1,131,560 |
| Balance of purchase payable | 1,717,847 | 1,884,472 | 1,720,125 | 1,682,775 | 1,674,194 | 1,674,194 | 1,674,194 | 1,674,194 |
| Current portion contingent consideration payable | 2,500,000 | 2,500,000 | - | 2,500,000 | 2,483,844 | - | - | - |
| Current portion of provision for rehabilitation and mine closure | 301,002 | 460,488 | 404,757 | 357,385 | 307,752 | 2,135,906 | 3,348,161 | 1,780,964 |
| Current portion of loan | 3,443,352 | 2,448,522 | 28,178 | 371,885 | 699,453 | 999,118 | 1,344,737 | 1,383,937 |
| Convertible debenture | 1,137,813 | 1,115,595 | 990,509 | 987,636 | 922,029 | 866,888 | 1,149,792 | 1,157,944 |
| Provision for taxes payable | 279,058 | 1,725,501 | 1,803,393 | 1,715,112 | 1,715,112 | - | - | - |
| Total current liabilities | 60,220,740 | 58,645,128 | 49,281,143 | 47,507,586 | 37,727,099 | 25,058,090 | 24,207,371 | 22,792,595 |
| Loan | 178,043 | 212,732 | - | - | - | - | 22,719 | 371,774 |
| Warrants - Liability | - | - | - | - | - | - | 29,183 | 30,097 |
| Deferred income tax | 311,812 | 311,812 | 311,812 | 311,812 | 53,301 | 74,291 | - | 257,510 |
| Contingent consideration payable | - | - | 2,500,000 | - | - | 2,526,537 | 1,102,191 | 1,102,191 |
| Provision for rehabilitation and mine closure | 13,124,440 | 13,891,385 | 13,891,385 | 13,891,385 | 13,891,385 | 12,584,416 | 11,325,459 | 12,812,161 |
| Total non-current liabilities | 13,614,295 | 14,415,929 | 16,703,197 | 14,203,197 | 13,944,686 | 15,185,244 | 12,479,552 | 14,573,733 |
| Equity (Deficiency) | (39,311,817) | (37,052,920) | (29,559,028) | (20,245,734) | (15,794,007) | (6,025,961) | (980,513) | 3,266,096 |

The net loss of \$3,300,664 for Q4-2024 is mainly attributable to net losses from Santander mining operations of \$2,486,428.

The net loss of \$8,015,249 for Q3-2023 is mainly attributable to net losses from Santander mining operations of \$7,161,704.

The net loss of \$10,444,373 for Q2-2023 is mainly attributable to net losses from Santander mining operations of \$9,286,436. Increases in cost of sales led to a larger gross loss quarter-over-quarter.

The net loss of \$5,779,825 for Q1-2023 is mainly attributable to net losses from Santander mining operations of \$4,356,593.

The net loss of \$10,013,017 for Q4-2022 is mainly attributable to net losses from the Santander mining operations of \$4,368,843 offset by the gain from income and mining taxes of \$1,777,517.

The net loss of \$5,488,542 for Q3-2022 is mainly attributable to losses from Santander mining operations of \$3,970,830, \$1,341,188 of losses due to the change in fair value of contingent consideration, and \$1,529,222 of losses from other operations which were mainly attributable to general and administrative expenses of \$1,496,120.

The net loss of \$4,429,846 for Q2-2022 is mainly attributable to losses from Santander mining operations of \$2,694,569 compared to losses of \$1,735,277 from other operations, which were mainly attributable to general and administrative expenses of \$2,099,299.

The net income of \$1,372,734 for Q1-2022 is mainly attributable to profits from the Santander mining operations of \$3,524,401 offsetting \$2,174,004 of losses from other operations which were mainly attributable to general and administrative expenses of \$2,382,001.

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE-MONTH AND TWELVE-MONTH PERIODS ENDED DECEMBER 31, 2023 AND 2022

RESULTS OF OPERATIONS FOR THE THREE-MONTH PERIOD ENDED DECEMBER 31, 2023

Net loss

The basic and diluted loss per share for the three-month periods ended December 31, 2023 and 2022 is \$0.01.

During the quarter ended December 31, 2023, the Company realized a net loss of \$3,300,664 as compared to a net loss of \$10,013,017 for the quarter ended December 31, 2022.

