Management's Discussion and Analysis
For the year ended December 31, 2021

INTRODUCTION

This management's discussion and analysis ("MD&A") of Volcanic Gold Mines Inc. (the "Company") is the responsibility of management and covers the year ended December 31, 2021. The MD&A takes into account information available up to and including April 28, 2022 and should be read together with audited annual consolidated financial statements and accompanying notes for the year ended December 31, 2021 which are available on the SEDAR website at www.sedar.com.

All financial information in this document is prepared in accordance with International Financial Reporting Standards and presented in Canadian dollars unless otherwise indicated. Additional information related to the Company is available for viewing on SEDAR at www.sedar.com.

FORWARD-LOOKING INFORMATION

This MD&A contains certain statements which constitute forward-looking information within the meaning of applicable Canadian securities legislation ("Forward-looking Statements"). All statements included herein, other than statements of historical fact, are Forward-looking Statements and are subject to a variety of known and unknown risks and uncertainties which could cause actual events or results to differ materially from those reflected in the Forward-looking Statements. The Forward-looking Statements in this MD&A include, without limitation, statements relating to:

- the Company's planned exploration activities;
- the intended use of proceeds received from past and possible future financing activities;
- the sufficiency of the Company's cash position and its ability to raise equity capital or access debt facilities; and
- maturities of the Company's financial liabilities or other contractual commitments.

Often, but not always, these Forward-looking Statements can be identified by the use of words such as "anticipates", "believes", "plans", "estimates", "expects", "forecasts", "scheduled", "targets", "possible", "strategy", "potential", "intends", "advance", "goal", "objective", "projects", "budget", "calculates" or statements that events, "will", "may", "could" or "should" occur or be achieved and similar expressions, including negative variations.

Forward-looking Statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any results, performance or achievements expressed or implied by the Forward-looking Statements. Such uncertainties and factors include, among others:

- risks associated with mineral exploration and project development;
- fluctuations in commodity prices;
- fluctuations in foreign exchange rates and interest rates;
- credit and liquidity risks;

- changes in national and local government legislation, taxation, controls, regulations and political or economic developments in countries in which the Company does or may carry on business;
- reliance on key personnel;
- property title matters;
- local community relationships;
- risks associated with potential legal claims generally or with respect to environmental matters;
- adequacy of insurance coverage;
- dilution from further equity financing;
- competition;
- uncertainties relating to general economic conditions; and
- risks relating to a global pandemic, including the coronavirus COVID-19, which could result in government imposed restrictions that could cause a slowdown in global economic growth and impact the Company's business, operations, financial condition and share price;

as well as those factors referred to in the "Risks and Uncertainties" section in this MD&A.

Forward-looking Statements contained in this MD&A are based on the assumptions, beliefs, expectations and opinions of management, including but not limited to:

- all required third party contractual, regulatory and governmental approvals will be obtained for the exploration and development of the Company's properties;
- there being no significant disruptions affecting operations, whether relating to labor, supply, power, damage to equipment or other matter;
- permitting, exploration and development activities proceeding on a basis consistent with the Company's current expectations;
- expected trends and specific assumptions regarding commodity prices and currency exchange rates; and
- prices for and availability of fuel, electricity, equipment and other key supplies remaining consistent with current levels.

These Forward-looking Statements are made as of the date hereof and the Company disclaims any obligation to update any Forward-looking Statements, whether as a result of new information, future events or results or otherwise, except as required by law. 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, investors should not place undue reliance on Forward-looking Statements.

DESCRIPTION OF BUSINESS

The Company's business is the acquisition and exploration of mineral properties, focused on building multi-million ounce gold and silver resources in under-explored countries. In May 2020, the Company was granted an exclusive option to acquire a 60% interest in the Holly and Banderas gold-silver properties in Guatemala – see Property Review below.

Financings

On July 27, 2020, the Company completed a non-brokered private placement (the "July Financing") by issuing 20,000,000 units at $0.25 per unit, for gross proceeds of $5.0 million. Each unit consists of one common share in the capital of the Company and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of $0.30 for a period of two years from the closing date. With an investment of approximately $1.42 million in the July Financing, Silvercorp Metals Inc. ("Silvercorp") acquired beneficial ownership of 19.9% of the Company's issued and outstanding common shares.

Net proceeds from the July Financing were used for exploration work on the Holly and Banderas properties located in Guatemala (see Property Review below), and for general working capital purposes.

On October 20, 2020, the Company completed a bought-deal public financing (the "Offering"), and a concurrent private placement (the "Concurrent Private Placement"), for aggregate gross proceeds of approximately $8.6 million (the "October Financings"). Pursuant to the Offering, the Company issued 12,546,500 units at a price of $0.55 per unit for aggregate gross proceeds of $6,900,575. Pursuant to the exercise by Silvercorp of a participation right to maintain its 19.9% interest in the Company, the Company completed the Concurrent Private Placement with the issuance of 3,117,100 units to Silvercorp at $0.55 per unit for gross proceeds of $1,714,405. Each unit in the October Financings consists of one common share in the capital of the Company and one-half of a warrant. Each whole warrant entitles the holder thereof to purchase one common share at a price of $0.70 until April 20, 2022.

