



PRISMO METALS INC.

(An Exploration Stage Company)

Management's Discussion and Analysis (MD&A)

(Form 51-102F1)

Nine months ended September 30, 2021

PRISMO METALS INC.

Management's Discussion and Analysis

Nine months ended September 30, 2021

This Management's Discussion and Analysis ("MD&A" – Form 51-102F1) of Prismo Metals Inc. ("Prismo" or the "Company"), dated **November 9, 2021**, provides information on the Company's business activities, financial condition, financial performance, cash flows and outlook for the nine months ended September 30, 2021, and to the date of this MD&A. The Company reports its financial position, financial performance and cash flows in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS") in Canadian dollars, unless otherwise indicated. The first, second, third and fourth quarters of the Company's fiscal years are referred to as "Q1", "Q2", "Q3", and "Q4" respectively.

The following information should be read in conjunction with the Company's condensed interim financial statements for the three and nine months ended September 30, 2021 and 2020, and with the audited financial statements for the year ended December 31, 2020 and 2019 and the corresponding annual MD&A for the year ended December 31, 2020 (the "Financial Statements"), all available on the SEDAR website at www.sedar.com and on the Company's website at www.prismometals.com.

Prismo Metals Inc. (the "Company") was incorporated under the provisions of the Canada Business Corporations Act ("CBCA") on October 17, 2018, as 11047612 Canada Inc., renamed as Prismo Metals Inc. on November 1, 2018, and registered as an extra-provincial corporation under the laws of the Province of British Columbia on November 6, 2018.

On September 30, 2020, the Company closed its initial public offering (the "IPO") by way of a long-form prospectus through an engagement with Haywood Securities Inc. ("Haywood") and filed on SEDAR on September 8, 2020 (the "Prospectus").

The closing of the IPO provided the Company gross proceeds of \$575,000. Please refer *Financing Activities*, below, for a more detailed disclosure of the IPO.

The proceeds of the IPO, as well as the remaining working capital from prior financing activities, were used to fund exploration and development of the Company's mineral projects, and for working capital and general corporate purposes.

On October 1, 2020, the Company's shares started trading on the Canadian Securities Exchange (the "CSE") under the trading symbol PRIZ.

The Company is in the business of acquisition, exploration and development of mineral properties, and is in one operating segment, namely mineral exploration in Mexico.

Forward-looking statements and risk factors

This MD&A contains forward-looking statements that are related to the Company's activities and future financial results. The results for the current periods are not necessarily indicative of the results for any future period. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance as the mineral exploration business is not without risk and most exploration projects will not become mines. The Company is subject to a number of risks and uncertainties due to the nature of its business and the early stage of its exploration projects. A detailed discussion of risks is presented under *Risk Factors* published with the annual MD&A for the year ended December 31, 2020; please refer to this document for a complete disclosure of the risk factors.

Prismo's disclosure of a technical or scientific nature has been reviewed and approved by Dr. Peter Craig Gibson, Ph.D., Director, President and Chief Executive Officer of the Company and a Qualified Person ("QP") under the definition of National Instrument 43-101 - *Standards of Disclosure for Mineral Projects*.

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Board of Directors and Officers

As at the date of this MD&A, the following are the Directors and Officers of the Company:

Peter Craig Gibson, Ph.D.	Director, President and Chief Executive Officer	(Mexico)
Jean-François Meilleur	Director	(Montreal)
María Guadalupe Yeomans Otero.	Director	(Mexico)
Jorge Rafael Gallardo Romero	Director	(Mexico)
Salvador Miranda	Chief Financial Officer & Corporate Secretary	(Vancouver)

Financing activities

On September 30, 2020, the Company closed an IPO through Haywood, after having filed a long-form Prospectus on September 8, 2020. The Company raised gross proceeds of \$575,000 through the issuance of 4,600,000 common shares at a price per share of \$0.125. Pursuant to the engagement with Haywood, the Company paid Haywood an agent's commission of 7.5% in cash (\$43,125) and 7.5% through an agent's option consisting of 345,000 options with an exercise price of \$0.125 for a period of two years. The fair value of the agent's options was calculated at \$22,498 using the Black-Scholes option pricing model with the following parameters: expected volatility of 100%, risk-free interest rate of 0.25%, dividend rate of 0% and expected life of 2 years and was charged to share issuance costs. On October 15, 2020, 172,500 (50%) of these agent's options were exercised, providing the Company with an additional \$21,563 in cash, and a further 138,690 agent's options have been exercised to September 30, 2021, bringing additional cash proceeds of \$17,336.