This decrease in losses of \$6,712,353 is mainly attributable to the Company halting operations at the Santander mine due to unfavorable selling conditions, which has minimized losses.

Operating expenses

During the three-month period ended December 31, 2023, operating expenses from continuing operations were \$3,361,160 as compared to \$4,464,186 for the three-month period ended December 31, 2022. The decrease in operating expenses is largely attributable to the scale-back of operations of the Santander mine.

Other revenues (expenses)

During the three-month period ended December 31, 2023, total other revenue (expenses) was (\$428,008) as compared to other revenue (expenses) of (\$272,669) for the three-month period ended December 31, 2022.

The net decrease of \$155,339 is mainly attributable to the one-time recognition of the gain on convertible debenture refinancing in the fourth quarter of 2022 of \$100,124. Furthermore, there was an additional \$220,021 in financial expenses related to interest and fees on outstanding debt in the fourth quarter of 2023.

RESULTS OF OPERATIONS FOR THE TWELVE-MONTH PERIOD ENDED DECEMBER 31, 2023

Net loss

The basic and diluted loss per share decreased for the twelve-month period ended December 31, 2023, to \$0.01 as compared to a loss of \$0.03 for the twelve-month period ended December 31, 2022.

During the twelve-months ended December 31, 2023, the Company realized a net loss from continuing operations of \$27,530,986 as compared to a net loss of \$18,356,016 for the twelve-months ended December 31, 2022.

This increase in losses of \$9,174,970 is mainly attributable to the losses from Santander mining operations, net of Santander and the PPA, of \$13,213,803 offset with a decrease in other operational expenses incurred by the CDPR Inc. and other subsidiaries of about \$3.7 million.

Operating expenses

During the twelve-month period ended December 31, 2023, operating expenses from continuing operations were \$13,756,857 as compared to \$11,980,746 for the twelve-month period ended December 31, 2022. The increase in operating expenses is largely attributable to care and maintenance expenses of \$5,250,970, incurred only in Q3 and Q4 of 2023 as a result of halted production of the mine and an increase of \$500,399 in general administrative expenses. This was offset by a decrease of exploration and evaluation expenditures of \$3,647,368 for the twelve months ended December 31, 2023 as compared to December 31, 2022 and a decrease in selling expenses of \$327,890 for the twelve months ended December 31, 2023 compared to December 31, 2022.

Other revenues (expenses)

During the twelve-month period ended December 31, 2023, total other revenue (expenses) was (\$1,885,981) as compared to other revenue (expenses) of (\$2,923,138) for the twelve-month period ended December 31, 2022.

The net decrease of other revenue of \$1,037,157 is mainly attributable to the loss on fair value of contingent consideration during the twelve-month period December 31, 2022 of \$1,308,495.

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE-MONTH AND TWELVE-MONTH PERIODS ENDED DECEMBER 31, 2023 AND 2022

CASH FLOWS

Cash flows from (used for) operating activities

Cash flows used for operating activities were (\$1,409,381) during the twelve-months ended December 31, 2023, an increase of \$922,757 as compared to cash flows used for operating activities of (\$486,624) during the twelve-months ended December 31, 2022.

The increase is mostly attributable to the large increase in net loss from \$18,609,343 in 2022 to \$27,542,394 in 2023. This increase in loss was offset by the increase of \$1,717,760 in depreciation of property, plant, and equipment and the increase in working capital items of \$10,589,592.

Cash flows from (used for) financing activities

Cash flows generated from financing activities were \$6,273,724 during the twelve-months ended December 31, 2023, an increase of \$7,985,159 as compared to cash flows used in financing activities of (\$1,711,435) for the twelve-months ended December 31, 2022.

The increase was mostly caused by proceeds received from shares issued of \$4,002,728 and proceeds received from a loan of \$4,081,406, offset by share issuance costs of \$113,083.

Cash flows used for investing activities

Cash flows used for investing activities were (\$5,550,154) during the twelve-months ended December 31, 2023, a decrease of \$1,511,273 as compared to cash flows used for investing activities of (\$7,061,427) for the twelve-months ended December 31, 2022.

The decrease in cash flows used for investing activities was mostly attributable to the large decrease in investing in mining concessions and development of \$1,502,738.