Net proceeds from the October Financings are intended and continue to be used for the exploration and advancement of the Company's principal assets in Guatemala and for general working capital purposes.

In April 2022, the Company extended the expiry date of 6,273,250 unexercised warrants issued in the Offering and 1,558,550 unexercised warrants issued in the Concurrent Private Placement, from April 20, 2022 to April 20, 2023.

Property Review

Holly and Banderas Properties, Guatemala

In May 2020, the Company signed an agreement whereby it was granted by Radius Gold Inc. ("Radius") the exclusive option (the "Option") to acquire a 60% interest in the Holly and Banderas gold-silver properties in Guatemala. The Company may exercise the Option by raising a minimum $3.0 million (completed on July 27, 2020) and spending US$7.0 million on exploration of the Properties within 48 months from the date drilling permits for the properties are granted (granted in March 2021). First year requirements of incurring at least US$1.0 million on exploration, including carrying out a minimum 3,000 metres of drilling, have been completed by the Company. The Company also made a cash payment to Radius of $100,000. Upon exercise of the Option, the Company will enter into a standard 60/40 joint venture with Radius in order to further develop the properties.

The Company also has the exclusive right for 24 months following the execution of the Option to evaluate the other property interests of Radius in eastern Guatemala and to enter into an agreement to acquire an interest in any of such other properties on reasonable mutually agreed upon terms.

Holly Property

In April 2021, the Company commenced a 3,000 metre diamond core drilling program at Holly, with the emphasis on exploring for high grade shoots associated with the intersection of the Jocotan Fault Zone and the NW-SE trending high grade vein systems, El Pino and La Peña. To date, results received from the initial 30 diamond drill holes completed on the La Peña target and the El Pino and Alpha structures. Highlights include:

- 30 holes completed to date testing three distinct vein sets cutting the Jocotan fault zone.
- Drilling cuts high grade gold and silver at La Peña and confirms vein orientations.
- Veins appear to be increasing in size with depth.

Table 1. Diamond drill significant results from Holly Project La Peña Target. Drilled intervals are shown with true widths estimated to be 88% of drilled interval.

DRILLING RESULTS - HOLLY PROJECT						
DRILLHOLE	FROM (m)	TO (m)	INTERVAL (m)	EST. TRUE WIDTH	Ag (g/t)	Au (g/t)
HDD-001 (2002)	34.80	49.00	14.20	13.43	151	4.14
HDD-004 (2002)	39.10	46.60	7.50	6.03	220	3.47
And	54.10	60.10	6.00	4.82	1618	43.56
HDD-005 (2002)	19.10	22.70	3.60	2.93	697	22.03
HDD-007 (2002)	88.50	97.50	9.00	8.38	45	1.84
Including	88.50	90.00	1.50	1.40	123	7.19
HRC-001 (2003)	50.30	61.00	10.70	8.76	265	4.83
HRC-002 (2003)	76.20	79.30	3.10	1.99	125	2.30
HDD-21-001	46.10	47.70	1.60	1.55	568	24.10
And	53.70	60.60	6.90	6.68	85	4.90
HDD-21-002	95.15	106.27	11.12	10.78	282	6.29
Including	95.15	98.00	2.85	2.76	342	15.50
Including	102.35	105.22	2.87	2.78	633	8.08
HDD-21-003	101.85	112.50	10.65	9.85	256	5.29
HDD-21-004	119.5	143.5	24	17.66	694	3.10
Including	131.400	133.670	2.270	1.68	2035	9.79
Including	136.000	137.850	1.850	1.37	2801	5.60
And	154.02	163.17	9.15	6.79	380	0.06
HDD-21-005	no significant intercepts					
HDD-21-006	35.07	39.30	4.23	3.39	136	4.00
HDD-21-007	42.05	45.22	3.17	1.36	284	2.93
HDD-21-008	no significant intercepts					
HDD-21-009	80.82	82.35	1.53	1.23	150	2.19
HDD-21-010	no significant intercepts					
HDD-21-011	209.20	210.05	0.85	0.65	65.4	0.55
HDD-21-012	60.00	62.00	2.00	1.63	141	2.82
And	71.80	74.82	3.02	2.45	109	1.73
HDD-21-013	no significant intercepts					
HDD-21-014	52.22	54.75	2.53	2.12	108	2.90
And	57.70	59.80	2.10	1.76	92	3.60
HDD-21-015	108.65	124.20	15.55	13.13	615	7.67
Including	108.65	115.90	7.25	6.12	848	16.20
HDD-21-016	77.00	79.00	2.00	1.67	154	4.15
HDD-21-017	134.25	143.08	8.83	6.82	355	8.81
HDD-21-018	71.67	73.20	1.53	1.37	57	1.81
HDD-21-019	28.97	30.50	1.53	1.39	539	191.80
And	171.90	178.42	6.52	5.91	340	11.72
Including	172.90	176.60	3.70	3.36	576	20.36
HDD-21-020	61.70	67.10	5.40	5.09	350	4.38
Including	63.00	64.00	1.00	0.94	1616	20.70
HDD-21-020	131.00	134.20	3.20	2.98	255	0.06

