



**STERLING METALS CORP.**

(Formerly Latin American Minerals Inc.)

**MANAGEMENT DISCUSSION AND ANALYSIS  
OF THE FINANCIAL POSITION AND RESULTS OF OPERATIONS  
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021**

Stated in Canadian Funds

Dated November 29, 2021

**STERLING METALS CORP. (FORMERLY LATIN AMERICAN MINERALS INC.)**

**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021**

**EXPRESSED IN CANADIAN DOLLARS**

**REPORT TO SHAREHOLDERS AND MANAGEMENT DISCUSSION AND ANALYSIS**

**TO OUR SHAREHOLDERS**

This management's discussion and analysis of the financial condition and results of operation ("MD&A") of Sterling Metals Corp. (formerly Latin American Minerals Inc. ("Sterling" or the "Company")) should be read in conjunction with Sterling's unaudited condensed interim financial statements for the three and nine months ended September 30, 2021, and related notes therein.

Except as otherwise indicated, all financial data in this MD&A have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

All dollar amounts in this MD&A are reported in Canadian dollars except where otherwise indicated. As of September 30, 2021, the Company had a working capital of \$3,499,385 and had reported a net loss of (\$1,147,959) for the nine months ended September 30, 2021, (net loss of (\$354,232) for the nine months ended September 30, 2020). The Company has yet to achieve profitable operations and has an accumulated deficit of (\$51,241,695). These continuing losses indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The Company is subject to risks and challenges similar to companies in a comparable stage of exploration and development. The Company's ability to continue as a going concern is dependent upon the ability to obtain financing and to ultimately to achieve and maintain profitable operations. Should profitable operations not be achieved, the Company will be required to obtain supplementary funding. The ability of the Company to achieve these objectives cannot be assured at this time and accordingly, these matters may cast significant doubt on the Company's ability to continue as a going concern. The Company's consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate, in which case adjustments that could be material to the carrying values of the assets and liabilities, the reported expenses and the statement of financial position reclassifications would be necessary.

Further information about the company, its operations and other continuous disclosure documents, including the Company's press releases and interim quarterly reports are available through its filings with the securities regulatory authorities in Canada at [www.sedar.com](http://www.sedar.com) and are also available on the Company's website [www.sterlingmetals.ca](http://www.sterlingmetals.ca).

**FORWARD-LOOKING STATEMENTS**

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement.

# STERLING METALS CORP. (FORMERLY LATIN AMERICAN MINERALS INC.)

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The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

Forward-Looking Information	Key Assumptions	Most Relevant Risk Factors
Future funding for ongoing operations	The Company will be able to raise these funds	The Company has disclosed that this may be difficult and failure to raise these funds will materially impact the Company's ability to continue as a going concern

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. Please also make reference to those risk factors in the "Risk Factors" section below. Readers are cautioned that the preceding table does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially from those expressed or implied by the forward-looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any of its anticipated results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

## CORPORATE OVERVIEW

Sterling Metals Corp. (formerly Latin American Minerals Inc.) is a mining and mineral exploration corporation focused on the discovery, acquisition and development of potential mineral deposits globally. The Company has a Uranium exploration project in Butt Township, Nipissing District, Ontario Canada.

The Company is listed on the TSX Venture Exchange (the "Exchange" or "TSX-V") where it trades under the symbol "SAG".

On August 24, 2018, the Company entered into an option agreement granting it the right to earn a 100% ownership interest in the Butt Township uranium and rare-earth mineral property in Ontario. The Company carried out initial exploration activity on the property but was unable to come to an agreement with Grifco Corporation ("Grifco") on an extension of time for the Company to incur the required mineral exploration expenditures on the property. The Company determined that it was in its best interest to allow the Butt Township Property Option Agreement to expire and the rights to the property to revert back to Grifco. The Company took an impairment charge on all the previously capitalized expenditures on the Butt township Property in the amount of \$265,600, reducing the carrying value of the property to \$nil as of December 31, 2020.