OTHER FINANCIAL DISCLOSURES

Related party transactions

Related parties include the Company's joint key management personnel. Unless otherwise stated, balances are usually settled in cash. Key management includes directors and senior executives. The remuneration of key management personnel includes the following expenses:

| | Three-month period ended | | Twelve-month period ended | |
|--------------------------------|--------------------------|-------------------|---------------------------|-------------------|
| | December 31, 2023 | December 31, 2022 | December 31, 2023 | December 31, 2022 |
| | \$ | \$ | \$ | \$ |
| Management and consulting fees | 228,831 | 416,799 | 1,168,304 | 1,969,085 |
| Salaries and director's fees | 120,380 | 210,275 | 459,079 | 526,236 |
| | 349,211 | 627,074 | 1,627,383 | 2,495,321 |

These transactions, entered into the normal course of operations, are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

Unless otherwise stated, none of the transactions incorporated special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE-MONTH AND TWELVE-MONTH PERIODS ENDED DECEMBER 31, 2023 AND 2022

Contingency

Please refer to Note 32 of the audited financial statements for the year ended December 31, 2022, for a summary of the Company's commitments.

Off-financial position arrangements

As at December 31, 2023, the Company had no off-financial position arrangements.

Going concern assumption

The accompanying interim condensed consolidated financial statements have been prepared on a going concern basis. 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, twelve 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 consolidated 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.

Liquidity and capital resources

For the twelve-month period ended December 31, 2023, the Company recorded a net loss of \$27,540,112 due mainly to exploration and development through Santander mining operations in the El Metalurgista Project. As of December 31, 2023, the Company had an accumulated deficit of \$71,187,625 (\$43,609,287 as of December 31, 2022) and an accumulated other comprehensive income(loss) of \$666,112 (\$742,050 as of December 31, 2022).

As of December 31, 2023, the Company had a negative working capital of \$45,438,657 (negative working capital of \$19,645,567 as of December 31, 2022), which is mainly attributable to the trade payables balance of \$50,415,488 (\$29,095,996 as of December 31, 2022). Cash consists of unrestricted cash and cash equivalents of \$322,294 (\$992,301 as of December 31, 2022) and restricted cash of \$4,589,876 (\$4,462,271 as of December 31, 2022). For the twelve-months ended December 31, 2023, the Company used \$1,409,381 from operating activities, generated \$6,273,724 from financing activities, and used \$5,550,154 from investing activities, leading to a net cash out-flow of \$685,811.

Management believes that while these funds may be adequate to operate the Santander mine it may not be sufficient to meet the obligations and commitments of the Company as a whole. These uncertainties cast significant doubt regarding the Company's ability to continue as a going concern; unless 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. In the twelve-months ended December 31, 2023, the Company raised about \$3.9 million, net of issuance costs, from private placements consisting of common shares to fund exploration works and working capital needs. While management has been successful in raising financing in the past, there is no assurance that it will succeed in obtaining additional financing in future 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE-MONTH AND TWELVE-MONTH PERIODS ENDED DECEMBER 31, 2023 AND 2022

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 and long-term debt. Capital for the reporting periods under review is summarized in Note 30 and in the consolidated statements of changes in equity of the audited annual consolidated statements for the year ended December 31, 2022. 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.

Outstanding Share Data

The following selected financial information is derived from our audited financial statements:

| | Number of shares outstanding (diluted) |
|---|---|
| Outstanding as of February 27, 2024 | 344,963,434 |
| Shares reserved for issuance pursuant to share purchase options | 12,530,000 |
| Shares reserved for issuance pursuant to warrants | 76,345,877 |
| Convertible debentures | 10,941,440 |
| | 444,780,751 |

The following table reflects the share purchase options issued and outstanding as at the date of this MD&A (expressed in Canadian Dollars):

| Expiry date | Number of granted share options | Number of exercisable share options | Exercise price \$ | Remaining life (years) |
|--------------------|------------------------------------|--|----------------------|---------------------------|
| March 7, 2024 | 4,450,000 | 4,450,000 | 0.40 | 0.0 |
| May 6, 2024 | 200,000 | 200,000 | 0.50 | 0.2 |
| September 16, 2024 | 200,000 | 200,000 | 0.40 | 0.6 |
| August 28, 2025 | 2,490,000 | 2,490,000 | 0.40 | 1.5 |
| September 5, 2025 | 1,400,000 | 1,400,000 | 0.20 | 1.5 |
| March 2, 2027 | 340,000 | 340,000 | 0.40 | 3.0 |
| September 5, 2028 | 3,450,000 | 3,450,000 | 0.20 | 4.5 |
| | 12,530,000 | 12,530,000 | 0.32 | 1.8 |