HDD-21-021	53.37	54.55	1.18	0.97	40	0.19
HDD-21-022	21.35	22.87	1.52	1.38	48	7.00
And	27.45	32.02	4.57	4.14	14	1.05
Including	28.97	30.90	1.93	1.75	12	1.86
And	50.32	51.85	1.53	1.39	5	5.34
And	199.77	201.30	1.53	1.39	522	11.20
HDD-21-023	196.72	198.25	1.53	1.50	171	1.93
And	202.82	207.40	4.58	4.50	5053	79.84
Including	204.45	205.70	1.25	1.23	18329	289.50
HDD-21-024			no significant intercepts			
HDD-21-025			no significant intercepts			
HDD-21-026			no significant intercepts			
HDD-21-027	210.45	215.02	4.57	3.70	3925	54.24
Including	212.3	214	1.70	1.38	10479	144.50
HDD-21-028	55.6	57.95	2.35		97	2.14
And	247.7	248.75	1.05	0.85	112	2.75
HDD-21-029	7.62	10.67	3.05		344	1.17
HDD-22-030	7.62	14.30	6.68		3	1.92
Including	9.15	12.60	3.45		3	3.54
And	28.80	29.80	1.00		10	8.64
And	160.12	170.80	10.68	9.81	389	2.07
Including	160.12	164.70	4.58	4.21	464	4.64
Including	161.65	163.17	1.52	1.40	1150	11.40

Any minor variations in the numbers and interval reported are due to rounding.
** NSR = no significant result.*

La Peña Target

The initial focus at the Peña vein system was to define the vein within the broad zone of the Jocotan fault breccia, and extend the mineralization down dip. The drilling to date has defined a very high grade and robust vein system at the Peña vein system, extending 200 meters along strike and 200 meters down dip, but open in all directions. Two holes in the deeper portion of the explored vein have returned exceptionally high grade mineralization with HDD-21-027 intersecting 4.57 metres (or approximately 4.1 metres true width) returning over 54 g/t gold and over 3.9 kg/t silver. At the same depth in the system hole HDD-21-23, located 150m to the south, intersected 4.58 meters at 79.84 g/t Au and 5,053 g/t Ag.

Future drilling will be focusing on extending this high-grade system at depth and along strike to the south with a goal of establishing a meaningful high-grade resource and improving confidence in the trend of the vein structure. Several other veins in the area with similar orientation warrant testing.

El Pino and Alpha Structures

Drill holes HDD21-005 to HDD21-013 tested the El Pino vein system. Narrow intercepts of medium and anomalous grade gold/silver were intersected. These holes tested historic surface anomalies. Drilling at El Pino cut the vein zone significantly higher than intercepts at La Peña and that may account for the narrow results. At the Alpha zone, the system was not targeted within the 200 metre wide Jocotan fault breccia, which drilling at La Peña indicates may be a key control on the mineralizing system.

Current Status

Field crews have continued detailed mapping and sampling at Holly project. This work has identified new drill targets on splay structures of the Jocotan fault where two large zones of mineralized breccia have been mapped and are coincident with high grade soil and rock chip results. The Company plans systematic drill testing of these new targets including the Jocotan splay faults and to continue testing the extensions, both strike and dip, of La Peña vein system.

Assays are still pending on some additional sample for drill hole HDD-21-026 and the samples from the detailed rock chip sampling of the Jocotan splay targets.

On February 24, 2022, the Company reported that a violent attack had occurred at the Holly project, significantly damaging the drill rig and equipment. No one was injured. In the latter part of 2021 and the first months of this year, a small group of individuals from the area have been aggressively spreading misinformation about our activities and the effects they say mining can have in the region. The main communities covering the Holly project area have expressed their support of the project and the Company has access agreements with community development councils and private landowners.

Despite significant effort, the anti-mining group has been unable to gain wide community support or legally halt the project. During the last 6 months approximately 70% of local residents (approximately 1,000 people) have attended Company informative tours of the project site and core shed, keeping people educated about mining and informed of the Company's activities which employ many people, gaining general support for the project. Unfortunately, a small group has resorted to violent means to further their cause.

The Radius / Volcanic team has also been making good progress working with Central and Local governments. The Presidential Commission for Peace and Human Rights has held the first of a number of planned coordination meetings with institutions and authorities at the national, departmental, and municipal levels regarding the February incident at Holly and to address concerns of the small minority. From these meetings it is clear that the Central government and Departmental government of Chiquimula support the Holly project and will work with the Company to regain the social license. The Company looks forward to a resolution of the issues and a resumption of work at the project and corresponding news flow.

The gold and silver discovery made at Holly is significant. It is a high-grade vein deposit that could be mined from underground, causing very little surface disruption. It will not require a processing plant as in the near future there will likely be two mills in operation within trucking distance. The Company is in the process of concluding an inferred resource calculation and from that we will generate an approximate value of the deposit that has been discovered to date. Further, the deposit is open in all directions. We will continue to move forward at a pace that will protect the investment we have made and the value we have created.

