



Interim Management's Discussion and Analysis – Quarterly Highlights For the nine-month period ended September 30, 2023

INTRODUCTION

This interim management's discussion and analysis ("Interim MD&A") of Volcanic Gold Mines Inc. (the "Company") is the responsibility of management and covers the nine-month period ended September 30, 2023. The Interim MD&A takes into account information available up to and including November 23, 2023 and should be read together with the unaudited condensed consolidated interim financial statements and accompanying notes for the nine-month period ended September 30, 2023 and the audited annual consolidated financial statements and accompanying notes for the year ended December 31, 2022 which are available on the SEDAR+ at www.sedarplus.ca.

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.sedarplus.ca.

FORWARD-LOOKING INFORMATION

This Interim 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 Interim MD&A include, without limitation, statements relating to:

- the Company's planned exploration activities;
- the Holly property mineral resource estimate as it involves the implied assessment, based on estimates and assumptions, that the resources described exist in the quantities predicted or estimated;
- 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;
- uncertainty of mineral resource estimates;

- 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 pandemics, epidemics and public health crises, and the impact they might have on the Company's business, operations, financial condition and/or share price;

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

Forward-looking Statements contained in this Interim 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;
- the accuracy of the Company's current mineral resource estimate;
- 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. The Company holds an exclusive option to acquire a 60% interest in the Holly and Motagua Norte gold-silver properties in Guatemala – see "Guatemala Properties" below.

Corporate Activities

In July and October 2020, the Company issued units consisting of common shares and common share purchase warrants in two non-brokered private placements and a bought-deal public financing, raising total gross proceeds of \$13.6 million. The proceeds from these financings were 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 2023, the Company extended the expiry date of 7,831,800 unexercised warrants exercisable at \$0.70 from April 20, 2023 to April 19, 2024. In July 2023, the Company extended the expiry date of 8,813,500 unexercised warrants exercisable at \$0.30 from July 26, 2023 to July 26, 2024.

Guatemala Properties

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 Option earn-in requirements include 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.

In September 2023, the Option was modified to include the Motagua Norte project in substitution for the Banderas project. The original earn-in requirement to spend US\$7.0 million in exploration of the properties remains unchanged. Under the modified option agreement, the Company has an exclusive option to earn a 60% interest in Radius's Holly and Motagua Norte properties by spending US\$7.0 million on exploration of the properties, of which US\$1,764,778 is required to be spent on Motagua Norte. Expenditures made by the Company on exploration of the Banderas property are credited towards the US\$7.0 million expenditure requirement. 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.

As the Company and Radius have a common director, the Option modification is subject to approval by the TSX Venture Exchange and the shareholders of the Company and Radius. Shareholder approval will be requested at the companies' annual general meetings to be held on December 14, 2023.