The following table reflects the warrants issued and outstanding as at the date of this MD&A (expressed in Canadian Dollars):

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE-MONTH AND TWELVE-MONTH PERIODS ENDED DECEMBER 31, 2023 AND 2022

| Expiry date | Number of outstanding warrants | Exercise price \$ | Remaining life (years) |
|--------------------|--------------------------------|----------------------|---------------------------|
| May 27, 2024 | 4,283,277 | 0.50 | 0.2 |
| November 8, 2024 | 3,000,000 | 0.50 | 0.7 |
| November 26, 2024 | 3,000,000 | 0.25 | 0.7 |
| March 22, 2025 | 8,895,000 | 0.25 | 1.1 |
| March 24, 2025 | 7,160,000 | 0.25 | 1.1 |
| March 31, 2025 | 9,190,000 | 0.25 | 1.1 |
| May 31, 2025 | 1,968,800 | 0.25 | 1.3 |
| June 5, 2025 | 8,357,500 | 0.25 | 1.3 |
| June 20, 2025 | 450,000 | 0.25 | 1.3 |
| June 23, 2025 | 591,500 | 0.25 | 1.3 |
| July 18, 2025 | 500,000 | 0.50 | 1.4 |
| July 26, 2025 | 500,000 | 0.50 | 1.4 |
| August 26, 2025 | 500,000 | 0.50 | 1.5 |
| September 26, 2025 | 500,000 | 0.50 | 1.6 |
| September 29, 2025 | 1,705,000 | 0.15 | 1.6 |
| September 29, 2025 | 1,705,000 | 0.25 | 1.6 |
| October 6, 2025 | 1,734,000 | 0.15 | 1.6 |
| October 6, 2025 | 1,734,000 | 0.25 | 1.6 |
| October 26, 2025 | 400,000 | 0.25 | 1.7 |
| November 20, 2025 | 5,525,000 | 0.15 | 1.7 |
| November 20, 2025 | 5,525,000 | 0.25 | 1.7 |
| November 26, 2025 | 400,000 | 0.25 | 1.7 |
| December 22, 2025 | 400,000 | 0.25 | 1.8 |
| January 17, 2026 | 1,260,900 | 0.15 | 1.9 |
| January 17, 2026 | 1,260,900 | 0.25 | 1.9 |
| January 26, 2026 | 400,000 | 0.25 | 1.9 |
| January 31, 2026 | 5,000,000 | 0.15 | 1.9 |
| February 26, 2026 | 400,000 | 0.25 | 2.0 |
| | 76,345,877 | 0.26 | 1.3 |

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE-MONTH AND TWELVE-MONTH PERIODS ENDED DECEMBER 31, 2023 AND 2022

FINANCIAL RISK MANAGEMENT

Liquidity risk is the risk that the Company will be unable to satisfy financial obligations as they fall due. The Company manages its liquidity risk by optimizing its cash holdings, forecasting cash flows required by operations and anticipated investing and financing activities. The Company's operating cash flows are very sensitive to variations in the price of zinc and lead, foreign exchange rates and ore grades, and any cash flow outlook provided may vary significantly to actual results. Spending and capital investment plans may be adjusted in response to changes in operating cash flow expectations. An increase in average zinc and lead prices from current levels may result in an increase in planned expenditures and, conversely, weaker average zinc and lead prices could result in a reduction of planned expenditures.

RISK AND UNCERTAINTIES

The mining industry involves many risks which are inherent to the nature of the business, global economic trends and economic, environmental and social conditions in the geographical areas of operation. As a result, the Company is subject to a number of risks and uncertainties, each of which could have an adverse effect on our operating results, business prospects or financial position. The Company continuously assesses and evaluate these risks and attempts to mitigate them by implementing operating standards and processes to identify, assess, report and monitor risks across our organization.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in accordance with IFRS requires significant assumptions and judgements about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, which could result in a material adjustment to the carrying amounts of assets and liabilities within the next twelve months, in the event that actual results differ from assumptions made. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

OPERATIONAL RISKS

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.