Elsewhere in Guatemala, the Company is actively reviewing the land position it optioned from Radius in June 2020. Several of the areas have been reviewed, some have been rejected and the concession applications cancelled. To date, three have shown significant promise and the process of having these concessions granted is underway. There are many more areas to review and the work is ongoing.

Banderas Property

In March 2021, results were announced from the Company's continuing exploration program at the Banderas Property. Highlights of the results are:

- Pyramid Hill vein systems extended for over 1,800 metres along strike. Mapping and sampling defined a NW/SE broad zone of stockwork and brecciation hosting multiple quartz veins of up to 3 metres width with both shallow and vertical dips. Rock chip and sub crop sampling returned grades up to 6.2 g/t Au and 273 g/t Ag.
- Zapote mineralization identified 1,500 metres along strike to the southeast beyond extensive cover, returning up to 2.7 g/t Au and 14.7 g/t Ag from surface vein outcrop sampling. Zapote zone now mapped along a 3,100 metre strike length.

The Banderas Property is located 7 kilometres south of the Holly Property. Previous work on the Banderas property has identified two extensive gold/silver bearing vein systems, the Pyramid Hill and the Zapote Zones.

The Pyramid Hill zone consists of two northwest trending sub-parallel vein zones located approximately 500 metres apart, called the Pyramid Hill ("PH") and the "M28" zones. Each zone hosts several 1- to 5-metre-wide quartz veins. At the PH zone, the veins dip steeply to the northeast and are surrounded by a prominent alteration zone with an approximate 20 metre wide zone of stockwork veining and brecciation, and at M28, the veins dip shallowly to the west.

Mapping by the Company has extended both vein systems by 1.5 kilometres to the southeast, extending them both to nearly 3.5 kilometres in length. Historically, over 40 shallow drill-holes have explored the PH and M28 systems and returned broad zones of low-grade gold/silver mineralization in both mineralized corridors including:

DRILLING RESULTS - HOLLY PROJECT						
DRILLHOLE	**FROM (m)**	**TO (m)**	**INTERVAL (m)**	**Ag (g/t)**	**Au (g/t)**	**AuEq* (g/t)**
BDD-003	12.20	38.10	25.90	34	0.74	1.19
BDD-004	53.10	74.70	21.60	30	1.25	1.64
BDD-005	24.40	40.20	15.80	22	0.89	1.18
BDD-007	67.10	83.70	16.60	22	1.22	1.52
BDD-008	81.70	114.00	32.30	30	1.25	1.64
BDD-014	36.30	58.50	22.20	48	0.90	1.54
BDD-015	79.20	114.30	35.10	7	0.50	0.60
BDD-016	126.50	156.10	29.60	3	0.70	0.74
BDD-018	65.20	89.90	24.70	42	0.68	1.23
BDD-019	74.70	94.50	19.80	42	1.05	1.61
BDD05-031	152.50	188.80	36.30	2	1.03	1.06
BDD11-013	61.50	82.30	20.80	38	2.10	2.61
BRC04-024	167.00	171.50	4.50	185	24.60	27.10
BRC04-027	67.50	85.50	18.00	5	0.40	0.47
BRC04-028	85.50	129.00	43.50	6	0.40	0.48
*AuEq calculated using a 75:1 Ag to Au ratio						

The Zapote Zone is located 1,500 metres to the west of the Pyramid Hill. Numerous quartz veins and extensive alteration occurs at the contact between a large Dacitic dome and the andesite and rhyolite country rock. Historic rock chip sampling over an area 150 metres wide along 800 metres of this contact has returned strongly anomalous gold/silver mineralization. To the southeast, the mineralization disappears under an extensive area of thick colluvium. No drilling has been conducted at Zapote target.

Recent sampling has identified the continuation of the Zapote system 850 metres along strike to the southeast, where recent sampling returned values up to 2.7 g/t Au and 14.7 g/t Ag.

The planned drill program at Banderas has been suspended while the Company works on access agreements with an adjoining community. The Company has access agreements in place with the community covering the drill project at Banderas, but further consultation and work is required with the adjoining community to ensure the benefits of the project are spread out and all affected communities in the area consent.

Technical Information

Bruce A. Smith, M.Sc., MAIG., a member of the Australian Institute of Geoscientists, is a Qualified Person as defined by National Instrument 43-101, and has approved the disclosure of the technical information in this MD&A.