Other share issuance cost included relate to prospectus-printing, share printing and distribution, transfer agent charges related to the IPO and legal costs for the Company, adjusted at the end of 2020.

The following table details the share capital of the Company from December 31, 2019 to September 30, 2021:

Issuance	Date of issuance	Number of shares #	Price per share \$	Cash proceeds \$	Non-cash value \$
Balance, December 31, 2019		12,610,867		310,459	223,490
Initial public offering (IPO)	Sep 30, 2020	4,600,000	0.125	575,000	-
Agent's corporate finance fee	Sep 30, 2020	40,000	0.125	-	5,000
Shares issued in settlement of debt	Sep 30, 2020	300,000	0.125	-	37,500
Other share issue costs		-	-	(97,095)	(103,489)
Balance, September 30, 2020		17,550,867		788,364	162,501
Exercise of agent's options	Oct 15, 2020	172,500	0.125	21,563	11,249
Share issue costs audit adjustment		-	-	1,310	35,758
Balance, December 31, 2020		17,723,367		811,237	209,508
Exercise of agent's options	Jan 27, 2021	26,970	0.125	3,371	1,759
Exercise of agent's options	Feb 11, 2021	111,720	0.125	13,965	7,285
Balance, September 30, 2021		17,862,057		828,573	218,552

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In addition, during the nine months ended September 30, 2021, the Company entered into two short-term promissory notes, one for \$20,000 with a non-related party, and one for \$10,000 with a company controlled by a director of the Company. The objective of the loans is to assist the Company in meeting its most pressing obligations. The promissory notes bear a 6% annual interest rate, which will be payable when the principal amount is repaid.

Mineral properties and business update

The Company has option agreements with respect to two mineral exploration projects in Mexico, Palos Verdes and Los Pavitos, as follows:

a) Palos Verdes project and ProDeMin Option

Palos Verdes is an intermediate stage exploration project located about 65km northeast of Mazatlán in Sinaloa State, Mexico and is accessed via the interstate highway from Mazatlán to Durango near the village of Santa Lucía. The property consists of one concession, Palos Verdes, comprising 22.7707 hectares (the "Property"). The Property is within the Pánuco-Copala mining district, a historically important mining area in the region. Numerous small mines and prospects are located in the region with several intermittently active mines and mills. The district is known for precious- and base-metal bearing epithermal veins.

On May 7, 2019, the Company entered into an Option Agreement with ProDeMin, a company incorporated under the laws of Mexico and carrying mineral exploration contracting activities and controlled by a director of the Company) (the "ProDeMin Option"). Pursuant to the terms of the ProDeMin Option, ProDeMin granted the Company an option to earn up to 75% interest in the Palos Verdes property, located in the state of Sinaloa, Mexico, over a period of five years, as follows:

- on May 10, 2019, the Company paid ProDeMin US \$25,000 in cash;
- on August 12, 2019, the Company issued ProDeMin 2,000,000 units with a fair value of \$0.05 per unit; each unit consisted of one common share and one share purchase warrant of the Company; each warrant being exercisable at a price of \$0.10 per share, expiring of the fifth anniversary of the date of issuance of these units;
- on August 12, 2019, the Company reimbursed ProDeMin for expenditures already incurred in the amount of \$25,000 by the issuance of 500,000 common shares with a fair value of \$0.05 per share (issued). 300,000 these units and shares are held in escrow as September 30, 2021; and
- the Company is required to incur US \$1,500,000 in exploration expenses over the five-year period of the ProDeMin Option, pay an additional US \$46,823 and issue ProDeMin an additional 2,000,000 common shares, as follows:
 - pay ProDeMin an amount of US \$21,823 on the date of the Company's closing of its first financing following the listing of its common shares;
 - incur a minimum of \$100,000 in exploration expenditures within the first two years of the date of the ProDeMin Option, and by paying all fees and duties required to maintain the mineral concessions in good standing;
 - pay US \$25,000 to ProDeMin and incurring a minimum of US \$100,000 in exploration expenditures on the property for each of the third and fourth year following the date of the ProDeMin Option, and also paying during such period all fees and duties required to maintain the mineral concession in good standing;

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- Issue to ProDeMin, or as directed by ProDeMin, 2,000,000 common shares and incurring a minimum of US \$500,000 in expenditures on the Property in the fifth year following the date of the ProDeMin Option, and also paying during such period all fees and duties required to maintain the mineral concession in good standing; and
- the following payments have been made or are to be made:

	USD
	\$
On or before May 20, 2019 (paid)	15,000
6 months from the above date (paid)	25,000
12 months from the above date (paid)	25,000
18 months from the above date (paid)	25,000
24months from the above date (USD \$5,000 paid)	25,000
30 months from the above date	25,000
36 months from the above date	50,000
42 months from the above date	50,000
Total payments	240,000

A full technical report for Palos Verdes prepared under the standards of National Instrument NI 43-101 is presented with the Prospectus, filed on SEDAR on September 8, 2020. Readers are encouraged to review this technical information.