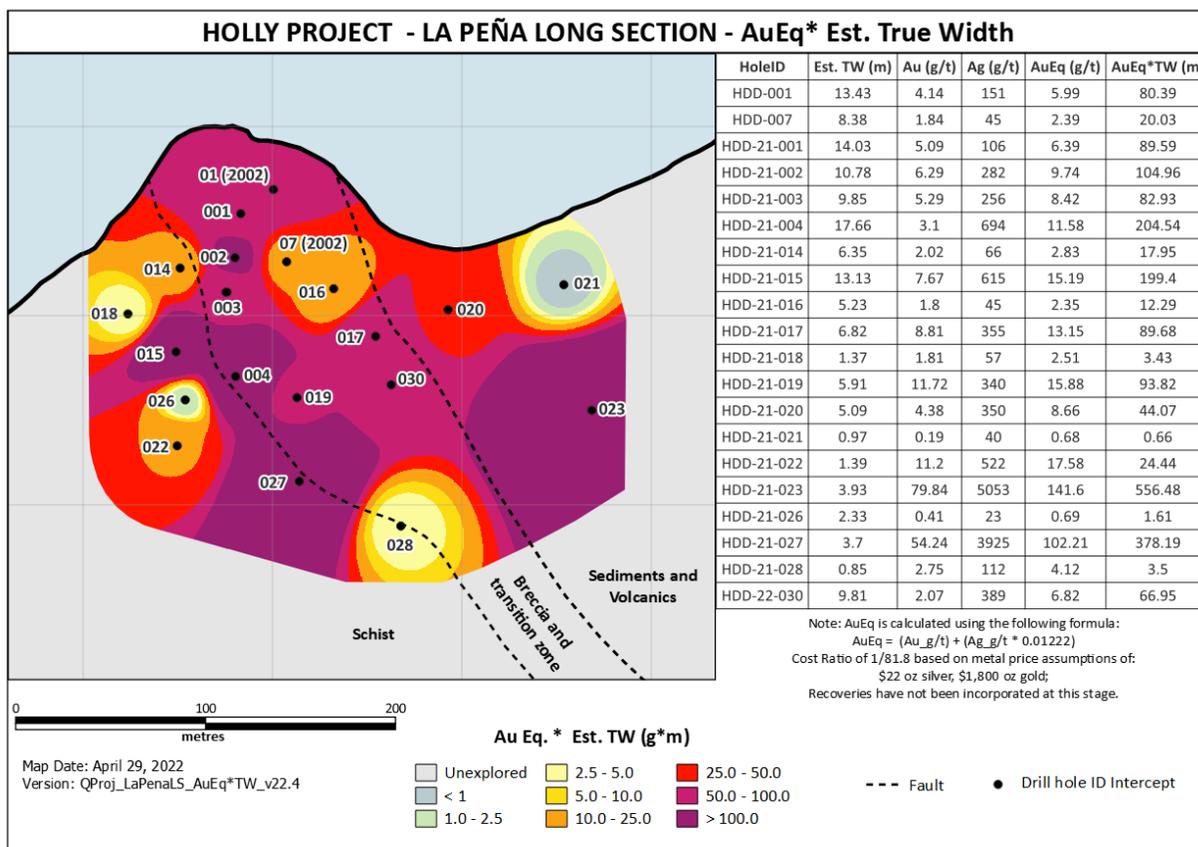
Holly Project

In April 2021, the Company commenced a diamond core drilling program at Holly to explore a series of high-grade northwest-striking veins cross-cutting a segment of the regional east-west trending Jocotan structure: La Peña, El Pino and Alpha veins. A total of 32 drill holes for 5,259 metres of drill core were completed, with the following highlights:

- Drilling successfully tested three distinct vein sets cutting the Jocotan fault zone.
- High grade gold and silver intercepts confirmed and extended the La Peña vein system to at least 200 metres below surface.
- Exploratory drilling on the El Pino and Alpha veins confirmed mineralization.

Drilling at Holly focused on extending the La Peña high-grade system at depth and along strike with a goal of establishing a significant high-grade mineral resource and improving understanding of the controls on high-grade mineralization. The La Peña vein remains open in all directions. Several holes also cut high-grade gold in the Amber vein and Pino target at a shallow depth. The Amber vein, Pino vein, Alpha vein and the untested Jocotan splay targets all have significant potential and will be tested in future drill programs.

Figure 1: Holly Project: La Peña target long section with assay results table.



On June 9, 2022, the Company announced a maiden inferred mineral resource estimate for the Holly property. The mineral resource estimate is reported in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum Definition Standards (2014) incorporated by reference in National Instrument 43-101 - Standards of Disclosure for Mineral Projects.

Highlights

- A maiden inferred mineral resource has been estimated for the first target, La Peña vein at the Holly project, Guatemala.
- The high grade La Peña vein remains open to expansion along strike and importantly at depth, where exceptionally high-grade results have been returned.
- Multiple other drill targets remain un-tested at Holly with potential for new discoveries.

