

**3552 West 41st Avenue, P O Box 71030**  
**Vancouver, British Columbia**  
**V6N 4J9**  
**Telephone: 604-803-4883**

---

**May 10, 2024**

## **Introduction**

This Management Discussion & Analysis (“MD&A”) for Prism Resources Inc. (the “Company” or “Prism” or “we” or “us”) for the three months ended March 31, 2024 has been prepared by management, in accordance with the requirements of National Instrument 51-102, as of May 10, 2024, and compares its financial results for the three months ended March 31, 2024 and March 31, 2023. This MD&A provides a detailed analysis of the business of Prism and should be read in conjunction with the Company’s unaudited condensed interim consolidated financial statements for the three months ended March 31, 2024 and the audited consolidated financial statements for the year ended December 31, 2023. The Company reports its financial position, results of operations and cash-flows in accordance with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board. The Company is presently a “Venture Issuer” as defined in NI 51-102.

## **Caution Regarding Forward Looking Statements**

This MD&A contains forward-looking statements and forward-looking information (collectively, “forward-looking statements”) within the meaning of applicable Canadian and US securities legislation. These statements relate to future events or the future activities or performance of the Company. All statements, other than statements of historical fact are forward-looking statements. Information concerning mineral resource estimates also may be deemed to be forward-looking statements in that it reflects a prediction of the mineralization that would be encountered if a mineral deposit were developed and mined. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate, plans and similar expressions, or which by their nature refer to future events. These forward looking statements include, but are not limited to, statements concerning:

- the Company’s strategies and objectives, both generally and in respect of its specific mineral properties or exploration and evaluation assets, if any;
- the timing of decisions regarding the timing and costs of exploration programs with respect to, and the issuance of the necessary permits and authorizations required for, the Company’s future exploration programs;
- the Company’s estimates of the quality and quantity of the mineralization at its mineral properties, if any;
- the timing and cost of future planned exploration programs of the Company and the timing of the receipt of results therefrom;
- the Company’s future cash requirements;
- general business and economic conditions;
- the Company’s ability to meet its financial obligations as they come due, and to be able to raise the necessary funds to continue operations; and

- the Company’s expectation that it will be able to add additional mineral projects of merit to its assets.

Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Inherent in forward-looking statements are risks and uncertainties beyond the Company’s ability to predict or control, including, but not limited to, risks related to the Company’s inability to identify one or more economic deposits on its properties, variations in the nature, quality and quantity of any mineral deposits that may be located, variations in the market price of any mineral products the Company may produce or plan to produce, the Company’s inability to obtain any necessary permits, consents or authorizations required for its activities, to produce minerals from its properties successfully or profitably, to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies, and other risks identified herein under “Risk Factors”.

The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results are likely to differ, and may differ materially, from those expressed or implied by forward looking statements contained in this MD&A. Such statements are based on a number of assumptions which may prove incorrect, including, but not limited to, assumptions about:

- events such as war, terrorism, natural disaster or outbreaks of disease;
- general business and economic conditions;
- the timing of the receipt of regulatory and governmental approvals, permits and authorizations necessary to implement and carry on the Company’s future planned exploration programs;
- conditions in the financial markets generally;
- the Company’s ability to secure the necessary consulting, drilling and related services and supplies on favourable terms;
- the Company’s ability to attract and retain key staff;
- the accuracy of the Company’s resource estimates (including with respect to size and grade) and the geological, operational and price assumptions on which these are based; and
- the ongoing relations of the Company with its regulators.

These forward-looking statements are made as of the date hereof and the Company does not intend and does not assume any obligation, to update these forward looking statements, except as required by applicable law. For the reasons set forth above, investors should not attribute undue certainty to or place undue reliance on forward-looking statements.

Historical results of operations and trends that may be inferred from the following discussion and analysis may not necessarily indicate future results from operations. In particular, the current state of the global securities markets may cause significant reductions in the price of the Company’s securities and render it difficult or impossible for the Company to raise the funds necessary to continue operations. See “Risk Factors – Insufficient Financial Resources/Share Price Volatility”.