The Company does not currently have a subsidiary in Mexico and is in the process of establishing one, as Mexican mineral concessions can only be held by Mexican entities.

On November 18, 2020, the Company announced that it had secured surface access to Palos Verdes through a 10-year agreement with the local community. This allowed Prismo to conduct a drilling program of 436.8 metres in early December 2020 through a drilling contract awarded to HR Drilling of Hermosillo, Sonora.

On November 30, 2020, the Company entered into an option agreement with the underlying owner of the remaining 25% of the Palos Verdes property (the "Palos Verdes 25% Agreement"), thus securing the possibility of earning up to 100% interest in the property. Under the terms of the Palos Verdes 25% Agreement, the Company will make aggregate payments of US \$250,000 over a period of four years (US \$45,000 paid) and issued 100,000 share purchase warrants with an exercise price of \$0.35 and valid for two years. The schedule of cash payments is as follows:

	USD
	\$
On or before November 30, 2020 (paid)	30,000
6 months from the above date (paid)	15,000
12 months from the above date	15,000
18 months from the above date	15,000
24months from the above date	15,000
30 months from the above date	25,000
36 months from the above date	25,000
42 months from the above date	50,000
48 months from the above date	60,000
Total payments	250,000

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On February 16, 2021, the Company published the results of the exploration program at Palos Verdes. The drill program consisted of five HQ diameter core holes for a total of 573 m. Table 1 below shows the drill hole data, including the previous drilling by ProDeMin in 2018. The drill program was designed to test the vein lateral to, and below, high-grade intercepts drilled by ProDeMin, with the best intercept from that program being 8.4 g/t Au and 2,336 g/t Ag, over 0.8m true width (See Prismo press release of September 30, 2020). A northwest trending shear zone near the portal of the Palos Verdes adit was also tested.

Table 1. Drill hole data for past drilling and Prismo Metal's drill holes.

Hole	Easting	Northing	Elev	Azimuth	Inclination	Depth (m)
<u>ProDeMin drill holes (2018)</u>						
PV-18-01	413,759	2,593,160	1,222	318	-50°	80.00
PV-18-02	413,762	2,593,161	1,222	318	-75°	120.10
PV-18-03	413,762	2,593,160	1,222	280	-45°	63.00
PV-18-04	413,759	2,593,160	1,222	270	-65°	100.00
PV-18-05	413,607	2,593,040	1,257	335	-60°	94.00
<u>Prismo drill holes (2020)</u>						
PV-20-06	413,767	2,593,146	1,207	330	-75°	101.40
PV-20-07	413,768	2,593,146	1,207	355	-60°	104.40
PV-20-08	413,765	2,593,098	1,208	345	-60°	125.40
PV-20-09	413,764	2,593,099	1,208	330	-50°	107.40
PV-20-10	413,597	2,592,994	1,240	10	-55°	134.40

Coordinates in UTM WGS84 from a handheld GPS

The results of the Company's drilling are shown in Table 2 along with the results from the previous drilling. All five of the Company's holes cut mineralized vein ranging from weakly anomalous to the best hole (PV-06) which cut vein breccia and stockwork over 3.2 m (estimated true width) grading 69 g/t Ag, 0.13 g/t Au and negligible Base Metals, including a 0.5 m (ETW) sulfide-rich zone grading 315 g/t (10 oz/T) silver and 0.46 g/t gold with negligible Base Metals. (See Table 2 for Results and www.prismometals.com for maps and sections). The mineralized intervals reported are similar to many of those reported by Vizsla Resources Corp. from drilling on veins further west in the same district.