CERTAIN RISKS ASSOCIATED WITH THE EL METALURGISTA CONCESSION

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

ENVIRONMENTAL MATTERS

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE-MONTH AND TWELVE-MONTH PERIODS ENDED DECEMBER 31, 2023 AND 2022

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 the potential to reduce the profitability of operations. The Company intends to fully comply with all environmental regulations.

LICENSES AND PERMITS

As part of its exploration and processing activities or future projects, the Company is required to obtain several permits. Although the Company believes it will obtain the required permits, there is no assurance it will receive such permits or it may face administrative delays in doing so, which could impact its operations.

Failure to comply with applicable laws and regulations and permit requirements or amendments to them could have a harmful effect on the Company and could cause an increase of capital expenditures, exploration costs or production costs, or a decrease in the levels of production. Such amendments or the implementation of such laws and regulations could further cause the abandonment or delay the development of certain properties of the Company. No assurance can be provided or obtained that the Company will be able to obtain or maintain all required permits for the construction, development or operation of mining facilities on these properties on terms which enable operations to be conducted at economically justifiable costs.

POLITICAL AND COUNTRY RISKS

The mineral property interests of the Company are located in Peru. The Company believes that Peruvian government supports the development of its natural resources by foreign companies. However, there is no assurance that future political and economic conditions in Peru will not result in the government adopting different policies regarding foreign ownership of mineral resources, taxation, exchanges rates, environmental protection, labor relations, and the repatriation of funds. The possibility that a future government may adopt substantially different policies, which might extend to the expropriation of assets, cannot be ruled out. The Company's current and future mineral exploration and processing activities could be impacted by widespread civil unrest and rebellion. Country risk refers to the risk of investing in a country, dependent on changes in the business environment that may adversely affect operating profits or the value of assets in a specific country. For example, financial factors such as currency controls, devaluation or regulatory changes, nationalization, or stability factors such as mass riots, civil war and other potential events contribute to companies' operational risks. Currently and since its operation began in Peru, the Company has not suffered any of these risks.

PRODUCTION AND COST ESTIMATES

No assurance can be given that the intended or expected production schedules or the estimated cash costs and capital expenditures will be achieved. Failure to achieve production or cost estimates or material increases in costs could have an adverse impact on our future cash flows, profitability, results of operations and financial condition. Many factors may cause delays or cost increases, including labour issues, disruptions in power, transportation or supplies, and mechanical failure. In addition, short-term operating factors, such as the processing of new or different ore material and ore grades, may cause a mining operation to be less profitable in any particular period.

DEPENDENCE ON MANAGEMENT

The success of the operations and activities of the Company is dependent to a significant extent on the efforts and abilities of its executive officers and directors. See "Directors and Officers" for details of the Company's current management. 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.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE-MONTH AND TWELVE-MONTH PERIODS ENDED DECEMBER 31, 2023 AND 2022

SHARE PRICE VOLATILITY

In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market price of securities of many companies has experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur.

UNINSURED RISK

The mining industry is subject to significant risks such as adverse environmental conditions or 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 that could result in damage to or destruction of property and facilities, personal injury or death, environmental damage and pollution, delays in production, expropriation of assets and loss of title to mining claims. No assurance can be given that insurance to cover the risks to which the Company's activities are subject will be available at all or at commercially reasonable premiums.

The Company currently maintains available insurance within ranges of coverage that it believes to be consistent with industry practice for companies of a similar stage of development. The Company carries liability insurance with respect to its mineral exploration operations, but it is not currently covered by any form of environmental liability insurance, since insurance against environmental risks (including liability for pollution) or other hazards resulting from exploration and development activities is prohibitively expensive. The payment of any such liabilities would reduce the funds available to the Company. If the Company is unable to fully fund the costs of remedying an environmental problem, it might be required to suspend operations or enter costly interim compliance measures pending completion of a permanent remedy.

LITIGATION

All industries, including the mining industry, are subject to legal claims, with and without merit. The Company may, in the future, be involved in various legal proceedings. While the Company believes it is unlikely that the final outcome of these legal proceedings will have a material adverse effect on the financial position or results of operations, defense costs will be incurred, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, there can be no assurance that the resolution of any particular legal proceeding will not have a material adverse effect on the Company's future cash flow, results of operations or financial condition. There are no significant proceedings against the Company as at the date of this annual information form.

INCREASED COSTS AND COMPLIANCE RISKS OF BEING A PUBLIC COMPANY

Legal, accounting and other expenses associated with public company reporting requirements have increased significantly in the past few years. The Company anticipates that costs may continue to increase with recently adopted or proposed corporate governance related requirements.