On October 2, 2020, the Company announced that it had formally entered into an option agreement with Altius Resources Inc. ("Altius") to purchase 100% of the Sail Pond silver-copper-lead-zinc project on the Great Northern Peninsula of Newfoundland from Altius. In consideration for the purchase of the Project, on signing of the Definitive Agreement (the "Agreement"), the Company issued to 58,991,254 common shares of the Company, representing approximately 19.9% of the then outstanding shares of the Company, to Altius. Altius also holds a 2% NSR royalty over the project. Additionally, the Company issued an additional 606,061 common shares to Altius on February 1, 2021 at a price of \$0.33 per common share. The issuance settled \$200,000 that was owing to Altius as part of the Company's acquisition of the Sail Pond Project (see Note 7 in the Company's unaudited condensed interim financial

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statements for the three and nine months ended September 30, 2021. The transaction was approved by the TSX Venture Exchange on October 2, 2020. Other key conditions of the option purchase agreement include a minimum expenditure commitment on the project of \$500,000 within the first 12 months and \$1,000,000 within the first 3 years of entering into the agreement. Both of these expenditure commitments have been satisfied as of September 30, 2021, and the Company now owns 100% of the Sail Pond Project.

On November 6, 2020, the Company announced that it had filed articles of amendment and changed its name to Sterling Metals Corp. from Latin American Minerals Inc. In addition to the name change, the Company also completed a consolidation of its issued and outstanding shares on the basis of ten (10) pre-consolidation Common Shares for one (1) post-consolidation Common Share. The name change and share consolidation were approved by shareholders of the Company at its annual and special meeting held on October 20, 2020. On November 10, 2020, the common shares commenced trading on the TSX-Venture Exchange under the new ticker symbol SAG. The change in the number of issued and outstanding Common Shares resulting from the Consolidation did not materially affect any shareholder's percentage ownership in the Company.

## **MINERAL EXPLORATION PROPERTIES**

### **SAIL POND PROJECT**



Sail Pond Project Area Viewing North from the South Mineralized Zone

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#### PROPERTY PAYMENT

In consideration for the purchase of the Project, on signing of the Definitive Agreement (the “Agreement”), the Company issued 5,899,125 common shares of the Company on a post-consolidation basis, representing approximately 19.9% of the then outstanding shares of the Company, to Altius. Altius also holds a 0.5% NSR royalty over the project. A 1.5% NSR is held by Mr. Tony Kearney, the initial finder of the Sail Pond asset of which 1% can be purchased from Mr Kearney for \$1,000,000 by Altius Resources. Other key conditions of the option purchase agreement include a minimum expenditure commitment on the project of \$500,000 within the first 12 months from the effective date of October 2, 2021 (incurred as of September 30, 2021) and \$1,000,000 within the first 3 years of the effective date of October 2, 2021.

Additionally, the Company issued 606,061 common shares to Altius on February 1, 2021, at a price of \$0.33 per common share. The issuance settled \$200,000 that was owing to Altius as part of the Company’s acquisition of the Sail Pond Project (see Note 7 in the Company’s unaudited condensed interim financial statements for the three and nine months ended September 30, 2021). The transaction was approved by the TSX Venture Exchange on October 2, 2020.

#### PROJECT HIGHLIGHTS

- Sterling Metals has earned 100% of this project by incurring over \$1,500,000 in exploration expenditures on the project prior to September 30, 2021
- High-grade, silver, copper, lead and zinc associated with quartz-carbonate veining
- Rock sample analyses of up to 4,526 g/t silver, 14.9% copper, 7.5% lead, 9.6% zinc and 0.9 g/t gold
- Two defined target zones – combined strike-length of 9 km over a 12km trend
- Discovered in 2016, no prior drilling and ~\$2,600,000 spent to date
- Large project area (13,500 Ha), road accessible and with nearby services and airport
- Straight forward provincial permitting process