Four of the holes explored the Palos Verdes system, and intersected the vein between about 75 and 100m below the surface. In all cases the vein structure showed multiple discrete quartz vein stages showing distinctly differing mineralogy and textures lacing between breccia fragments of wall rock and vein material. Selective sampling of three discrete vein stages in surface exposures (Table 3) shows two extremes: 1. A Precious Metals-rich stage that reported 18 g/t Au, 1468 g/t Ag, 1.73 % Cu, 2.93% Pb and 10.1% Zn over 0.3m; and 2. A Base metals-rich stage that reported 0.16 g/t Au, 110 g/t Ag, 0.2 % Cu, 9.2% Pb and 23.8% Zn. A similar variation is observed in individual samples from the drill holes as can be seen in Table 1.

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Hole PV-20-07 was the first ever test of a clay altered shear zone that cuts across the Palos Verdes concession in a northwest orientation, and that hosts the inferred "Northwest Vein", which Prismo geologists recognized by tracing isolated outcrops of massive, banded and brecciated quartz vein material. Hole PV-20-07 cut this shear zone obliquely near its intersection with the Palos Verdes vein and intersected a wide brecciated and sheared interval containing anomalous precious and base metals values but was not drilled at an orientation that allowed testing of the Northwest Vein.

Dr. Craig Gibson, President and CEO of the Company stated "So far all the drilling in the Palos Verdes vein has been very shallow and these new results, combined with older data, reveal the sort of variability of width and grade that we expect to see in the very top of veins in this district. This supports our interpretation that we are well above any coherent Bonanza-grade zones in the system, and we are very eager to trace the Palos Verdes vein to greater depths and along strike. We are also pleased to have confirmed the suspected Northwest vein and look forward to including it in our next campaign as we trace both veins to depth, hopefully into more consistent widths and grades."

Table 2. Drill results for all Prismo and previously drilled holes at the Palos Verdes Project

Hole	From (m)	To (m)	Width (m)	Est True width (m)	Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)
ProDeMin holes (previously released)									
PV-01	23.90	28.80	4.90	4.2	0.89	31	0.21	0.30	2.63
PV-02	40.35	48.70	8.35	5.5	1.69	474	0.54	1.09	3.84
incl.	45.25	48.70	3.45	2.3	3.75	1098	0.67	1.99	3.00
incl.	46.55	47.70	1.15	0.8	8.42	2336	0.27	1.72	2.46
PV-03	31.30	40.65	9.35	7.0	1.45	15	0.05	0.11	1.04
incl.	39.55	40.65	1.10	0.8	12.15	50	0.26	0.53	5.01
PV-04	55.45	59.00	3.55	3.0	0.12	37	0.31	0.12	0.74
PV-05	54.25	57.40	3.15	2.0	0.25	23	0.06	0.32	0.62
Prismo holes									
PV-06	70.55	75.85	5.3	3.2	0.13	69	0.14	0.12	0.29
	75.00	75.85	0.85	0.5	0.46	317	0.12	0.09	0.21
PV-07	32.40	34.20	1.8	?	0.01	9	0.35	0.24	0.47
PV-08	92.70	96.05	3.35	2.5	0.24	17	0.09	0.19	0.58
	92.70	93.65	0.95	0.7	0.55	37	0.24	0.61	1.21
PV-09	87.10	88.95	1.85	1.3	0.73	38	0.19	0.61	3.89
PV-10	125.30	126.50	1.20	0.9	0.03	6	0.06	0.03	1.4

Data for holes PV-01 to PV-05 was included in a news release of September 30, 2020.

True width of the intercept in hole PV-07 unknown.

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Table 3. Assays for samples of the Palos Verdes and Northwest veins, Palos Verdes project.

Sample	Width m	Description	Au g/t	Ag g/t	Cu %	Pb %	Zn %
Palos Verdes Vein							
<u>Sulfide bands</u>							
58954	0.10	Sulfide rich vein with little gangue.	0.08	67.0	0.43	0.82	15.50
58955	0.15	Sulfide rich vein with 10% quartz.	0.16	111.5	0.19	9.20	23.80
58956	0.30	Sulfide rich band in 1m quartz vein	18.10	1,468.5	1.73	2.93	10.10
<u>In Tunnel*</u>							
465801	0.50	Half of vein, quartz with sulfide band	6.17	45	0.15	1.12	1.62
465833	1.10	Quartz vein breccia with rock fragments	0.09	24	0.13	0.26	0.28
465834	0.60	Fault breccia with fragments of quartz	0.34	3	0.01	0.01	0.16
465835	1.80	Vein breccia with galena and chalcopyrite	0.02	4	0.03	0.02	0.05
465836	1.30	Vein breccia with sphalerite and galena	6.71	544	0.06	0.08	0.13
NW vein							
<u>Prismo samples (one vein exposure)</u>							
58951	0.70	Quartz vein breccia, iron oxide and pyrite	0.03	11	-	0.05	-
58952	0.70	Quartz vein breccia with fine gray sulfides	0.06	14	-	0.11	0.06
58953	1.10	Quartz vein breccia, hematite and jarosite	0.02	8	-	0.01	0.01
<u>Older samples*</u>							
465817	0.60	Banded quartz vein, traces of pyrite	0.11	19	-	0.03	-
465837	2.30	Quartz vein, traces of galena	0.11	31	0.01	0.11	0.19

*Samples from the Palos Verdes tunnel and the older samples of the NW vein were taken by ProDeMin in 2017.

In July 2021, the Company applied for an environmental permit which, if granted, would allow the Company to conduct additional drilling. A response is expected early in the fourth quarter 2021.

b) Los Pavitos project and the Cascabel Option

Los Pavitos is an early-stage exploration project located in the Álamos area of Sonora State, Mexico. The project consists of one concession, Los Pavitos Reducción, that covers 5,289 hectares. The concession is located on the paved highway between Navajoa and Álamos at about the 17 km marker, and the main mineralized area is about 6 km North of the highway and are reached by unmaintained dirt roads that access local ranches. Several interior concessions owned by third parties cover mineralized occurrences within the boundaries of the Los Pavitos concession.

Mineralization at Los Pavitos consists of quartz veins and stockworks hosted in metasediments, in shear zones and parallel to foliation and crossing foliation. Three mineralized trends have been recognized through limited exploration that has been carried out. Two trends, the NE Santa Cruz trend and the NW Las Auras trend intersect in an area of small mines and prospects on the internal concessions mentioned previously and extend onto the Los Pavitos concession. The NE Omuri trend is parallel to the Santa Cruz trend about two kilometers to the northwest of the intersection of the other trends, and also intersect the La Auras trend.

Limited exploration work has been carried out on the project. One hundred rock chip samples and 55 soil samples have been taken. Rock samples of as much as 40.9 g/t Au and 99 g/t Ag over 0.3m have been taken. Numerous samples have returned 1 to 6 g/t Au and 3 to 60 g/t Ag. Soil sample lines that cross the Santa Cruz trend where projected along strike from outcrops and small prospects show Au, As and Ag anomalies.

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On October 11, 2019, the Company entered into an Option Agreement with Cascabel (the "Cascabel Option"). Pursuant to the terms of the Cascabel Option, Cascabel grants the Company an option to earn up to 100% in the Los Pavitos concession, located in the state of Sonora, Mexico, over a period of five years, as follows:

- on October 11, 2019, the Company issued Cascabel 2,000,000 units with a fair value of \$0.05 per unit; each unit consisting of one common share and one share purchase warrant of the Company; each warrant being exercisable at a price of \$0.10 per share, expiring on the fifth anniversary of the date of issuance of these units (issued). Of the total amount, 1,200,000 units remained in escrow as at September 30, 2021;
- the Company is required to maintain the Los Pavitos concession in good standing. During the year ended December 31, 2020, the Company reimbursed Cascabel for \$137,796 for concession dues that were due for 2019 and 2020. The Company is temporarily delinquent for payment of mineral concession dues corresponding to the first semester of 2021 of approximately \$35,000 and a similar amount for the second semester of 2021, for working capital preservation. The amounts are included in accounts payable and accrued liabilities;
- for the exercise of the option, the Company will be required to incur US \$1,500,000 in exploration expenses over the five-year period of the Cascabel Option, pay an additional US \$500,000 and issue Cascabel an additional 2,000,000 common shares. The yearly minimum expenditures, payments and issuance of shares to Cascabel are as follows:

Period	Work Commitment	Cash Payment	Shares issued	Other requirements
First two years, cumulative	\$75,000	Nil	Nil	Deliver technical report to NI 43-101 standards
Each of third and fourth years	\$100,000	US \$100,000	Nil	Nil
Fifth year	\$500,000	US \$300,000	2,000,000 shares	Drilling program of at least 2,500 metres

- Prismo will perform sufficient assessment work to satisfy the applicable government work commitment costs on the Property through the end of each tax period.

On March 19, 2021, the company received an NI 43-101 Technical Report on the Los Pavitos property, commissioned as one of the requirements of the option agreement. This report is available on SEDAR. The report concluded that Los Pavitos has potential for both Epithermal Gold-Silver veins and Orogenic (Shear-hosted) Gold deposits. Epithermal veins are the most abundant mineralization style in the area, and several have been located in Los Pavitos. However, the project is hosted by Mesozoic metasediments that are part of older terranes that underlie much of Northwest Mexico and these rocks have been regionally sheared and later intruded by plutons of intermediate composition. Rocks of similar composition and history host several large Orogenic Gold deposits that have been discovered elsewhere in western Sonora and the Company believes Los Pavitos is also prospective for them.

The NI 43-101 Technical Report recommends more work to ascertain the dominant mineralization styles at Los Pavitos through a preliminary exploration program consisting of project and target scale geologic mapping and sampling starting in the areas of known gold mineralization with the goal of projecting the geology laterally into areas with partial to complete cover.

Dr. Craig Gibson, President and CEO of the Company, stated "Los Pavitos provides Prismo a foothold in a long-established but underexplored mining region and provides an excellent opportunity for advancing a potentially large-scale gold project".

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The following amounts have been invested in exploration and evaluation assets:

	CAD \$	(USD) \$
Balance, December 31, 2019	453,041	
Concession payments under the ProDeMin Option	6,974	5,000
Other	3,676	
Balance, June 30 2020	463,691	
ProDeMin Option - cash	68,939	50,000
Palos verdes remaining 25% option - cash	40,545	30,000
Palos verdes remaining 25% option - warrants	13,103	
Concession payments under the ProDeMin Option - cash	604	
Concession payments under the Cascabel Option - cash	130,822	
Drilling	132,008	
Assays and laboratory	3,137	
Technical reports	9,901	
Other	11,789	
Balance, December 31, 2020	874,539	
Concession payments under the Cascabel Option (payable)	70,000	
Concession payments under the ProDeMin Option - payable	504	
Payments under the ProDeMin Option (USD \$20,000 payable)	30,985	25,000
Payments under the ProDeMin Option for remaining 25% (paid)	19,136	15,000
Technical and environmental reports (payable)	6,029	
Other	3,459	
Balance, September 30, 2021	1,004,652	

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Results of Operations

Year-to-date

	Nine months ended September 30				
	2021	% of	2020	% of	% change
	\$	expenses	\$	expenses	
<u>Cash expenses</u>					
Investor relations	74,328	55.80%	-	0.00%	n/a
Audit and legal	16,791	12.60%	27,377	33.76%	-38.67%
Administration and accounting	16,371	12.29%	18,713	23.08%	-12.52%
Filing and transfer agent fees	13,567	10.18%	29,876	36.84%	-54.59%
Exploration-related expenses	6,467	4.85%	-	0.00%	n/a
Office and sundry	2,986	2.24%	1,273	1.57%	134.56%
Travelling	2,371	1.78%	3,855	4.75%	-38.50%
Interest expense	340	0.26%	-	0.00%	n/a
	133,221	100.00%	81,094	100.00%	64.28%
<u>Non-cash (income) expenses</u>					
Foreign exchange (gain) loss	617		(497)		
Share-based payments	-		133,910		
Total non-cash expenses	617		133,413		
Loss for the period	(133,838)		(214,507)		

The highest expense for the period was investor relations as, in addition of having a part-time in-house consultant with a monthly fee of \$2,000, the Company engaged an advertising and promotion firm with a one-year contract to create and expand market awareness.

Audit and legal fees were higher during the 2020 comparative period due to IPO-related costs. During 2021 these costs were substantially lower.

Administration fees were consistent, if slightly lower, with those of the equivalent period of the prior year.

Filing and transfer agent fees during the 2020 comparative period included the fees required for the IPO and thus are greater than the regular fees incurred during 2021.

Exploration-related expenses consist of non-capitalized costs related to exploration activities such as the annual license of an imaging software and certain non-recoverable Mexican value added taxes.

Office and sundry increased in 2021 as a result of the Company now being listed on the CSE.

The interest expense is related to the short-term promissory notes mentioned under *Financing Activities*, above.

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Most recent quarter

	Three months ended September 30				
	2021	% of	2020	% of	% change
	\$	expenses	\$	expenses	
Cash expenses					
Investor relations	32,344	53.41%	-	0.00%	n/a
Audit and legal	7,317	12.08%	20,716	45.63%	-64.68%
Exploration-related expenses	6,467	10.68%	-	0.00%	n/a
Administration and accounting	5,715	9.44%	10,313	22.72%	-44.58%
Filing and transfer agent fees	5,398	8.91%	10,078	22.20%	-46.44%
Travelling	2,371	3.92%	3,855	8.49%	-38.50%
Office and sundry	608	1.00%	438	0.96%	38.81%
Interest expense	340	0.56%	-	0.00%	n/a
Total cash expenses	<u>60,560</u>	<u>100.00%</u>	<u>45,400</u>	<u>100.00%</u>	<u>33.39%</u>
Non-cash expenses					
Foreign exchange (gain) loss	(88)		262		
Share-based payments	-		133,910		
Total non-cash expenses	<u>(88)</u>		<u>134,172</u>		
Loss for the period	<u><u>(60,472)</u></u>		<u><u>(179,572)</u></u>		

The proportion of expenses during the last quarter of 2021 is consistent with those of the year-to-date.

Quarterly information

The following table provides a summary of the financial indicators of the last eight quarters:

	Quarter ended (three-month figures) (\$)							
	30-Sep	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec
	2021	2021	2021	2020	2020	2020	2020	2019
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Loss and comprehensive loss	(60,472)	(25,716)	(47,650)	(166,853)	(179,572)	(23,130)	(11,805)	(53,418)
Per share, basic and diluted	(0.00)	(0.00)	(0.00)	(0.01)	(0.01)	(0.00)	(0.00)	(0.00)
Total assets	1,019,174	988,941	983,157	986,495	1,007,350	544,436	582,813	630,519
Total liabilities	304,757	214,052	182,552	155,576	81,312	12,150	27,397	63,298
Shareholders' equity	714,417	774,889	800,605	830,919	926,038	532,286	555,416	567,221
Cash dividends declared	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

During the 2021 quarters, the Company kept its cash expenses at a minimum in an effort to preserve capital. However, all expected fees are accrued, including the concession dues on the Palos Verdes and Los Pavitos concessions, accrued in Q1 and Q3 2021 for the first and second semester of 2021, respectively.

The filing of the Prospectus, the closing of the IPO and the listing on the CSE having taken place during Q3 2020, with many of the related costs invoiced to the Company during Q4, 2020, hence the significantly higher loss during the last two quarters of 2020 than during the prior periods. The increase in total assets on Q3 2020 also reflects the proceeds received from the closing of the IPO.

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Liquidity Working Capital and Capital Resources

The Company's liquidity and working capital figures are as follows:

	September 30, 2021	December 31, 2020
	\$	\$
Cash and cash equivalents	13,401	101,643
Accounts receivable (Canadian GST)	1,121	9,510
Total liquidity	14,522	111,153
Prepaid expenses and deposits	-	803
Accounts payable and accrued liabilities	(239,776)	(123,485)
Short-term loans	(20,201)	
Amounts due to related parties	(44,780)	(32,091)
Working capital deficit:	(290,235)	(43,620)

The Company will have to seek additional financing in order to sustain its operations for the next year. The longer-term ability of the Company to continue its business is dependent on the continuing success of its exploration programs coupled with available funding through sale of its share capital.

Transactions with related parties

The following transactions with related parties took place:

	2021	2020
Nine months ended September 30:	\$	\$
Management fees paid to InterAmerica Consulting & Development Inc. ("InterAmerica"), a company controlled by Mr. Salvador Miranda, Chief Financial Officer of the Company:	15,656	18,713
Promissory note signed with a company controlled by Mr. Jean-François Meilleur, a director of the Company:	10,000	-
Interest on above promissory note:	140	-
Share-based payments in connection with options granted to directors and officers of the Company:	-	55,411
Share-based payments in connection to options granted to companies controlled or related to directors of the Company:	-	46,176

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The following amounts were due to related parties as at September 30, 2021:

	As at: September 30, 2021	December 31, 2020
	<u>\$</u>	<u>\$</u>
Reimbursable expenses owed or accrued to ProDeMin, a company controlled by Dr. Craig Gibson, CEO of the Company:	23,206	32,091
Reimbursable expenses owed or accrued to the CEO of the Company:	6,184	-
Consulting fees and reimbursable expenses owed to InterAmerica:	5,250	-
Promissory note owed to a company controlled by Mr. Jean-François Meilleur, a director of the Company, including accrued interest:	10,140	-
	<u>44,780</u>	<u>32,091</u>

The ProDeMin Option for the acquisition of the Palos Verdes project, including related share and unit issuances, is a related party transaction, as ProDeMin is controlled by Dr. Peter Craig Gibson, a director, president and CEO of the Company.