SELECTED ANNUAL INFORMATION

The following table provides financial results for the years ended December 31, 2021, 2020 and 2019:

	2021	2020	2019
Exploration expenditures	$ 3,217,977	$ 450,966	$ -
Loss and comprehensive loss attributed to equity shareholders of the Company	4,400,043	2,260,579	197,799
Basic and diluted loss per share attributed to equity shareholders of the Company	0.10	0.11	0.03
Total assets	8,620,791	11,938,523	232,044
Total liabilities	253,094	216,675	130,987
Non-controlling interest (deficiency)	(176,411)	(176,411)	(176,411)
Working capital	8,039,749	11,559,987	38,827

The Company's level of exploration activity went from minimal during fiscal 2019 to moderate in fiscal 2020 and then significantly higher in the most recent fiscal year. The increase in activity started with the Company entering into an option agreement in fiscal 2020 to acquire Holly and Banderas properties and then receiving a drill permit in fiscal 2021 to begin conducting drill programs. This increase in exploration activity reflects the greater exploration expenditures and loss and comprehensive loss since fiscal 2019. Total assets significantly increased for fiscal 2020 due to the Company raising in excess of $13 million by way of equity financings during that period.

RESULT OF OPERATIONS

All references to 'loss' in the results of operations discussion below refers to the loss attributed to equity shareholders of the Company.

Quarter ended December 31, 2021

During the quarter ended December 31, 2021, the Company incurred a loss of $1,135,690, compared to a loss of $1,919,251 for the quarter ended December 31, 2020. Significant expenses for the quarters ended December 31, 2021 and 2020 are as follows:

	2021	2020
Exploration expenditures	$ 893,113	$ 326,401
Consulting and management fees	18,000	23,250
Legal and audit fees	30,000	22,944
Office and administration	19,475	19,628
Salaries and benefits	22,034	21,014
Share-based payments	57,052	1,458,521
Shareholder communications	40,912	58,438

The loss for the quarter ended December 31, 2021 was significantly lower than the comparative quarter due a share-based payments expense of $1,458,521 relating to the granting of stock options being charged in the comparative quarter compared to $57,052 for the current quarter, a decrease of $1,401,469. Exploration expenditures for both the current and comparative quarters related to the Holly and Banderas properties, with the current quarter expenditures being $566,712 higher. This increase is due to drill programs that began in the current fiscal year and continued into the current quarter. Legal and audit fees were higher for the current quarter but would have been similar if not for an adjustment at the prior year end that reclassified some legal fees as share issuance costs. Consulting and management fees were lower in the current quarter due to the comparative quarter including costs for both the current and former Chief Executive Officers.

Year ended December 31, 2021

During the year ended December 31, 2021 the Company incurred a loss of $4,400,043, compared to a loss of $2,260,579 for the year ended December 31, 2020. Significant expenses for the years ended December 31, 2021 and 2020 are as follows:

	2021	2020
Exploration expenditures	$ 3,217,977	$ 450,966
Consulting and management fees	72,000	96,992
Depreciation	29,518	369
Legal and audit fees	32,121	58,250
Office and administration	82,294	50,746
Salaries and benefits	89,987	52,583
Share-based payments	663,023	1,458,521
Shareholder communications	132,437	79,993
Transfer agent and regulatory fees	26,292	17,226
Interest and other income	29,888	9,764

The loss for the current year was significantly higher than the comparative year due to exploration expenditures being $2,767,011 higher in the current year. Similar to the quarterly comparison, the share-based compensation expense for the comparative year was $795,498 higher due to more stock options being granted during the 2020 fiscal year. Consulting and management fees were lower in the current year due in part to no third-party advisory fees being incurred compared to $13,217 in the comparative year. Office and administration and salaries and benefits costs were higher for the current year due to the Company being more active and being charged a larger portion of shared administrative and personnel costs. Depreciation expense for the current year is higher due to the acquisition of exploration equipment during the current year, with the most significant being vehicles. The higher shareholder communication expense for the current year relates to investor relations and promotional activities that took place throughout the entire year while such activities were not significant until the latter part of the comparative year. Legal and audit fees were higher in the comparative year due to costs associated with finalizing the Holly and Banderas option agreement.

For both the current quarterly and annual periods, exploration expenditures include a portion of fees paid to Simon Ridgway, a Director and CEO of the Company, and fees paid to Michael Povey, a Director and Chairman of the Company. Consulting and management fees for the current periods also consisted of a portion of fees paid to Mr. Ridgway and Mr. Povey whereas the cost for the comparative periods also included fees paid to Charles Straw, a Director and former Chief Executive Officer of the Company. Office and administration costs relate mostly to an administrative cost sharing agreement with Gold Group Management Inc. ("Gold Group"), a private company controlled by Mr. Ridgway which is reimbursed by the Company for certain shared rent and other corporate expenses paid by Gold Group on behalf of the Company. Salaries and benefits costs relate primarily to Gold Group which provides administrative personnel, including the Company's Chief Financial Officer and Corporate Secretary.