The Company also expects these new rules and regulations may make it more difficult and more expensive for it to obtain director and officer liability insurance, and it may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for the Company to attract and retain qualified individuals to serve on its board of directors or as executive officers.

ANTI-CORRUPTION LAWS

The Company's operations are governed by, and involve interactions with, many levels of government in two countries. Its operations take place in jurisdictions ranked unfavorably under Transparency International's Corruption Perception Index. The Company is required to comply with anti-corruption and anti-bribery laws, including the Criminal Code, the Canadian Corruption of Foreign Public Officials Act, as well as similar laws in Peru, where the Company conducts its business. In recent years, there has been a general increase in both the frequency of enforcement and the severity of penalties under such laws, resulting in greater scrutiny and punishment to companies convicted of violating anticorruption and anti-bribery laws. Furthermore, a company may be found liable for violations by not only its employees, but also by its contractors and third-party agents. Although the Company is implementing policies to mitigate such risks, including internal monitoring, reviews and audits, and policies to ensure compliance with such laws, such measures may not always be effective in

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE-MONTH AND TWELVE-MONTH PERIODS ENDED DECEMBER 31, 2023 AND 2022

ensuring that the Company, its employees, contractors or third-party agents will comply strictly with such laws. If the Company finds itself subject to an enforcement action or is found to be in violation of such laws, this may result in significant penalties, fines and/or sanctions imposed on the Company resulting in a material adverse effect on the Company's reputation, business, financial condition and results of operations.

EXPLORATION AND MINING RISKS

Although the Company's activities are primarily directed towards mining operations, the Company is also engaged in the business of acquiring and exploring mineral properties in the hope of locating economic deposits of minerals. Some of 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. Future profitability will be impacted by the Company's success in locating economic deposits of minerals. There can be no assurance that any economic deposit of minerals located by the Company will lead to commercial mining operation.

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 Company is subject to risks and hazards inherent to the mining industry, including fluctuations in metal prices, costs of operations, changes in the regulatory environment (including regulations relating to prices, royalties, duties, taxes, restrictions on production, as well as the costs of protection of the environment and agricultural lands), and industrial accidents and labor actions or unrest. The occurrence of any of these factors could materially and adversely affect the Company's business, financial condition, results of operations and cash flow.

STAGE OF DEVELOPMENT

The Company may be unable to maintain or increase annual production, and changes in the production outlook will have an effect on the Company's cash flow from operations. Although the Company's activities are primarily directed towards mining operations, its activities also include the exploration for, and development of, mineral deposits. The Company must continually replace and expand Mineral Reserves depleted by production to maintain production levels over the long term. The Company's ability to maintain or expand production will depend on its ability to expand known ore bodies, locate new deposits, make acquisitions or bring new mines into production.

Material changes in Mineral Reserves and Mineral Resources, grades, production or recovery rates may affect the economic viability of projects. There is a risk that depletion of Mineral Reserves will not be offset by discoveries, acquisitions, or the conversion of Mineral Resources into Mineral Reserves. The mineral base of CDPR's operations may decline if reserves are mined without adequate replacement and the Company may not be able to sustain production beyond the current mine lives, based on current production rates. Exploration is highly speculative in nature. CDPR's exploration projects involve many risks. Once a site with mineralization is discovered, it may take several years from the initial phases of drilling until production is possible, during which time the economic feasibility of production may change. The Company can provide no assurance that it will be able to maintain or increase its annual production, bring new mines into production or expand the Mineral Reserves and Mineral Resources at existing mines.

A decrease in the amount of, or a change in the timing of the production outlook for, or in the prices realized for, metals of the Company will directly affect the amount and timing of the Company's cash flow from operations. The actual effect of such a decrease on the Company's cash flow from operations would depend on the timing of any changes in production and on actual prices and costs. Any change in the timing of these projected cash flows that would occur due to production shortfalls, delays in receiving permits, delays in construction, delays in commissioning the mines or labour disruptions would, in turn, result in delays in receipt of such cash flows and in using such cash to fund capital expenditures, including capital for the Company's development projects, in the future. Any such financing requirements could adversely affect the Company's ability to access capital markets in the future to meet any external financing requirements or increase its debt financing costs.