---

## **Current Business Activities**

---

### **General**

Prism Resources Inc. is a natural resources company that owns a 7.5% net profit interest (the “Royalty”) in the Aurora and Sunday Lake claims, near the Detour Lake Gold mine. The Aurora claims cover areas which include Detour’s high grade Zone 58N discovery. Potential exists on the Aurora and Sunday Lake concessions to host additional discoveries which could generate significant cash inflows to Prism in the future.

### ***Net Profit Interest***

The Company has a 7.5% Net Profits Interest in certain mining claims in the Porcupine Mining District of Ontario, Canada.

On July 10, 2017, the Company announced that it had entered into an agreement (the “Royalty Purchase Agreement”) with AuRico Metals Inc. and AuRico Metals Canadian Royalty partnership (together “Au Rico”) for the sale by the company of the Royalty to AuRico. Following the announcement, the Company and AuRico received a written communication from Detour claiming the Royalty is invalid and unenforceable against Detour, notwithstanding Detour’s long and consistent disclosure record to the contrary.

On July 21, 2017, the Company announced that the Royalty Purchase Agreement had been terminated, as a direct result of Detour’s newly stated position repudiating any obligations under the Royalty. On August 1, 2017, the Company announced that it has filed a Notice of Civil Claim in the Supreme Court of British Columbia against Detour. In April 2019, the Company filed a Statement of Claim in the Ontario Superior Court of Justice against Detour.

The Ontario Superior Court of Justice ruled on April 1, 2021 that the Company’s Royalty constitutes an interest in property held by the Company and is enforceable as against Detour. The Court also awarded costs in favour of the Company.

On May 5, 2021, Detour initiated an appeal of the summary judgement from April 1, 2021. On April 27, 2022, the Court of Appeal for Ontario ruled unanimously to dismiss Detour’s appeal of the summary judgement awarded to the Company on April 1, 2021. The Company’s net profits Royalty is fully enforceable against Detour.

With the Detour litigation having been decided in the Company’s favour, the Company is now actively pursuing new mineral exploration property opportunities.

### **Risk Factors**

The Company is in the business of acquiring, exploring and, if warranted, developing and exploiting natural resource properties. Due to the nature of the Company’s proposed business and the stage of exploration of its past resource properties and future potential property acquisitions, the following risk factors, among others, will apply:

***Additional Financing Requirements:*** The Company has generated funds through private placement financings, and exercise of outstanding warrants and options. During the period ended March 31, 2024, no warrants or options were exercised. In addition, during the period ended March 31, 2024, the Company did not complete any financings.

***Insufficient Financial Resources:*** The Company does not have sufficient financial resources to fund its operating expenditures and future potential property acquisitions and therefore depend upon the Company's ability to obtain financing through private placement financing, public financing or other means. There can be no assurance that the Company will be successful in obtaining the required financing.

***Resource Exploration and Development is Generally a Speculative Business:*** Resource exploration and development is a speculative business and involves a high degree of risk, including, among other things, unprofitable efforts resulting not only from the failure to discover resource deposits but from finding resource deposits which, though present, are insufficient in size to return a profit from production. The marketability of natural resources that may be acquired or discovered by the Company will be affected by numerous factors beyond the control of the Company. These factors include market fluctuations, the proximity and capacity of natural resource markets, government regulations, including regulations relating to prices, taxes, royalties, land use, importing and exporting of resources and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

***Fluctuation of Prices:*** Even if commercial quantities of resource deposits are discovered by the Company in its future potential property acquisitions, there is no guarantee that a profitable market will exist for the sale of the product produced. Factors beyond the control of the Company may affect the marketability of any substances discovered. Commodity prices have experienced significant movement over short periods of time, and are affected by numerous factors beyond the control of the Company, including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production due to improved exploration and production methods. The supply of commodities is affected by various factors, including political events, economic conditions and production costs in major producing regions. There can be no assurance that the price of any commodities will be such that any of the potential properties in which the Company has, or has the right to acquire, an interest may be mined at a profit.