#### PROJECT LOCATION

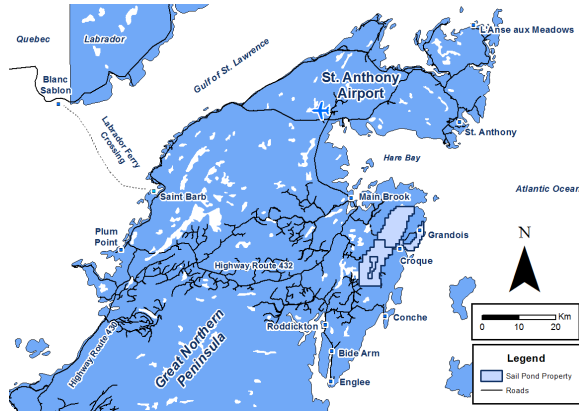


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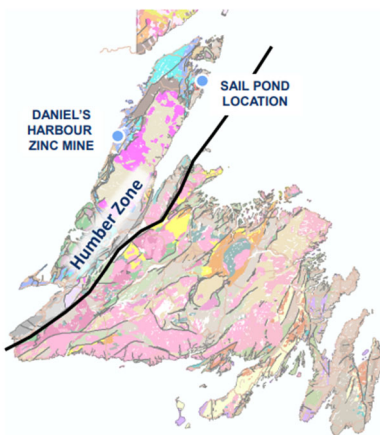
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- 13,500 Ha project located on Newfoundland's Great Northern Peninsula, eastern Canada
- Easily accessible by a series of paved highways, forest access roads and trails
- Adjacent to many regional services and within 32 km of the St. Anthony regional airport
- Option to own 100% interest subject to a 2% NSR

### Geological Setting



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- High-grade Ag plus Cu, Pb, and Zn mineralization found at Sail Pond unique for eastern Canada
- Laurentian Margin – Humber Tectonostratigraphic Zone
- Geology records a prolonged geological history as part of the Appalachian Orogenic cycle
- Active to passive margin environments represented by Early Cambrian to Middle Ordovician rift-related siliciclastics to platformal carbonates
- Parautochthonous and allochthonous displacement resulting in westward verging folds and NE orientated thrust faults and shear zones

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- Dominantly carbonate-hosted Zn ± Pb, Ag occurrences in the region; e.g. Daniel's Harbour – 7 Mt @ 7.8% Zn (mined between 1975-1990); minor Cu occurrences

#### **RECENT EXPLORATION WORK**

- Preliminary prospecting and mapping – definition of the two mineralized zones (South and North Zones), as well as additional occurrences
- Collection and multi-element analysis of > 250 rock grab samples from the main zones
- Structural study of the mineralized quartz veins and host rocks
- Characterization study of mineralization (petrography combined with SEM and multi-element analysis)
- Collection and analysis of 4021 B-horizon soil samples – “real time” pXRF analysis, predominantly for Cu, Pb, Zn
- 17 excavations of new mineralized outcrop exposures for a total 1.28 Ha (6 in the South Zone, 11 in the North Zone) – several sites left open for future use; all excavated areas photographed using a Drone and mapped; collection and multi-element analysis of 1034 channel samples (average length of 1.1 m)
- A NI 43-101 technical report was prepared on the project by Dr. Stephen Piercey of Memorial University ( a copy of the NI 43-101 technical report can be found on the Company's website [www.sterlingmetals.ca](http://www.sterlingmetals.ca))
- A physical properties database was established for the major rock-types found within and around the mineralization zones (i.e. specific gravity, magnetic susceptibility, resistivity, chargeability)
- A 105 line-km grid was cut followed by an IP and Resistivity survey (Abitibi Geophysics)
- A small gravity survey was conducted in three areas (MES Geophysics Inc) following up on chargeability targets
- A 7,500 metre diamond drill program, which is the first ever drilling program on the Sail Pond project, commenced on June 15, 2021; Assays for this program have been submitted to Eastern Analytical Laboratories and are pending; In addition, the Company launched a ground-based gravity geophysical program, which was completed during the month of August 2021, and the results from the survey are in the process of being compiled and reviewed.

#### **QUALIFIED PERSON**

The technical information in this MD&A has been prepared in accordance with the Canadian regulatory requirements set out in National Instrument 43-101 ("NI 43-101") and reviewed and approved by Kelly Malcolm, P.Geol. (Ontario), Technical Advisor for Sterling Metals, is the Qualified Person as defined by National Instrument 43-101, Standards of Disclosure for Mineral Projects. Mr. Malcolm is responsible for the scientific and technical data presented herein and has reviewed and approved this project summary. Mr. Malcolm is a Qualified Person under NI 43-101.

#### **PROPERTY RIGHTS AND EVALUATION AND EXPLORATION ASSETS**

The following table summarizes the carrying value of the Company's property rights and evaluation and exploration assets as of September 30, 2021.