Table 1: Holly, Peña Vein Resource Estimate
 (Effective date 7th June, 2022)

Category	Cut-off grade AuEq ⁽²⁾ (g/t)	Tonnes above cutoff (millions)	Gold (g/t)	Silver (g/t)	Gold (oz)	Silver (oz)	Gold Equivalent ⁽²⁾ (g/t)	Gold Equivalent ⁽²⁾ (oz)
Inferred	3.00	1.32	6.46	256	272,110	10,913,360	9.57	406,316

Notes:

1. Resources estimated using a 3.0 g/t gold equivalent cut-off grade and a top cap grade of 100 g/t gold and 2,000 g/t silver and presented on a 100%-basis
2. Gold Equivalent Au(eq) values based on Au US\$1,800 and Ag US\$22 using formula $(Au \text{ g/t} + (Ag \text{ g/t} * 0.01222))$
3. Mineral Resources which are not Mineral Reserves have not demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, marketing, or other relevant issues. The mineral resources in this report were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum standards on mineral resources and reserves, definitions, and guidelines prepared by the CIM standing committee on reserve definitions and adopted by the CIM council. Notwithstanding, to meet the requirement that the reported Mineral Resources show "reasonable prospects for eventual economic extraction".
4. The quantity and grade of reported Inferred resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred Resources as an Indicated or Measured Mineral Resource. It is uncertain if further exploration will result in upgrading them to an Indicated or Measured Mineral Resource category.
5. Contained metal and tonnes figures in totals may differ due to rounding.

The mineral resource estimate is underpinned by data from 21 diamond drillholes totalling 3,707 metres of drilling. Drill spacing ranges between 20 and 100 metres. All sample data was composited to a 2D dataset (linear grade and true thickness values) prior to analysis and estimation. The sample database and the topographic survey were reviewed and validated by Bruce Smith, Ludving Monroy and Shawn Rastad prior to being supplied to John Arthur, an independent UK based Resource Consultant. Geological domain modelling was completed by Bruce Smith and John Arthur. Mineral Resource domain modelling, grade interpolation, mineral resource classification and reporting of the mineral resource statement, was performed by John Arthur. Dr Arthur, Mr Smith, Mr Monroy and Mr Rastad are "qualified persons" within the meaning of National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101"). Block modelling was carried out using cell dimensions of 32 mE by 32 mN by 8 mRL and was coded to reflect the surface topography and mineralised zones. Density values were globally assigned into two zones, an upper zone between 50 to 100 metres from surface had an average density of 2.33 t/m³ and below this an average density of 2.52 t/m³ was applied. The mineral resource estimate has been classified based on data density, data quality, confidence in the geological interpretation and confidence in the robustness of the grade interpolation.

The technical report for the mineral resource estimate was filed on July 27, 2022 and is available on SEDAR+ at www.sedarplus.ca.

Community Relations

The Company has continued to work steadily to rebuild community relations since an incident in February 2022 in which a small group interrupted exploration activities and damaged a drilling rig and equipment. Misinformation spread by external anti-mining groups about our activities and the effects they say mining can have in the region was identified as the cause of the disturbance. To counter this threat the Company has made efforts to educate and inform the local community and local authorities on the exploration and mining process. In order to reassure the majority who have always supported the project and alleviate the concerns of the small minority that caused the disturbance the Company has engaged in open and transparent discussions on the potential social and environmental impacts, both positive and negative, that exploration and mining can have in the area. Approximately 70% of local residents (about 1,000 people) have attended Company informative tours of the project site and core shed, and ongoing communication has been maintained by regular meetings and participation in community projects.

This approach appears to be paying dividends and the Company has successfully maintained access agreements with private landowners and community development councils. The Company is diligently working with the various community participants and is encouraged by steps taken by the Community Councils for Urban and Rural Development (COCODE) of Guatemala to look for further discussion. The COCODE is configured as the coordinating entity for participation at the community level and is made up of residents of the corresponding communities.

Technical studies and permitting

The Company considers that the demonstrated high-grade and good access to a nearby mine development project means that the Holly Project has a good chance of being developed. Further drilling will determine whether Holly will support a stand-alone mill, or if the ore should be processed elsewhere. Based on this positive outlook the Company is applying to upgrade the Holly exploration license to an exploitation license.