SUMMARY OF QUARTERLY RESULTS

The Company's quarterly total assets, working capital balance and operating results over the last eight quarters are summarized as follows:

	Dec '21	Sept '21	June '21	Mar '21	Dec '20	Sept '20	June '20	Mar '20
Total assets	$ 8,620,791	$ 9,433,293	$ 10,284,441	$ 11,550,808	$ 11,938,523	$ 4,665,141	$ 291,118	$ 193,686
Working capital (deficiency)	8,039,749	8,828,279	9,973,894	10,980,427	11,559,987	4,249,908	51,823	(6,164)
Loss and comprehensive loss attributed to equity shareholders of the Company	1,135,690	1,197,667	1,034,675	1,032,011	1,919,251	223,139	73,106	45,083
Basic and diluted loss per share attributed to equity shareholders of the Company	0.03	0.03	0.02	0.02	0.08	0.01	0.01	0.01

Total assets and working capital positions increased significantly in the third and fourth quarters of 2020 due to the completion of private placement and public offering financings. The loss amounts for the two quarters ended June 30, 2020 reflect that there was a minimal amount of exploration expenditures incurred during those periods. Increased expenditures during the five most recently completed quarters relate to exploration activity in Guatemala. The loss for the quarter ended December 31, 2020 was significantly higher than all other quarters presented due to a share-based payments expense of $1,458,521 relating to the granting of stock options. The loss for the quarter ended March 31, 2021 also included a share-based payments expense of $518,545.

LIQUIDITY AND CAPITAL RESOURCES

The Company has financed its operations to date primarily through the issuance of common shares. The Company's exploration activities do not provide a source of income and therefore the Company has a history of losses and an accumulated deficit.

As at December 31, 2021, the Company had current assets of $8,292,843 and current liabilities of $253,094, resulting in working capital of $8,039,749.

During the 2020 fiscal year, the Company raised gross proceeds of $5.0 million from a non-brokered private placement, and gross proceeds of $8.6 million from a bought deal public financing and concurrent non-brokered private placement. Cash share issuance costs for these financings totaled $1,192,131. During the year ended December 31, 2021, the Company received proceeds of $382,869 from the exercise of 1,276,230 share purchase warrants. The net proceeds from the 2020 financings continue to be used for working capital purposes and to fund exploration activities in Guatemala.

The Company expects its capital resources to be sufficient to carry out its planned exploration expenditures and cover operating costs through the next twelve months.

The Company's consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company's continuing operations rely on the ability of the Company to continue to raise capital as and when needed.

FINANCIAL AND CAPITAL RISK MANAGEMENT

Financial assets and liabilities are classified in the in the fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. Assessment of the significant of a particular input to the fair value measurement requires judgement and may affect placement within the fair value hierarchy levels. The hierarchy is as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quotes 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).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying value of receivables, deposits and accounts payable and accrued liabilities approximates fair value due to the short-term nature of the financial instruments. Cash is valued at a level 1 fair value measurement and is classified as fair value through profit or loss. Receivables and long-term deposits are classified as amortized cost. Accounts payable and accrued liabilities are classified as amortized cost.

Risk management

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company's cash is held at a large Canadian financial institution in interest bearing accounts. The Company has no investment in asset backed commercial paper.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company manages liquidity risk through its capital management as outlined below. Accounts payable and accrued liabilities are due within one year.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk

The Company's exposure to interest rate risk arises from the interest rate impact on cash. The Company's practice has been to invest cash at floating rates of interest, in order to maintain liquidity, while achieving a satisfactory return for shareholders. There is minimal risk that the Company would recognize any loss as a result of a decrease in the fair value of any guaranteed bank investment certificates included in cash as they are generally held with large financial institutions. As at December 31, 2021, the Company is not exposed to significant interest rate risk.

b) Foreign currency risk

The Company is exposed to financial risk related to the fluctuation of foreign currency rates. The Company operates in Canada and Guatemala. A substantial portion of the Company's expenses are incurred in US dollars and Guatemalan quetzals. A significant change in the currency exchange rate between the Canadian dollar relative to the US dollar and quetzal could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations. As at December 31, 2021 and 2020, the Company is exposed to currency risk through the following financial assets and liabilities denominated in currencies other than the Canadian dollar:

	2021		2020
	US Dollars (CDN equivalent)	**Guatemala Quetzal (CDN equivalent)**	**US Dollars (CDN equivalent)**
Cash	$ 166,431	$ 5,385	$ 10,848
Receivables	-	4,006	-
Accounts payable and accrued liabilities	(153,178)	(1,939)	(135,938)
Net exposure	**$ 13,253**	**$ 7,452**	**$ (125,090)**

Based on the above net exposure as at December 31, 2021, and assuming all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against the US dollar and Guatemalan quetzal would result in an increase/decrease of approximately $2,100 in the Company's loss and comprehensive loss for the year ended December 31, 2021 (2020: $12,500).

c) Price risk

The Company is exposed to price risk with respect to commodity prices, particularly gold. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

OUTSTANDING SHARE, COMPENSATION OPTIONS, OPTIONS AND WARRANTS DATA

At the date of this MD&A, the Company had outstanding 45,551,210 common shares and the following compensation options, stock options, and warrants:

No. of compensation options[1]	Exercise price	Expiry date
741,870	$0.55	October 20, 2022

[1] Each compensation option is exercisable to purchase one common share and one-half warrant. Each whole warrant is exercisable to purchase one common share at $0.70 until October 20, 2022.