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	Sail Pond	Butt Township	Total
<b>Carrying amount</b>			
<b>Balance January 1, 2020</b>	\$ -	\$265,600	\$265,600
<b>Acquisitions</b>			
Common shares issued	3,149,563	-	3,149,563
<b>Exploration</b>			
Geological and Geophysical services	35,275	-	35,275
Assays	3,425	-	3,425
Field and admin	595	-	595
Prospecting	63,207	-	63,207
<b>Impairment</b>			
Impairment writedown	-	(265,600)	(265,600)
<b>Balance December 31, 2020</b>	<b>\$ 3,252,065</b>	<b>\$ -</b>	<b>\$3,252,065</b>
<b>Exploration</b>			
Drilling	1,197,781	-	1,197,781
Field and admin	60,493	-	60,493
Geological and Geophysical services	943,186	-	943,186
Assays	74,440	-	74,440
Depreciation and amortization capitalized	6,175	-	6,175
<b>Balance September 30, 2021</b>	<b>\$5,534,140</b>	<b>\$ -</b>	<b>\$5,534,140</b>

**RESULTS OF OPERATIONS**

	Three Months Ended Sep-30-2021	Three Months Ended Sep-30-2020	Percentage Change	Nine Months Ended Sep-30-2021	Nine Months Ended Sep-30-2020	Percentage Change
<b>Non-cash share based payments</b>	-	-	n/a	306,700	-	n/a
General and administration	52,177	18,836	177.0%	151,404	60,968	148.3%
Investor relations	82,078	2,981	2653.4%	245,295	4,857	4950.3%
Management and Director fees	78,559	45,000	74.6%	268,931	135,000	99.2%
Consulting fees	36,969	22,098	n/a	83,621	60,132	39.1%
Net foreign exchange (gain) loss	-	815	(100.0%)	(2,033)	52,034	(103.9%)
Professional fees	70,929	37,667	88.3%	94,041	41,241	128.0%
<b>Net operating loss for the period</b>	<b>(\$320,712)</b>	<b>(\$127,397)</b>	<b>151.7%</b>	<b>(\$1,147,959)</b>	<b>(\$354,232)</b>	<b>224.1%</b>
Net (loss) per share basic	(\$0.01)	(\$0.01)	n/a	(\$0.03)	(\$0.03)	n/a



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A more detailed breakdown of General and Administration expenses is as follows:

	For the three months ended			For the nine months ended		
	September 30,		Percentage Change	September 30,		Percentage Change
	2021	2020		2021	2020	
Salary and wages	\$-	\$-	n/a	-	-	n/a
Office expenses	28,567	9,667	195.5%	65,056	31,430	107.0%
Listing and transfer agent fees	16,193	7,667	111.2%	70,409	22,426	214.0%
Insurance (D&O and P&C)	5,591	1,492	274.7%	12,232	4,444	175.2%
Travel and entertainment	1,826	-	n/a	3,707	2,668	38.9%
	<u>\$ 52,177</u>	<u>\$ 18,826</u>	<u>177.2%</u>	<u>\$ 151,404</u>	<u>\$ 60,968</u>	<u>148.3%</u>

The net loss for the three months ended September 30, 2021, was (\$320,712) compared to a net loss of (\$127,397) for the three months ended September 30, 2020. The increase in net loss during the three months ended September 30, 2021, can be attributed to an increase in general and administrative expenses, an increase in investor relations activity during the period, increases in Management and Directors' fees during the three months ended September 30, 2021, when compared to the three months ended September 30, 2020.

The net loss for the nine months ended September 30, 2021, was (\$1,147,959) compared to a net loss of (\$354,232) for the nine months ended September 30, 2020. The increase in net loss can be attributed to an increase in general and administrative expenses related to the Company's OTCQB listing an increase in investor relations activity during the period, increases in Management and Directors' fees as well as the granting of incentive stock options to Officers, Directors and Consultants of the Company during the nine months ended September 30, 2021, when compared to the nine months ended September 30, 2020.

During the nine months ended September 30, 2021, the Company completed a flow through financing and recorded a net flow-through share premium liability of \$112,128 on the closing of the transaction.