***Global Financial Conditions:*** Market events and conditions, including disruptions in the Canadian, United States and international credit markets and other financial systems and the continued volatility of the Canadian, United States and global economic conditions, could, among other things, impede access to capital or increase the cost of capital, which would have an adverse effect on the Company's ability to fund its working capital and other capital requirements. Notwithstanding various actions by the U.S. and foreign governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions continue to be volatile and unpredictable. In addition, general economic indicators have deteriorated, including declining consumer sentiment, increased unemployment and declining economic growth and uncertainty about corporate earnings. These disruptions in the current credit and financial markets have had, and could continue to have a material adverse impact on a number of financial institutions and have limited access to capital and credit for many companies, particularly junior resource exploration companies such as the Company. These disruptions could, among other things, make it more difficult for the Company to obtain, or increase its cost of obtaining, capital and financing for its operations. The Company's access to additional capital may not be available on terms acceptable to the Company or at all.

***Resource Industry is Intensely Competitive:*** The Company's business is the acquisition, exploration development of resource properties. The resource industry is intensely competitive and the Company will compete with other companies that have far greater resources.

***Permits and Licenses:*** The operations of the Company, for its future potential acquisitions, will require consents, approvals, licenses and/or permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary consents, approvals, licenses and permits that may be required to carry out exploration, development and production operations at its future projects.

Delays or failure to obtain such licenses and permits or a failure to comply with the terms of any such licenses and permits that the Company does obtain, could have a material adverse effect on the Company.

**Government Regulation:** Any exploration, development or production, for its future potential acquisitions, carried on by the Company will be subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, resource taxes and labour standards. In addition, the profitability of any commodity is affected by the market for those commodities which is influenced by many factors including changing production costs, the supply and demand, and the rate of inflation, the inventory of commodity producing corporations, the political environment and changes in international investment patterns.

Worldwide securities markets, particularly those in the United States and Canada, have continued to experience a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered exploration or development stage companies, have experienced unprecedented declines in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. Most significantly, the share prices of junior natural resource companies have experienced an unprecedented decline in value and there has been a significant decline in the number of buyers willing to purchase such securities, only recently has slight recovery been observed. In addition, significantly higher redemptions by holders of mutual funds has forced many of such funds (including those holding the Company's securities) to sell such securities at any price. As a consequence, despite the Company's past success in securing significant equity financing, market forces may render it difficult or impossible for the Company to secure places to purchase new share issues at a price which will not lead to severe dilution to existing shareholders, or at all. Therefore, there can be no assurance that significant fluctuations in the trading price of the Company's common shares will not occur, or that such fluctuations will not materially adversely impact on the Company's ability to raise equity funding without significant dilution to its existing shareholders, or at all.

**Environmental Matters:** Existing and possible future environmental legislation, regulations and actions could cause significant expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted and which may well be beyond the capacity of the Company to fund. The Company's right to exploit any future potential resource property will continue to be subject to various reporting requirements and to obtaining certain government approvals and there can be no assurance that such approvals, including environment approvals, will be obtained without inordinate delay or at all.

**Foreign Countries and Political Risk:** The Company's subsidiary is located in Peru, where activities may be affected in varying degrees by political instability, expropriation of property and changes in government regulations such as tax laws, business laws, environmental laws and mining laws, affecting the Company's business in that country. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may adversely affect its business, or if significant enough, may make it impossible to continue to operate in that country. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, foreign exchange restrictions, export controls, income taxes, and expropriation of property, environmental legislation and mine safety.

The status of Peru as a developing country may make it more difficult to obtain any required exploration financing for future projects. The effect of all of these factors cannot be accurately predicted. There is the risk of political violence and increased social tension in Peru as a result of the increased civil unrest, crime and labour unrest. Roadblocks by members of the local communities, unemployed people and unions can occur on most national and provincial routes without notice.

Any limitation on the transfer of cash or other assets between the parent corporation of such entities, or among such entities, could restrict the Company's ability to fund its operations efficiently. Any such

limitations, or the perception that such limitations may exist now or in the future, could have an adverse impact on the Company's valuation and stock price.