The technical studies to support the application, including a civil engineering design for an underground mine to exploit the principal La Peña vein, are being compiled for submission to the competent authorities. The study envisages using transverse and longitudinal longhole stoping with cemented cavity fill on eleven levels, 30 metres apart, to a depth of 300 metres below surface with access via a spiral decline. Processing would be off-site. The mine design is an early-stage concept for permitting purposes and does not meet the requirements of a preliminary economic assessment. The Holly deposit is currently at an inferred level of confidence and open in all directions and further drilling is required to improve the level of confidence in the mineral resource estimation as well as define the full lateral and depth extent of any future mining operation. This study is the principal requirement to support the Company's current application to upgrade the Holly project licence from an exploration to exploitation licence.

Current Work Program and Way Forward

The Company continues to collect the environmental, hydrogeological, and social baseline data that will be required for future economic assessments and feasibility studies.

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. With a paved highway adjacent to the deposit, it will not require a processing plant, but is well situated to truck the high-grade ore to a nearby mill. Pan American Silver Corporation's Escobal silver mine is within trucking distance. However, this nearby mining project is not currently operating as operations have been suspended until they complete additional community consultations, and the path to production at the nearby Cerro Blanco feasibility stage gold and silver project of Bluestone Resources Inc. is unclear whilst Bluestone works through a recently announced strategic review (see announcement on July 6, 2023, Bluestone Resources Inc. (TSX-V: BSR)). The Company intends to resume drilling at Holly once either the Escobal mine re-opens and/or the present or future owners of the Cerro Blanco gold deposit have been granted a permit to mine the gold deposit.

Motagua Norte Project

The Company conducted widespread exploration of Radius's large regional land position under the option agreement signed in May 2020 and identified Motagua Norte as an area with significant promise. The Company has successfully completed all the legal, environmental and community studies required to support four exploration licence applications comprising the Motagua Norte area and in September 2023 the first exploration licence, Cirilo 1, was granted. The Cirilo 1 exploration licence covers an area of 13.5 square kilometre (4.5 x 3 km) and includes the highly prospective Mila gold discovery. The other three applications cover an additional 72.68 square kilometres of the Motagua Norte orogenic gold corridor. The Company is continuing to work with the permitting authorities towards granting the remaining three licences. In October 2023, the Company published an exploration update on the Cirilo 1 exploration licence.

The Company's initial prospecting samples returned exceptional gold grades at Mila prospect, a surface concentration of bonanza-grade and visible gold in quartz veins and boulders spread over a 250 x 570 metre area (see news release [Sept 1, 2022](#)). High-grade gold assays and visible gold occur in both quartz veins and in quartz stockwork zones in the wallrock. In order to determine whether the very high gold grades (many samples above 1 oz gold / tonne) were the result of selective sampling or are widespread across the target zones, a program of continuous 2 metre chip sampling was conducted across mixed terrain of outcrop, subcrop and float boulders. In these areas it is not possible to be sure of true widths, so sampling was designed to define the broad distribution of gold mineralization and to identify targets for trench and drill testing. Continuous chip channel sampling across one prominent ridge of mixed outcrop and collapsed outcrop boulder piles with quartz boulders up to 2 metres in diameter returned average grades of up to 95 g/t gold across a 10-metre width. Continuous chip channel sampling across a large quartz boulder field at the centre of the Mila prospect area, interpreted

as an area where multiple close-spaced veins reach surface, returned average grades of 42 g/t gold along a 34 metre line, and 54 g/t gold over a 24 metre line from two parallel lines 70 metres apart.

The Company is extremely encouraged by these surface assay results and preparations are underway to start trenching and drilling to look beneath the quartz boulder cover and establish the true geometry, width and grade of the mineralized veins and wallrock stockwork zones in the Mila prospect.

Additional gold vein discoveries

Beyond the Mila prospect ongoing prospecting and rock chip sampling has identified a number of additional mineralized veins within the licence area including:

1. Two gold quartz veins have already been identified approximately 500 metres to the south of the Mila prospect with two high-grade rock chip samples of 9.34 g/t and 29.6 g/t gold some 280 metres apart.
2. Quartz veins grading up to 60.2 g/t gold have also been identified at a couple of locations further along the regional Motagua Norte trend between 800 and 1,700 metres to the west of the Mila prospect.