**SUMMARY OF QUARTERLY RESULTS**

Three months ended	30-Sep-21	30-Jun-21	31-Mar-21	31-Dec-20	30-Sep-20	30-Jun-20	31-Mar-20	31-Dec-19
			\$	\$	\$	\$	\$	\$
Total revenue	-	-	-	-	-	-	-	-
Loss for the period	(\$320,712)	(\$619,794)	(\$207,453)	(\$1,673,683)	(\$160,305)	(\$106,035)	(\$120,800)	(\$63,989)
Comprehensive Loss	(\$320,712)	(\$619,794)	(\$207,453)	(\$1,673,683)	(\$160,305)	(\$106,035)	(\$120,800)	(\$63,989)
Loss per share	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.06)	\$0.00	\$0.00	\$0.00	\$0.00
Total assets	\$9,763,985	\$9,800,063	\$9,763,985	\$6,748,572	\$823,885	\$517,967	\$636,673	\$720,755
Working capital (deficiency)	\$3,499,396	\$5,417,943	\$5,608,620	\$3,312,286	\$435,719	(\$848,563)	(\$770,702)	(\$599,904)

The loss and comprehensive loss for the three months ended September 30, 2021, was comprised of increased investor relations activity, increases in fees paid to Management and Directors and increased professional fees due to increased corporate activity during the period. The loss and comprehensive loss for the three months ended June 30, 2021, was comprised of management fees, investor relations costs and listing and transfer agent expenses related to the Company's recent listing of the Company's shares on the OTCQB exchange. The loss and comprehensive loss for the three months ended March 31, 2021, was comprised of management fees, investor relations costs and listing and transfer agent expenses related to the Company's recent listing of the Company's shares on the OTCQB exchange. The comprehensive loss for the three months ended December 31, 2020, was comprised of exploration costs, legal and professional fees, general and administration costs incurred during the period and the granting of stock options to Directors, Officers and Consultants of the Company as well as the write down to \$nil of the Butt Township Project, offset by the recognition of a gain on the settlement of the flow-through share premium liability. The comprehensive loss for the three months ended September 30, 2020, was comprised of exploration costs, legal

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and professional fees, and general and administration costs incurred during the period. The comprehensive loss for the three months ended June 30, 2020, was comprised of exploration costs, legal and professional fees and general and administration costs incurred during the period and realized foreign exchange losses in the amount of \$51,219 on the revaluation of US Dollar denominated assets and liabilities as of June 30, 2020. The loss incurred during the three months ended March 31, 2020, was comprised of general and administration costs incurred during the period and a realized foreign exchange loss in the amount of \$49,228 on the revaluation of US Dollar denominated assets and liabilities as of March 31, 2020.

**SELECTED ANNUAL INFORMATION**

Selected Annual Information	Dec-31-2020	Dec-31-2019	Dec-31-2018	Dec-31-2017
	\$	\$	\$	\$
Total assets	6,548,572	720,755	929,667	22,246,423
Total liabilities	\$184,221	\$1,055,059	\$1,011,386	\$4,617,828
Loss for the period	(\$2,060,824)	(\$277,584)	(\$21,449,778)	(\$2,438,621)
Comprehensive loss	(\$2,060,824)	(\$277,584)	(\$21,074,983)	(\$4,158,802)
Loss per share	(\$0.11)	(\$0.02)	(\$0.18)	(\$0.03)

**EXPLORATION AND EVALUATION ASSETS**

	Sail Pond	Butt Township	Total
<b>Carrying amount</b>			
<b>Balance January 1, 2020</b>	\$ -	\$265,600	\$265,600
<b>Acquisitions</b>			
Common shares issued	3,149,563	-	3,149,563
<b>Exploration</b>			
Geological and Geophysical services	35,275	-	35,275
Assays	3,425	-	3,425
Field and admin	595	-	595
Prospecting	63,207	-	63,207
<b>Impairment</b>			
Impairment writedown	-	(265,600)	(265,600)
<b>Balance December 31, 2020</b>	<b>\$ 3,252,065</b>	<b>\$ -</b>	<b>\$3,252,065</b>
<b>Exploration</b>			
Drilling	1,197,781	-	1,197,781
Field and adm	60,493	-	60,493
Geological and Geophysical services	943,186	-	943,186
Assays	74,440	-	74,440
Depreciation and amortization capitalized	6,175	-	6,175
<b>Balance September 30, 2021</b>	<b>\$5,534,140</b>	<b>\$ -</b>	<b>\$5,534,140</b>

**Butt Township Uranium and Rare Earth Project Impairment**

On August 24, 2018, the Company entered into an option agreement (the “Option Agreement”) with Grifco Corporation (“Grifco”) pursuant to which the Company has been granted the right to earn a 100% ownership interest in the Butt Township uranium and rare-earth mineral property (collectively, the “Property”) in Ontario.