***Dependence Upon Others and Key Personnel:*** The success of the Company's operations will depend upon numerous factors, many of which are beyond the Company's control, including (i) the ability to design and carry out appropriate exploration programs on its future potential resource properties; (ii) the ability to produce resources from any resource deposits that may be located in the future; (iii) the ability to attract and retain additional key personnel in exploration, marketing, mine development and finance; and (iv) the ability and the operating resources to develop and maintain the future potential properties held by the Company. These and other factors will require the use of outside suppliers as well as the talents and efforts of the Company and its consultants and employees. There can be no assurance of success with any or all of these factors on which the Company's operations will depend, or that the Company will be successful in finding and retaining the necessary employees, personnel and/or consultants in order to be able to successfully carry out such activities. This is especially true as the competition for qualified geological, technical personnel and consultants is particularly intense in the current marketplace.

***Currency Fluctuations:*** The Company presently maintains its accounts in Canadian dollars. Due to the nature of its operations in Peru, the Company also maintains accounts in U.S. dollars and Peruvian Nuevo soles. The Company's operations in Peru and its proposed exploration expenditures on future potential acquisitions in such countries are denominated in either local currencies or U.S. dollars, making it subject to foreign currency fluctuations. Such fluctuations are out of the Company's control and may materially affect the Company's financial position and results.

***Regulatory Requirements:*** As stated above, the activities of the Company are subject to extensive regulations governing various matters, including environmental protection, management and use of toxic substances and explosives, management of natural resources, exploration, development of mines, production and post-closure reclamation, exports, price controls, taxation, regulations concerning business dealings with indigenous peoples, labour standards on occupational health and safety, including mine safety, and historic and cultural preservation. Failure to comply with applicable laws and regulations may result in civil or criminal fines or penalties, enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions, any of which could result in the Company incurring significant expenditures. The Company may also be required to compensate those suffering loss or damage by reason of a breach of such laws, regulations or permitting requirements. It is also possible that future laws and regulations, or more stringent enforcement of current laws and regulations by governmental authorities, could cause additional expense, capital expenditures, restrictions on or suspension of the Company's operations and delays in the exploration and development of the Company's properties.

***No Assurance of Profitability:*** The Company has no history of earnings and due to the nature of its business there can be no assurance that the Company will ever be profitable. The Company has not paid dividends on its shares since incorporation and does not anticipate doing so in the foreseeable future. The only present source of funds available to the Company is from the sale of its common shares or, possibly, from the sale or optioning of a portion of its interest in its future potential resource properties. Even if the results of exploration are encouraging, the Company may not have sufficient funds to conduct the further exploration that may be necessary to determine whether or not a commercial deposit exists. While the Company may generate additional working capital through further equity offerings or through the sale or possible syndication of its future potential properties, there can be no assurance that any such funds will be available on favourable terms, or at all. At present, it is impossible to determine what amounts of additional funds, if any, may be required. Failure to raise such additional capital could put the continued viability of the Company at risk.

**Uninsured or Uninsurable Risks:** The Company may become subject to liability for pollution or hazards against which it cannot insure or against which it may elect not to insure where premium costs are disproportionate to the Company’s perception of the relevant risks. The payment of such insurance premiums and of such liabilities would reduce the funds available for exploration and production activities.

**SELECTED FINANCIAL INFORMATION**

**SELECTED ANNUAL INFORMATION**

The Company’s unaudited condensed interim consolidated financial statements for the first quarter ended March 31, 2024 and 2023 (the “Interim Financial Statements”) have been prepared in accordance with IFRS applicable to the preparation of interim financial statements including International Accounting Standard (“IAS”) 34 “*Interim Financial Reporting*”. The following selected financial information for the years ended December 31, 2023 and December 31, 2022 is taken from the Company’s audited consolidated financial statements for the year ended December 31, 2023 (the “Financial Statements”). The information for the year ended December 31, 2021 is taken from the audited consolidated financial statements for the year ended December 31, 2022. This information should be read in conjunction with those statements. Selected annual financial information appears below.