Gold mineralization and geology

The mineralized quartz veins and stockwork zones are hosted by biotite schist and phyllite of the Motagua Suture Zone, an east-west striking belt of metamorphic rocks that formed at the line of collision between the North American and Caribbean tectonic plates. Gold mineralization appears to be hosted by north-south and east to southeast-striking veins.

High-grade assays have been returned from both sulphide-bearing quartz veins and quartz stockwork in the wallrock. The mineralized quartz veins are enriched in gold, silver, lead and minor copper and have textures and a geological host consistent with emplacement from a mesothermal system in an orogenic setting. The mineralization appears to be zoned with quartz veins at the eastern end of the licence area at Mila and to the south of Mila containing the highest gold values, and veins to the west of Mila with generally lower gold but higher silver and lead values.

Exploration potential

The Mila prospect is a new discovery with a sizeable footprint of abundant high-grade quartz at surface, pointing to a significant gold system. The abundance of high-grade quartz vein and quartz stockwork spread across a 250 x 570 metre area, the identification of multiple cross-cutting gold mineralized quartz veins at surface, and the demonstration that high-grade quartz is not confined to the quartz veins but also occurs in the wallrock, point to a broad, high-grade and extensive gold system. The mineralization is orogenic style, with mineralization at mesothermal depths within a major transform structure. These systems and structures typically support mineralization over significant vertical distances, and so there is potential for mineralization to continue to significant depths.

Planned exploration and permitting

Trenching and drilling is planned to map out individual veins, vein sets, and stockwork zones, quantify the width and grade of mineralization, and explore the gold mineralization to depth. An application has been lodged for an extension to the current environmental permit on the Cirilo 1 exploration license to permit drilling. At the same time the Company is working with landowners, the local authorities and community groups to establish a secure social permit to operate.

Technical Information

Luc English, Ph.D., Vice-President, Exploration of the Company, is a Chartered Geologist and Fellow of the Geological Society of London and is the Company's Qualified Person as defined by National Instrument 43-101. Dr. English has approved the disclosure of the technical information in this Interim MD&A.

SUMMARY OF QUARTERLY RESULTS

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

	Sept '23	June '23	Mar '23	Dec '22	Sept '22	June '22	Mar '22	Dec '21
Total assets	\$ 4,138,777	\$ 4,632,041	\$ 5,342,206	\$ 5,944,749	\$ 6,526,654	\$ 7,104,091	\$ 7,787,133	\$ 8,620,791
Working capital	3,691,855	4,180,986	4,810,618	5,377,247	6,002,152	6,534,914	7,272,348	8,039,749
Loss and comprehensive loss attributed to equity shareholders of the Company	498,692	641,558	620,653	600,674	542,464	743,597	769,919	1,135,690
Basic and diluted loss per share attributed to equity shareholders of the Company	0.01	0.01	0.01	0.01	0.01	0.02	0.02	0.03

Total assets and working capital position have trended downward over the past eight quarters due to the Company funding its operations from the equity financing proceeds raised in 2020. The losses for the seven most recent quarters are less than the earliest quarter presented due to the Company scaling back exploration activity early in 2022 as it focused more on community relations in Guatemala, acquiring access agreements, and regional property investigation.

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 September 30, 2023

During the quarter ended September 30, 2023 the Company incurred a loss of \$498,692, compared to a loss of \$542,464 for the quarter ended September 30, 2022, a decrease of \$43,772. Significant expenses and income for the three-month periods are as follows:

	September 30, 2023	September 30, 2022
Exploration expenditures	\$ 413,160	\$ 445,666
Consulting and management fees	21,000	18,000
Office and administration	30,379	21,846
Salaries and benefits	31,021	33,708
Shareholder communications	12,439	26,270
Interest and other income	34,090	34,157

The loss for the quarter ended September 30, 2023 was less than the comparative quarter due primarily to exploration expenditures being lower by \$32,506. Exploration expenditures for both the current and comparative quarters primarily involved activity on the Holly and Motagua Norte properties that focused on community relations, access agreements, and exploration.