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The Company was not successful in negotiating an extension of time to complete the required exploration expenditures, make the necessary cash payments and issue common shares to Grifco, resulting in the Property Option Agreement being terminated by Grifco. As of December 31, 2020, the Company assessed the value of certain expenditures that had been capitalized to the Butt Township exploration and evaluation assets and determined that continued capitalization of these amounts was no longer justified. The Company recorded an impairment charge of \$265,500 against the amounts previously capitalized reducing the carrying amount to nil.

#### **Sail Pond Silver-Copper-Lead-Zinc Project**

On October 2, 2020, the Company entered into an option agreement (“Sail Pond Property Option Agreement”) with Altius Resources Inc. to purchase from Altius Resources Inc., 100% of the Sail Pond silver-copper-lead-zinc project (“Project”) on the Great Northern Peninsula of Newfoundland. In consideration for the purchase of the Project, on signing of the Definitive Agreement (the “Agreement”), the Company issued 5,899,125 common shares of the Company, representing approximately 19.9% of the then outstanding shares of the Company, to Altius Resources Inc. Altius also holds a 0.5% NSR royalty over the project and the right to purchase an additional 1% from the initial staking prospector Tony Kearney who holds a 1.5% NSR. Additionally, the Company committed to issue Altius Resources Inc. an additional \$200,000 in common shares on the earlier of 12 months from the date of signing or on the completion of an equity financing of at least \$2,000,000. On February 1, 2021 the Company issued 606,061 common shares valued at \$0.33 per share to settle this obligation. Other key conditions of the option purchase agreement include a minimum expenditure commitment on the project of \$500,000 within the first 12 months and \$1,000,000 within the first 3 years of entering into the agreement. This exploration expenditure commitment was fully met as of September 30, 2021, and the Company now owns 100% of the Sail Pond project

The Sail Pond Property Option Agreement was approved by the TSX Venture Exchange on October 6, 2020.

The Company incurred exploration expenditures on the project in the amount of \$102,502 during the period October 6, 2020, to December 31, 2020, and incurred \$2,282,075 in exploration expenditures on the project during the nine months ended September 30, 2021.

The Company must spend \$1,456,684 in eligible exploration expenditures by December 31, 2022, in order to satisfy its expenditure renunciation commitments under the various issuances of flow through shares. It is the Company’s intention to make these expenditures on the Sail Pond Property by the required time period.

#### **OUTSTANDING SHARES**

As at the date of this report the Company had 48,319,312 common shares outstanding, options outstanding of 4,140,000 and 19,701,042 warrants outstanding.

#### **FINANCIAL POSITION AND LIQUIDITY**

As of September 30, 2021, the Company’s financial instruments consist of cash, sales tax recoverable, prepaid expenses, accounts payable and accrued liabilities. The Company has no speculative financial instruments, derivatives, forward contracts or hedges.

As of September 30, 2021, the Company had a working capital of \$3,499,396 compared to working capital of \$3,312,286 as of December 31, 2020.

#### **FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

##### **a) Financial instrument classification and measurement**

Financial instruments of the Company carried on the Interim Condensed Consolidated Statement of Financial Position are carried at amortized cost with the exception of cash and cash equivalents, which is carried at fair value.

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There are no significant differences between the carrying value of financial instruments and their estimated fair values as of September 30, 2021, and December 31, 2020, due to the immediate or short-term maturities of the financial instruments.

**b) Fair values of financial assets and liabilities**

The Company's financial instruments include cash, sales tax recoverable, prepaid expenses, accounts payable and accrued liabilities. On September 30, 2021, the carrying value of cash and cash equivalents investments is fair value. Accounts payable and accrued liabilities approximate their fair value due to their short-term nature.

**c) Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. It is management's opinion that the Company is not exposed to significant credit risk arising from these financial instruments. The Company limits credit risk by entering into business arrangements with high credit-quality counterparties. Thus, the credit risk associated with other receivables is also considered to be negligible. There have not been any changes in the exposure to risk or the entity's objective, policies, and processes for managing the risk.

**d) Interest rate risk**

Interest rate risk is the risk of losses that arise as a result of changes in contracted interest rates. The Company is not exposed to significant interest rate risk. There have not been any changes in the exposures to risk or the entity's objectives, policies, and processes for managing risk.

**e) Currency risk**

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures. The Company incurs certain expenditures in Paraguayan Guarani and in US dollars. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the Company or subsidiary that holds the financial asset or liability. The Company's risk management policy is to review its exposure to non-Canadian dollar forecast operating costs on a case-by-case basis. The majority of the Company's forecast operating costs are in Canadian dollars. The risk is measured using sensitivity analysis and cash flow forecasting. There have not been any changes in the exposure to risk or the entity's objectives, policies, and processes for managing the risk.

The carrying amount of foreign currency financial assets and liabilities in Canadian dollars as of September 30, 2021, was as follows:

**Canadian Dollar amounts of foreign currency assets and liabilities**

	Cash	Liabilities
US Dollars	\$3,122	<i>\$nil</i>

Based on the financial instruments held as of September 30, 2021, the Company's deficit would have changed by \$312 had the Canadian dollar shifted by 10% as a result of foreign exchange effect on translation of non-Canadian dollar denominated financial instruments.

**f) Liquidity risk**

Prudent liquidity risk management implies maintaining at all times sufficient cash, liquid investments and committed credit facilities to meet the Company's commitments as they arise. The Company manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecast and actual cash flows. Where

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insufficient liquidity may exist, the Company may pursue various debt and equity instruments for short or long-term financing of its operations.

As of September 30, 2021, the Company had a working capital of \$3,499,396 (December 31, 2020 – \$3,213,742) and anticipates that cash on hand and available working capital will be sufficient to fund all the Company's planned expenditures for the next 12 months. Cash constraints have caused the Company to consider financing alternatives while contemplating minimal shareholder dilution.

The Company's potential sources of cash flow in the upcoming year will be, possible equity financings, loans, lease financing and entering into joint venture agreements, or any combination thereof. There have not been any changes in the exposure to risk or the entity's objectives, policies, and processes for managing the risk.

### **RISKS RELATED TO PROPERTY TITLE**

Although the Company has taken steps to verify the title to the properties on which it is conducting its exploration, development and mining activities, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unrestricted prior agreements, unregistered claims, aboriginal land claims and non-compliance with regulatory and environmental requirements. The Company's mining and exploration activities are subject to laws and regulations relating to the environment, which are continually changing, and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to remain in compliance.

### **CAPITAL RESOURCES**

The Company has no recent history of profitable operations. Therefore, it is subject to many risks common to comparable companies, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources as well as a lack of adequate revenues.

It may be necessary for the Company to arrange for additional financing to meet its on-going exploration and overhead requirements.

Management believes it will be able to raise equity capital as required in the long term, but recognizes the risks attached thereto. Although the Company successfully completed a financing during the current period, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing may be favourable.

### **CAPITAL MANAGEMENT**

The Company's capital consists of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its businesses and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing, selling assets, and incurring debt. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. The Company invests all capital that is surplus to its immediate operational needs in short-term, highly liquid, high-grade financial instruments. There were no changes to the Company's approach to capital management during the period. The Company is not subject to externally imposed capital requirements. The Company does not currently have adequate sources of capital to complete its exploration plan, current obligations and ultimately the development of its business, and will need to raise adequate capital by obtaining equity financing, selling assets and incurring debt. The Company may raise additional debt or equity financing in the near future to meet its current obligations.

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### OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements as of September 30, 2021, and as at the date hereof.

### RELATED PARTY TRANSACTIONS

Related party transactions are summarized as follows:

Name and principal position	Year	Remuneration or fees <sup>(1)</sup>	Share based compensation <sup>(1)</sup>	Included in accounts payable <sup>(1)</sup>
Mathew Wilson, CEO - management fees <sup>2</sup>	2021	\$185,000	\$102,233	\$ -
	2020	90,000	-	-
Dennis Logan, CFO - management fees <sup>2</sup>	2021	\$63,000	\$20,447	-
	2020	45,000	-	-
Directors -director fees	2021	\$20,931	\$61,340	-
	2020	-	-	\$2,000

<sup>(1)</sup> Amounts disclosed were paid or accrued to the related party during the nine months ended September 30, 2021 and 2020.

<sup>(2)</sup> Amounts paid to the individuals indirectly through companies controlled by the related party.

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

### SEGMENTED INFORMATION

The Company operates in a single reportable operating segment – the acquisition, exploration and development of mineral properties.

As of September 30, 2021, all of the Company's non-current assets were located in Canada. As of December 31, 2020, all of the Company's non-current assets were located in Canada.

### MANAGEMENT

The Company is dependent upon the personal efforts and commitments of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company.

### NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

#### New Accounting Standards Issued and Adopted in the Current Period and recent Accounting pronouncements not yet adopted

##### New Standards Adopted in the Current Period

There were no new standards adopted by the Company during the current period.

### RISK FACTORS

Companies operating in the mining industry face many and varied kinds of risks. While risk management cannot eliminate the impact of all potential risks, the Company strives to manage such risks to the extent possible and practical. Following are the risk factors most applicable to the Company:

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Exploring and developing mineral resource projects bears a high potential for all manner of risks. Additionally, few exploration projects successfully achieve development due to factors that cannot be predicted or foreseen. Moreover, even one such factor may result in the economic viability of a project being detrimentally impacted such that it is neither feasible nor practical to proceed. The Company closely monitors its activities and those factors that could impact them, and employs experienced consulting, engineering, insurance and legal advisors to assist in its risk management reviews.

Although the Company has taken steps to verify the title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

There can be no guarantees that the Company will be able to obtain or maintain all the necessary licenses and permits to extract and process minerals, explore, develop, or maintain its continued operations, or that the Company will be able to comply with all the conditions imposed.

The Company files applications in the ordinary course to renew the permits associated with its mining and exploration licenses that it deems necessary and/or advisable for the continued operation of its business. Certain of the Company's permits to operate that are associated with the mining license are currently under application for renewal. There is no guarantee that the Company will be able to renew any or all of the necessary permits in order to continue operating and conducting exploration activities on areas covered by licenses and permits that are not renewed or are revoked.

At present the principal activity of the Company is the exploration and development of resource properties. The feasible development of such properties is highly dependent upon the price of ore commodities. A sustained and substantial decline in these commodity prices could result in the write-down, termination of exploration and development work or loss of its interests in identified resource properties. Although such prices cannot be forecasted with certainty, the Company carefully monitors factors that could affect these commodity prices in order to assess the feasibility of its resource projects.

The success of exploration programs, development programs and other transactions related to mining concessions could have a significant impact on the need for capital. If the Company decides to develop one of its properties, it must ensure that it has access to the required capital. The Company could finance its need for capital by using working capital, by arranging partnerships or other arrangements with other companies, through equity financing, by taking on long-term debt or any combination thereof.

The recent outbreak of the coronavirus, also known as "COVID-19", has spread across the globe and is impacting worldwide economic activity. Conditions surrounding the coronavirus continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. The outbreak and the related mitigation measures may have an adverse impact on global economic conditions as well as on the Company's business activities. The extent to which the coronavirus may impact the Company's business activities will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in Canada and other countries to contain and treat the disease. These events are highly uncertain and as such, the Company cannot determine their financial impact at this time.

## **APPROVAL**

The Board of Directors of the Company has approved the disclosure contained in this Management Discussion and Analysis on November 29, 2021.

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**A CAUTIONARY NOTE**

*This document contains “forward-looking information” which may include, but is not limited to, statements with respect to the future financial or operating performance of the Corporation, its subsidiaries and its projects, the future supply, demand, inventory, production and price of minerals, the estimation of reserves and resources, the realization of reserve estimates, the timing and amount of estimated future production, costs of production, capital, operating and exploration expenditures, costs and timing of the development of new deposits, costs and timing of future exploration, requirements for additional capital, government regulation operations, environmental risks, reclamation expenses, title disputes or claims, limitations of insurance coverage and the timing and possible outcome of pending litigation and regulatory matters.*

*Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes” or variations (including negative variations) of such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, general business, economic, competitive, political and social uncertainties; the actual results of current exploration activities; actual results of reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of resources; possible variations of ore grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the resource industry; political instability, insurrection or war; delays in obtaining governmental approvals or financing or in the completion of development or construction activities. Although the Corporation has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.*

Respectfully submitted on behalf of the Board of Directors,

“Mathew Wilson”

Mathew Wilson

President & CEO