|  | <b>Years Ended December 31</b> |                |                |
|--|--------------------------------|----------------|----------------|
|  | <b>2023</b>                    | <b>2022</b>    | <b>2021</b>    |
| <b>Statement of Operations</b>                       |                                |                |                |
| Total revenues (interest)                            | \$ -                           | \$ -           | \$ -           |
| Loss before other items                              | \$ (59,865)                    | \$ (573,700)   | \$ (326,576)   |
| Impairment   | \$ (7,886)                     | \$ -           | \$ -           |
| Net loss for the year                                | \$ (115,337)                   | \$ (631,930)   | \$ (449,628)   |
| Weighted average number of common shares outstanding | 51,945,393                     | 51,945,393     | 51,945,393     |
| Basic and diluted income (loss) per common share     | \$ (0.00)                      | \$ (0.01)      | \$ (0.01)      |
| <b>Statement of Financial Position</b>               |                                |                |                |
| Total assets   | \$ 31,631                      | \$ 70,287      | \$ 105,869     |
| Working capital (deficit)                            | \$ (2,992,044)                 | \$ (2,879,729) | \$ (2,542,470) |

Operating costs and expenses for the year ended December 31, 2023 were \$59,865 (2022 - \$573,700 and 2021 - \$326,576). The decrease in 2023 expenses was primarily due to share-based payments of \$293,971 from the grant of stock options in 2022 compared to \$Nil in 2023, and a decrease in consulting fees in the amount of \$171,733 to \$Nil (2022 - \$171,733) as a result of the Company suspending management and directors’ fees starting in January 2023. The increase in 2022 expenses was primarily due to share-based payments of \$293,971 from the grant of stock options in 2022 compared to none in 2021. This was offset by a decrease in consulting fees in the amount of \$48,267 to \$171,733 (2021 - \$220,000) due to the appointment of an interim CEO in April 2021.

**QUARTERLY FINANCIAL INFORMATION**

|  | <b>Three Months Ended</b>               |  |   |  |
|--|---|--|---|--|
|  | <b>March 31,<br/>2024<br/>(2024 Q1)</b> | <b>December 31,<br/>2023<br/>(2023 Q4)</b> | <b>September 30,<br/>2023<br/>(2023 Q3)</b> | <b>June 30,<br/>2023<br/>(2023 Q2)</b> |
| Total revenues (interest)                  | \$ -                                    | \$ -                                       | \$ -  | \$ -                                   |
| Loss before other items                    | \$ (16,288)                             | \$ 60,793                                  | \$ (10,336)                                 | \$ (55,001)                            |
| Impairment                                 | \$ -                                    | \$ 2                                       | \$ (22)                                     | \$ (50)                                |
| Net loss for the period                    | \$ (31,081)                             | \$ 37,458                                  | \$ (10,737)                                 | \$ (66,653)                            |
| Basic and diluted loss per<br>common share | \$ (0.00)                               | \$ (0.00)                                  | \$ (0.00)                                   | \$ (0.00)                              |
| Total assets                               | \$ 25,966                               | \$ 31,631                                  | \$ 38,198                                   | \$ 41,734                              |
| Working capital (deficit)                  | \$ (3,023,125)                          | \$ (2,992,044)                             | \$ (3,029,502)                              | \$ (3,018,765)                         |

|  | <b>Three Months Ended</b>               |  |   |  |
|--|---|--|---|--|
|  | <b>March 31,<br/>2023<br/>(2023 Q1)</b> | <b>December 31,<br/>2022<br/>(2022 Q4)</b> | <b>September 30,<br/>2022<br/>(2022 Q3)</b> | <b>June 30,<br/>2022<br/>(2022 Q2)</b> |
| Total revenues (interest)                  | \$ -                                    | \$ -                                       | \$ -  | \$ -                                   |
| Loss before other items                    | \$ (55,321)                             | \$ (59,662)                                | \$ (91,300)                                 | \$ (44,359)                            |
| Impairment                                 | \$ (7,816)                              | \$ -                                       | \$ -  | \$ -                                   |
| Net loss for the period                    | \$ (75,405)                             | \$ (72,542)                                | \$ (109,227)                                | \$ (57,944)                            |
| Basic and diluted loss per<br>common share | \$ (0.00)                               | \$ (0.00)                                  | \$ (0.00)                                   | \$ (0.00)                              |
| Total assets                               | \$ 57,337                               | \$ 70,287                                  | \$ 70,290                                   | \$ 74,856                              |
| Working capital (deficit)                  | \$ (2,952,112)                          | \$ (2,879,729)                             | \$ (2,807,362)                              | \$ (2,698,310)                         |

**Loss before other items and Net loss for the period**

The Company's net loss increased for the period 2024 Q1 compared to 2023 Q4 and net loss decreased for the period 2023 Q4 compared to 2023 Q3. This was mainly due to changes in consulting fees recorded in 2023 Q4 as a result of the Company suspending management and directors' fees starting in January 2023. Previously recorded consulting fees for 2023 Q1 and 2023 Q2 were reversed in 2023 Q4. This was offset by the Company recording the interest accrual for 2023 Q3 in 2023 Q4.