Office and administration costs were higher in the current quarter due primarily to more information technology system maintenance as well as rent expense being less in the comparative quarter. Shareholder communications costs were lower in the current quarter due to less investor relations consulting services being used.

Nine months ended September 30, 2023

During the nine-month period ended September 30, 2023 the Company incurred a loss of \$1,760,903, compared to a loss of \$2,055,980 for the nine-month period ended September 30, 2022, a decrease of \$295,077. Significant expenses and income for the nine-month periods are as follows:

	September 30, 2023	September 30, 2022
Exploration expenditures	\$ 1,426,260	\$ 1,698,129
Consulting and management fees	57,000	54,000
Office and administration	82,136	62,394
Salaries and benefits	98,185	97,668
Share-based payments	42,048	-
Shareholder communications	43,580	67,456
Interest and other income	110,954	55,521

The loss for the current nine-month period was less than that for the comparative period due primarily to exploration expenditures being lower by \$271,869. Both the current and comparative periods involved activity regarding community relations, access agreements, and exploration on the Holly property and regional areas including the Motagua Norte property. Exploration expenses for the comparative period also included drilling costs before the drill program was halted early in that period.

Office and administration costs were higher in the current nine-month period due in part to an increase in shared information technology system maintenance and upgrades, and to rent expense being less in the comparative period as the Company recorded a refund of lease operating costs during the comparative period. As with the quarterly comparison, shareholder communication costs were lower due to less investor relations consulting services being used. The current period recorded a share-based payments expense of \$42,048 relating to stock options that were granted and vested immediately during that period whereas there were no stock options granted and no share-based payments expense recorded during the comparative period.

Interest income for the current nine-month period was significantly higher than that for the comparative period even though the Company's capital resources subject to earning interest had decreased over the past fiscal year. This was due to the numerous increases in interest rates throughout 2022 and into 2023.

For both the current and comparative quarterly and nine-month periods, the fees paid to Simon Ridgway, a Director and CEO of the Company, and to Michael Povey, a Director and Chairman of the Company, were allocated partly to exploration expenditures and partly to consulting and management fees. 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 during the comparative periods ended September 30, 2022 and the addition of the Company's Vice President of Corporate Development during the current periods.

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 September 30, 2023, the Company had current assets of \$3,870,184 and current liabilities of \$178,329, resulting in working capital of \$3,691,855.

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 \$1.2 million. 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 current capital resources to be sufficient to carry out its planned exploration expenditures and cover operating costs through the next twelve months.

The Company's condensed consolidated interim 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.

OUTSTANDING SHARE, OPTIONS AND WARRANTS DATA

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

No. of options	Exercise price	Expiry date
2,275,000	\$0.57	October 6, 2030
325,000	\$0.57	October 8, 2030
800,000	\$0.57	January 27, 2031
225,000	\$0.205	January 9, 2033
3,625,000		
No. of warrants	Exercise price	Expiry date
7,831,800	\$0.70	April 19, 2024 ⁽¹⁾ ⁽³⁾
8,813,500	\$0.30	July 26, 2024 ⁽²⁾ ⁽³⁾
16,645,300		

⁽¹⁾ During the 2022 fiscal year, the expiry date for these warrants was extended by one year to April 20, 2023. During period ended September 30, 2023, the expiry date of these warrants was extended further by one year to April 19, 2024.

⁽²⁾ During the 2022 fiscal year, the expiry date for these warrants was extended by one year to July 26, 2023. During period ended September 30, 2023, the the expiry date for these warrants was extended further by one year to July 26, 2024.

⁽³⁾ There was no additional value attributed to the warrants upon modification.

TRANSACTIONS WITH RELATED PARTIES

See Note 8 of the condensed consolidated interim financial statements for the nine months ended September 30, 2023 for details of other related party transactions which occurred in the normal course of business.

ACCOUNTING POLICIES AND BASIS OF PRESENTATION

The Company's significant accounting policies are presented in the audited consolidated financial statements for the year ended December 31, 2022.

FUTURE ACCOUNTING CHANGES

The Company has reviewed upcoming policies and determined that none are expected to have an impact on the Company's condensed consolidated interim 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:

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.