No. of options	Exercise price	Expiry date
2,325,000	$0.57	October 6, 2030
325,000	$0.57	October 8, 2030
800,000	$0.57	January 27, 2031
3,450,000		

No. of warrants	Exercise price	Expiry date
10,213,600	$0.30	July 26, 2022
7,831,800	$0.70	April 20, 2023
18,045,400		

TRANSACTIONS WITH RELATED PARTIES

The Company had transactions during the years ended December 31, 2021 and 2020 with related parties consisting of directors, officers and the following companies with common directors or officers:

Related party	Nature of transactions
Gold Group Management Inc. ("Gold Group")	Shared office and administrative related charges
Mill Street Services Ltd. ("Mill Street")	Consulting services
Radius Gold Inc. ("Radius")	Property transaction and exploration support

Balances and transactions with related parties not disclosed elsewhere in this MD&A are as follows:

a) During the periods ended December 31, 2021 and 2020, the Company reimbursed Gold Group, a private company controlled by Simon Ridgway, a Director and Chief Executive Officer of the Company, for the following costs:

	Three months ended December 31,		Year ended December 31,	
	2021	**2020**	**2021**	**2020**
General and administrative expenses:				
Office and administration	$ 16,406	$ 17,465	$ 64,661	$ 45,055
Salaries and benefits	22,034	21,014	89,987	52,583
Shareholder communications	10,321	1,250	12,903	3,595
Transfer agent and regulatory fees	-	(2,787)	7,490	6,194
Travel and accommodation	5,786	758	11,751	3,654
	$ 54,547	**$ 37,700**	**$ 186,792**	**$ 111,081**
Exploration expenditures	**$ -**	**$ -**	**$ 10,395**	**$ -**

Gold Group is reimbursed by the Company for certain shared costs and other business-related expenses paid by Gold Group on behalf of the Company. Salaries and benefits for the years ended December 31, 2021 and 2020 include those for the Chief Financial Officer and the Corporate Secretary.

b) Prepaid expenses and deposits as of December 31, 2021 includes an amount of $6,825 (2020: $231) paid to Gold Group.

c) Exploration advances as of December 31, 2021 includes an amount of $5,271 (2020: $8,796) advanced to Radius for exploration expenditures to be incurred on the Company's behalf.

d) Long-term deposits as of December 31, 2021 consists of $61,000 (2020: $61,000) paid to Gold Group as a deposit pursuant to the Company's office and administrative services agreement with Gold Group.

e) Included in accounts payable and accrued liabilities as of December 31, 2021 was $33,260 (2020: $25,168) owing to Gold Group, $2,500 (2020: $Nil) owing to Radius, $21,640 (2020: $Nil) owing to Daniel Brost, the former Vice President of Exploration of the Company, for consulting fees, and $4,000 (2020: $2,000) to Michael Povey, a Director and Chairman of the Company, for consulting fees. The amount for Gold Group is due on a monthly basis and secured by a deposit.

f) During the year ended December 31, 2021, the Company purchased Radius' Guatemalan exploration equipment and supplies for a total cost of $50,000, of which $25,117 was capitalized as equipment.

g) During the year ended December 31, 2021, the Company acquired Recursos del Golfo S.A., a previously dormant Guatemalan entity with no assets, from Radius for a nominal value.

The Company has identified certain of its directors and senior officers as its key management personnel. Included for the periods ended December 31, 2021 and 2020 are the following items paid or accrued to key management personnel and/or companies with common directors.

	Three months ended December 31,				Year ended December 31,			
		2021		2020		2021		2020
General and administrative expenses:								
Consulting and management fees	$	18,000	$	23,250	$	72,000	$	83,775
Salaries and benefits		6,717		7,333		25,467		18,516
Share-based payments (value of stock options granted and vested)		33,990		617,804		283,253		617,804
Exploration expenditures:								
Consulting and management fees		48,331		14,250		133,831		35,475
	$	**107,038**	**$**	**662,637**	**$**	**514,551**	**$**	**755,570**

Key management compensation includes consulting fees paid to Mill Street, a company controlled by Simon Ridgway, a Director and Chief Executive Officer of the Company.

The value of stock option grants issued to directors not included in key management above during the year ended December 31, 2021 was $99,705 (2020: $314,711).

ACCOUNTING POLICIES AND BASIS OF PRESENTATION

The Company's significant accounting policies and future changes in accounting policies are presented in note 3 of the audited consolidated financial statements for the year ended December 31, 2021.

FUTURE ACCOUNTING CHANGES

The Company has reviewed upcoming policies and amendments and determined that none are expected to have an impact on the Company's consolidated financial statements.

RISKS AND UNCERTAINTIES

The operations of the Company are highly speculative due to the high-risk nature of its business in the mineral exploration industry. Companies in the exploration stage face a variety of risks and, while unable to eliminate all of them, the Company aims at managing and reducing such risks as much as possible. The Company faces a variety of risk factors such as, but not limited to, the following:

Global Pandemic

The Company faces risks related to health epidemics and other outbreaks of communicable diseases, which could significantly disrupt its operations and may materially and adversely affect its business and financial conditions. The Company's business could be adversely impacted by the effects of the COVID-19 coronavirus which was declared a global pandemic by the World Health Organization in March 2020 and continues to be to the present time.

The extent to which COVID-19 may impact the Company's business, including its operations and the market for its securities, will continue to depend on future developments which cannot be predicted, and include the duration, severity and scope of the outbreak and the actions taken to contain or treat the outbreak. The continued spread of COVID-19 globally could materially and adversely impact the Company's business, financial condition and results of operations including without limitation, employee health, workforce productivity, increased insurance premiums, limitations on travel, the availability of industry experts and personnel, restrictions to any drill programs and/or the timing to process drill and other metallurgical testing, and other factors that will depend on future developments beyond the Company's control.

The international response to the spread of COVID-19 has led to periods of significant restrictions on travel, temporary business closures, quarantines, global stock market volatility and a general reduction in consumer activity. Such public health crises can result in operating and supply chain delays and disruptions, global stock market and financial market volatility, declining trade and market sentiment, reduced movement of people and labour shortages, and travel and shipping disruption and shutdowns, including as a result of government regulation and prevention measures, or a fear of any of the foregoing, all of which could affect commodity prices, interest rates, credit ratings, credit risk and inflation.

Mineral Property Exploration and Mining Risks

The business of mineral deposit exploration and extraction involves a high degree of risk. Few properties that are explored ultimately become producing mines. At present, none of the Company's properties has a known commercial ore deposit. The main operating risks include: securing adequate funding to maintain and advance future exploration properties; ensuring ownership of and access to mineral properties by confirmation that option agreements, claims and leases are in good standing; and obtaining permits for drilling and other exploration activities.

Joint Venture Funding Risk

The Company's strategy may include seeking partners through joint ventures to fund future exploration and project development. The main risk of this strategy is that funding partners may not be able to raise sufficient capital in order to satisfy exploration and other expenditure terms in a particular joint venture agreement. As a result, exploration and development of future property interests may be delayed depending on whether the Company can find another partner or has enough capital resources to fund the exploration and development on its own.

Commodity Price Risk

The Company is exposed to commodity price risk. Declines in the market price of gold, base metals and other minerals may adversely affect the Company's ability to raise capital or attract joint venture partners in order to fund its ongoing operations. Commodity price declines could also reduce the amount the Company would receive on the disposition of any of its mineral properties to a third party.

Financing and Share Price Fluctuation Risks

The Company has limited financial resources, has no source of operating cash flow and has no assurance that additional funding will be available to it for further exploration and development of projects. Exploration and development of future projects may be dependent upon the Company's ability to obtain financing through equity or debt financing or other means. Failure to obtain this financing could result in delay or indefinite postponement of exploration and development which could result in the loss of properties.

Securities markets have at times in the past experienced a high degree of price and volume volatility, and the market price of securities of many companies, particularly those considered to be exploration stage companies such as the Company, have experienced wide fluctuations in share prices which have not necessarily been related to their operating performance, underlying asset values or prospects. There can be no assurance that these kinds of share price fluctuations will not occur in the future, and if they do occur, how severe the impact may be on the Company's ability to raise additional funds through equity issues and corresponding effect on the Company's financial position.

Political, Regulatory and Currency Risks

The Company's mineral property interests are located in Guatemala, an emerging nation. Properties in emerging nations may be subject to a higher level of risk compared to developed countries. Operations, the status of mineral property rights, title to the properties and the recoverability of amounts shown for mineral properties in emerging nations can be affected by changing economic, regulatory, and political situations. The Company's equity financings are sourced in Canadian dollars but for the most part it incurs its exploration and property maintenance expenditures in US dollars and Guatemalan quetzals. At this time there are no currency hedges in place. Therefore, a weakening of the Canadian dollar against the US dollar or Guatemalan quetzal could have an adverse impact on the amount of exploration conducted.

Insured and Uninsured Risks

In the course of exploration, development and production of mineral properties, the Company is subject to a number of hazards and risks in general, including adverse environmental conditions, operational accidents, labor disputes, unusual or unexpected geological conditions, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods, and earthquakes. Such occurrences could result in damage to properties, facilities and equipment of the Company, personal injury or death, environmental damage to properties of the Company or others, delays, monetary losses and possible legal liability.

Although the Company may maintain insurance to protect against certain risks in such amounts as it considers reasonable, its insurance may not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums or for other reasons. Should such liabilities arise, they could reduce or eliminate future profitability and result in increased costs, have a material adverse effect on the Company's results and a decline in the value of the securities of the Company.

Environmental and Social Risks

The activities of the Company are subject to environmental regulations issued and enforced by government agencies. Environmental legislation is evolving in a manner that will require stricter standards and enforcement and involve increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors, and employees. There can be no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on properties in which the Company holds interests which are unknown to the Company at present. Social risks may be fairly significant in the Company's areas of operations. Violence, kidnapping, theft and other criminal activities could disrupt supply chains and discourage qualified individuals from being involved with the Company's operations.

Competition

The Company competes with many companies and individuals that have substantially greater financial and technical resources than the Company for the acquisition and development of projects as well as for the recruitment and retention of qualified employees.