The Company's net loss decreased for the period 2023 Q3 compared to 2023 Q2 mainly due to a decrease in consulting fees as a result of the Company suspending management and directors' fees starting in July 2023 and the Company's noteholders agreeing to stop accruing interest expenses starting in July 2023.

The Company's net loss decreased for the period 2023 Q2 compared to 2023 Q1 and increased for the period 2023 Q1 compared to 2022 Q4 mainly due to an impairment of prior year advances and property and equipment of \$7,816 in the Company's subsidiary during 2023 Q1.

The Company's net loss decreased for the period 2022 Q4 compared to 2022 Q3 mainly due to a decrease in professional fees of \$34,016 in 2022 Q4 due to the recording of under-accrued legal fees for 2021 in 2022 Q3.

The Company's net loss increased for the period 2022 Q3 compared to 2022 Q2 mainly due to an increase in professional fees of \$52,938 in 2022 Q3 due to the funds returned by the Registrar of the Court in 2022 Q2.

### **Total assets**

Overall, total assets decreased quarter over quarter. The decrease in total assets in the other quarters was as a result of a decrease in cash due to a lack of funding available.

### **Working capital deficit**

Over the past eight quarters, there was an increase in working capital deficit with the exception of 2023 Q4. The decrease in working capital deficit in 2023 Q4 is due to the reversal of 2023 Q1 and 2023 Q2 management and directors' fees in 2023 Q4. The increase in working capital deficit in the other quarters is a result of decrease in current assets such as cash, an increase in current liabilities such as accounts payable and accrued liabilities, and due to related parties, and an increase in loans payable. As the Company continues its efforts of securing further financing, the current liabilities increases while current assets such as cash decreases.

## **RESULTS OF OPERATIONS**

### ***Three months ended March 31, 2024 Compared to Three months ended March 31, 2023***

For the three months ended March 31, 2024, the Company had a net loss of \$31,081 as compared to a net loss of \$75,405 in the comparative period of the prior year. The decrease in net loss of \$44,324 in the current period was mainly due to a decrease in consulting fees as the Company suspended management fees and directors' fees commencing January 2023. Previously recorded consulting fees for 2023 Q1 were reversed to \$Nil in 2023 Q4.

There was a decrease in impairment of \$Nil (2023 - \$7,816) due to the write-off of advances and property and equipment in Peru in the comparative period of the prior year, offset by an increase in foreign exchange loss to \$2,523 (2023 - \$99) which is the result of factors outside of the Company's control.

## **LIQUIDITY AND CAPITAL RESOURCES**

The Company has no revenue generating operations from which it can internally generate funds. To date, the Company's ongoing operations have been predominantly financed by the sale of its equity securities by way of private placements and the subsequent exercise of share purchase warrants issued in connection with such private placements as well as loans and convertible debentures. However, the exercise of warrants/options is dependent primarily on the market price and overall market liquidity of the Company's securities at or near the expiry date of such warrants/options (over which the Company has no control) and therefore there can be no guarantee that any existing warrants/options will be exercised. When acquiring an interest in mineral properties through purchase or option, the Company will sometimes issue common shares to the vendor or optionee of the property as partial or full consideration for the property interest in order to conserve its cash.

The Company expects that it will operate at a loss for the foreseeable future, and that it will require additional financing to fund the acquisition of future resource property and to continue its operations (including general and administrative expenses) beyond 2024. Additional financing will be required for the Company to maintain its existing level of operations and / or acquire, explore or develop any resource property.