The Cascabel Option, including the issuance of units, is a related party transaction, as Mr. Jorge Rafael Gallardo Romero and Ms. Guadalupe Yeomans Otero, both directors of the Company, have an interest in the Los Pavitos project related to the Cascabel Option.

Outstanding Share Data

As at the date of this MD&A Company has:

- a) 17,862,057 common shares issued and outstanding, of which 9,000,001 are held by insiders and certain advisors and the rest is public float. A total of 3,104,401 common shares remain in escrow;
- b) 7,700,000 share purchase warrants outstanding with a weighted average exercise price of \$0.10 and a weighted average life of approximately 2.5 years. An aggregate of 2,670,000 share purchase warrants remain in escrow.
- c) 33,800 Agent's options with an exercise price of \$0.125 and an average life of one year and
- d) 1,450,000 stock options with an exercise price of \$0.125 and an average life of four years.

The fully diluted number of shares is 27,045.867.

Off-Balance Sheet Arrangements

None

Proposed Transactions

None

Accounting Policies

Please refer to notes 2 and 3 to the annual audited financial statements for the year ended December 31, 2020 for a complete description of the basis of presentation and the accounting policies followed, respectively.

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Financial Instruments

The Company classifies cash, accounts receivables, accounts payable and accrued liabilities, and due to related parties at amortized cost. At present, the Company does not have any FVTPL or FVTOCI financial assets.

The Company provides disclosures that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the date of the statement of financial position, and how the entity manages these risks.

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

Currency Risk

As at September 30, 2021, all of the Company's cash and cash equivalents were held either in Canadian dollars or US dollars. The Company incurs expenditures in Canada and Mexico, and as such is exposed to currency risk associated with these costs. However, at this stage, the Company believes that the currency risks are immaterial.

Interest rate and credit risk

The Company has no loans and is therefore not subject to interest rate or credit risk.

Liquidity risk

The Company will depend on the advances provided by public and/or private investors. The liquidity risk relates to the low cash position and the dependence on these investments. See Note 1 to the Financial Statements for further discussion regarding liquidity risks.

Critical Accounting Estimates

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses, and the valuation of stock options and share purchase warrants. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual results may differ from these estimates.

Resource properties: The carrying value of the Company's mineral properties are reviewed by management quarterly, or whenever events or circumstances indicate that their carrying amounts may not be recovered. Management considers potential impairment indicators including, but not limited to, changes in commodity prices, plans for the properties and the results of exploration to date.

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Risk Factors

Please refer to the annual MD&A for the year ended December 31, 2020, for a complete list of risk factors associated with the Company's operations.

Cautionary note for USA readers

As a Canadian corporation, the Company is subject to certain rules and regulations issued by the Canadian securities regulators such as the British Columbia Securities Commission, Alberta Securities Commission, Ontario Securities Commission and other provincial regulators as may be required. The Company is required to provide detailed information regarding its properties including mineralization, drilling, sampling and analysis, on security of samples and mineral reserve estimates. Further, the Company describes any mineral resources associated with its properties utilizing terminology such as "inferred" or "indicated" which are terms recognized by Canadian securities regulators but not recognized by the United States' Securities and Exchange Commission.

Management's responsibility over financial information

The Company's management is responsible for presentation and preparation of the quarterly and annual financial statements and the MD&A. These financial statements have been prepared in accordance with IFRS.

The MD&A has been prepared in accordance with the requirements of securities regulators, including National Instrument 51-102 of the Canadian Securities Administrators ("CSA").

The quarterly and annual financial statements and information in the MD&A necessarily include amounts based on informed judgments and estimates of the expected effects of current events and transactions with appropriate consideration to materiality. In addition, in preparing the financial information we must interpret the requirements described above, make determinations as to the relevancy of information to be included, and make estimates and assumptions that affect reported information. The MD&A also includes information regarding the impact of current transactions and events, sources of liquidity and capital resources, operating trends, risks and uncertainties. Actual results in the future may differ materially from our present assessment of this information because future events and circumstances may not occur as expected.

Disclosure Controls and Procedures

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the condensed interim financial statements for the nine months ended September 30, 2021, and this accompanying MD&A (together, the "Interim Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information, the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Interim Filings on SEDAR at www.sedar.com.

Legal Proceedings

As at the date of this document, there were no legal proceedings against or by the Company.

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