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE-MONTH AND TWELVE-MONTH PERIODS ENDED DECEMBER 31, 2023 AND 2022

RISKS RELATED TO STATUTORY AND REGULATORY COMPLIANCE

Existing and possible future laws, regulations and permits governing the operations and activities of the Company, or more stringent implementation thereof, could have a material adverse impact on the Company business and cause increases in capital expenditures or require abandonment or delays in exploration.

The current and future operations of the Company, from exploration through development activities and commercial production, are and will be governed by applicable laws and regulations governing mineral claims acquisition, prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. Companies engaged in exploration activities and in the development and operation of mines and related facilities generally experience increased costs and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits.

Failure to comply with applicable laws, regulations and permits may result in enforcement actions there under, including the forfeiture of claims, orders issued by regulatory or judicial authorities requiring operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or costly remedial actions. The Company may be required to compensate those suffering loss or damage by reason of its mineral exploration activities and may have civil or criminal fines or penalties imposed for violations of such laws, regulations and permits. The Company is not currently covered by any form of environmental liability insurance. See "Uninsured Risk".

TITLE RISKS

Although title to its properties has been reviewed by or on behalf of the Company, no assurance can be given that there are no title defects affecting the properties. Title insurance generally is not available for mining claims in Peru, and the Company's ability to ensure that it has obtained secure claim to individual mineral properties may be severely constrained. 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.

CONFLICT OF INTERESTS

The Company's directors may serve as directors or officers of other resource companies or have significant shareholdings in other resource 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.

KEY EMPLOYEES

The 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE-MONTH AND TWELVE-MONTH PERIODS ENDED DECEMBER 31, 2023 AND 2022

FINANCIAL RISKS

METAL PRICE VOLATILITY

Even if the Company's exploration programs are successful, factors beyond the control of the Company may affect the marketability of any minerals discovered or processed at the Company's plant facilities. Resource prices have fluctuated widely, particularly in recent years, and are affected by numerous factors beyond the Company's control including international economic and political trends, 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.

FOREIGN EXCHANGE RATE FLUCTUATIONS

The Company's activities and offices are currently located in Canada and Peru. The functional currency of the Company is the Canadian dollar. The assets, liabilities, revenues, and expenses of Peru operations are denominated in USD. The Company is a party to contracts denominated in USD. The Company is exposed to foreign exchange risks arising from the fluctuation of exchange rates between the USD and the Canadian dollar. The USD is subject to fluctuation in value vis-à-vis the Canadian Dollar. The Company does not utilize hedging programs to any degree to mitigate the effect of currency fluctuations.

CAPITAL NEEDS

To fund its growth, the Company may be dependent on securing the necessary capital through loans or permanent capital. The availability of this capital is subject to general economic conditions and lender and investor interest in the Company's projects. The exploration and evaluation, development, mining and processing of the Company's properties may require substantial additional financing. A source of future funds available to the Company is the sale of additional equity capital and the borrowing of funds. There is no assurance that such funding will be available to the Company or that it will be obtained on terms favorable 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 financing 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.

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).

REPUTATIONAL RISK

The consequence of reputational risk is a negative impact to the Company's public image, which may influence its ability to acquire future mining projects and retain or attract key employees. Reputational risk may arise under many situations including, among others, cyber-attacks and media crisis. Prior to acquire a project, the Company mitigates reputational risk by performing due diligence, which includes a review of the mining project, the country, the scope of the project and local laws and culture. Once the decision to participate in a mining project has been taken, the Company continues to assess and mitigate reputational risk through regular Board and Board's Committees reviews.

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE-MONTH AND TWELVE-MONTH PERIODS ENDED DECEMBER 31, 2023 AND 2022

CERTIFICATION OF ANNUAL FILINGS

The President and Chief Executive Officer and the Chief Financial Officer have signed the Basic Certifications of Annual 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 annual filings.

- The President and Chief Executive Officer and the Chief Financial Officer confirm to have reviewed the annual financial statements and the annual MD&A (together, the “annual filings”) of the Company for the year ended December 31, 2022.
- Based on their knowledge, having exercised reasonable diligence, the President and Chief Executive Officer and the Chief Financial Officer confirm that the annual 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 annual filings.

Based on their knowledge, having exercised reasonable diligence, the President and Chief Executive Officer and the Chief Financial Officer confirm that the annual financial statements together with the other financial information included in the annual filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the period presented in the annual filings