As at March 31, 2024, the Company reported cash of \$24,716 compared to \$30,381 as at December 31, 2023. The Company had a working capital deficit of \$3,023,125 as at March 31, 2024 compared to working capital deficit of \$2,992,044 as at December 31, 2023. The increase in working capital deficit was mainly due to increase in accounts payable and accrued liabilities, and increase in amount due to related parties. The Company has not entered into any long-term lease commitments nor is the Company subject to any mineral property commitments other than those outlined under note 8 in the Company's audited consolidated financial statements for the year ended December 31, 2023.

The Company currently has no further funding commitments or arrangements for additional financing at this time (other than the potential exercise of options and warrants) and there is no assurance that the Company will be able to obtain additional financing on acceptable terms, if at all. There is significant uncertainty that the Company will be able to secure any additional financing in the current equity markets - see "Risk Factors - Insufficient Financial Resources/Share Price Volatility". The quantity of funds to be raised and the terms of any proposed equity financing that may be undertaken will be negotiated by management as opportunities to raise funds arise. Specific plans related to the use of proceeds will be devised once financing has been completed and management knows what funds will be available for these purposes.

The Company has no exposure to any asset-backed commercial paper. Other than cash held by its subsidiary for their immediate operating needs in Peru, if any, the majority of the Company's cash reserves are on deposit with a major Canadian chartered bank. The Company does not believe that the credit, liquidity or market risks with respect thereto have increased as a result of the current market conditions. However, in order to achieve greater security for the preservation of its capital, the Company has, of necessity, been required to accept lower rates of interest which has also lowered its potential interest income.

#### **OFF-BALANCE SHEET ARRANGEMENTS**

The Company has not entered into any significant off-balance sheet arrangements or commitments.

#### **RELATED PARTY TRANSACTIONS**

##### ***Compensation of Key Management***

The Company suspended management fees and directors' fees commencing January 2023.

The related party transactions incurred during the three months ended March 31, 2024 were in the normal course of operations. During the three months ended March 31, 2024, the Company did not pay or accrue for any expenses.

At March 31, 2024, included in due to related parties was \$1,900,493 (December 31, 2023 - \$1,898,155) in expenses owing to directors, former CEO, interim CEO and companies with common directors. These amounts were unsecured and non-interest-bearing.

At March 31, 2024, included in loans payable and convertible loans was \$59,500 (December 31, 2023 - \$59,500) owing to directors, interim CEO and the CFO of the Company. The loans bear interest at an annual rate varying from 12% to 15 % per annum due on demand, and are secured against all or substantially all of the assets of the Company.

### **PROPOSED TRANSACTIONS**

As at the date of this MD&A there are no proposed transactions where the Board of Directors or senior management believes that confirmation of the decision by the Board is probable or with which the Board and senior management have decided to proceed.

### **CRITICAL ACCOUNTING ESTIMATES**

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting year.

### **FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS**

The carrying values of accounts payable and accrued liabilities, due to related parties and loans payable approximate their fair values due to the short-term maturity of these financial instruments. Cash and convertible loans are measured at the fair value.

The Company's accounts payables at March 31, 2024 were normal course business items that are settled on a regular basis.

The Company's risk exposure on the Company's financial instruments is not significant.

### **MATERIAL PROCEEDINGS**

As at the date of this MD&A there are no material proceedings.

### **DISCLOSURE OF OUTSTANDING SHARE DATA**

#### **Authorized**

Unlimited number of voting common shares without par value.

#### **Issued:**

As at March 31, 2024 and May 10, 2024

| <b>Issued Common Shares</b> | <b>Value</b>  |
|-----------------------------|---------------|
| 51,945,393                  | \$ 16,463,801 |

**Incentive Stock Options Outstanding:**

As at March 31, 2024 and May 10, 2024

| <b>Number</b> | <b>Exercise Price</b> | <b>Expiry Date</b> |
|---------------|-----------------------|--------------------|
| 3,000,000     | \$0.10                | March 1, 2032      |
| 200,000       | \$0.11                | March 13, 2032     |
| 3,200,000     |                       |                    |

**Share Purchase Warrants Outstanding:**

As at March 31, 2024 and May 10, 2024, there were no share purchase warrants outstanding.

**ADDITIONAL INFORMATION**

Additional information relating to our Company is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca)