Management's Discussion and Analysis
For the year ended December 31, 2023

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, 2023. The MD&A takes into account information available up to and including April 18, 2024 and should be read together with the Company's audited annual consolidated financial statements and accompanying notes for the year ended December 31, 2023.

All financial information in this document is prepared in accordance with IFRS Accounting Standards and presented in Canadian dollars unless otherwise indicated. Additional information related to the Company, including its most recent unaudited and audited financial statements, is available for viewing on SEDAR+ at www.sedarplus.ca.

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 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, which could impact 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 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;
- 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 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. In April 2024, the Company, subject to TSX-V approval, extended the expiry date of 7,831,800 unexercised warrants exercisable at $0.70 from April 19, 2024 to April 18, 2025.

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.

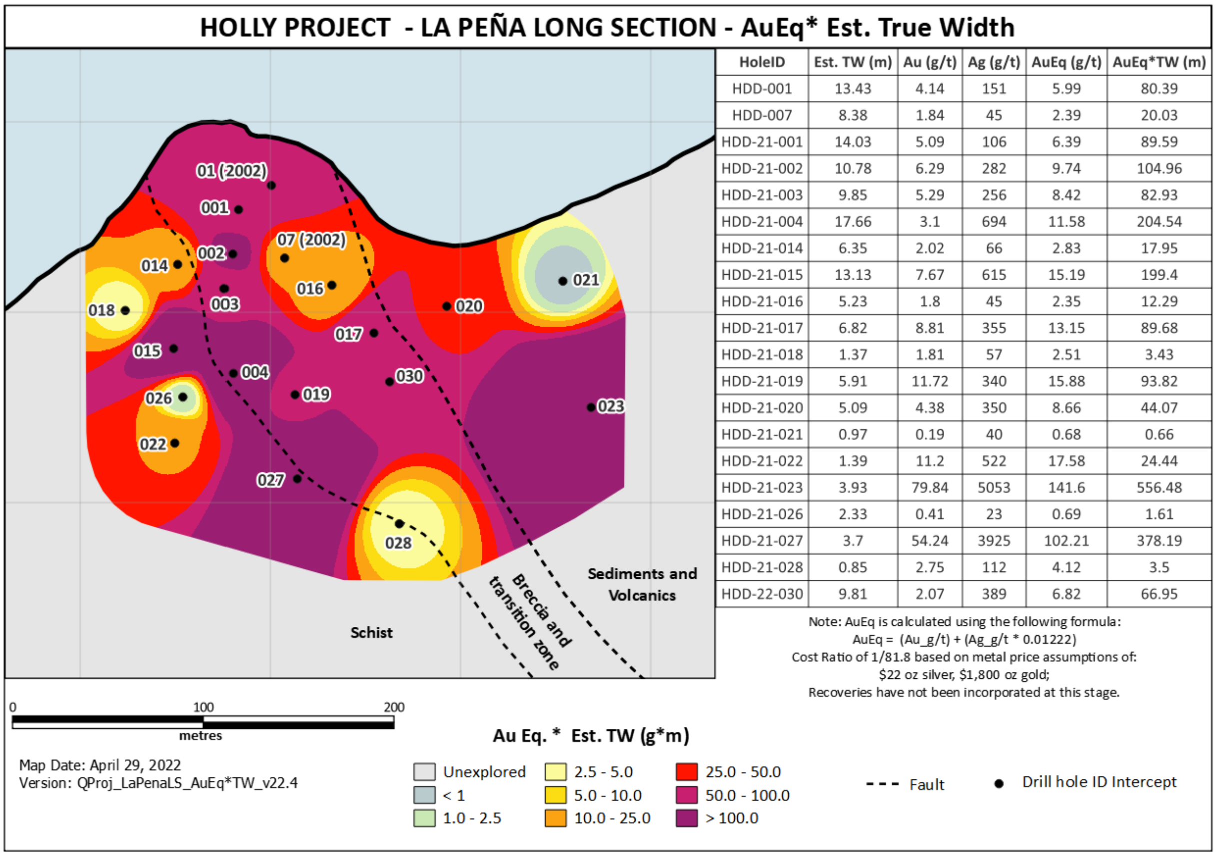
Holly Project

In 2021, the Company conducted a diamond core drilling program at the Holly Project 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 high-grade La Peña vein to 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.*



HoleID	Est. TW (m)	Au (g/t)	Ag (g/t)	AuEq (g/t)	AuEq*TW (m)
HDD-001	13.43	4.14	151	5.99	80.39
HDD-007	8.38	1.84	45	2.39	20.03
HDD-21-001	14.03	5.09	106	6.39	89.59
HDD-21-002	10.78	6.29	282	9.74	104.96
HDD-21-003	9.85	5.29	256	8.42	82.93
HDD-21-004	17.66	3.1	694	11.58	204.54
HDD-21-014	6.35	2.02	66	2.83	17.95
HDD-21-015	13.13	7.67	615	15.19	199.4
HDD-21-016	5.23	1.8	45	2.35	12.29
HDD-21-017	6.82	8.81	355	13.15	89.68
HDD-21-018	1.37	1.81	57	2.51	3.43
HDD-21-019	5.91	11.72	340	15.88	93.82
HDD-21-020	5.09	4.38	350	8.66	44.07
HDD-21-021	0.97	0.19	40	0.68	0.66
HDD-21-022	1.39	11.2	522	17.58	24.44
HDD-21-023	3.93	79.84	5053	141.6	556.48
HDD-21-026	2.33	0.41	23	0.69	1.61
HDD-21-027	3.7	54.24	3925	102.21	378.19
HDD-21-028	0.85	2.75	112	4.12	3.5
HDD-22-030	9.81	2.07	389	6.82	66.95

Note: AuEq is calculated using the following formula:
AuEq = (Au_g/t) + (Ag_g/t * 0.01222)
Cost Ratio of 1/81.8 based on metal price assumptions of:
$22 oz silver, $1,800 oz gold;
Recoveries have not been incorporated at this stage.

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 g/t + (Ag 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.

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 in the process of applying to upgrade the Holly exploration license to an exploitation license.

The initial technical studies to support the application, including a civil engineering design for an underground mine to exploit the principal La Peña vein, were submitted to and reviewed by the competent authorities. The application has advanced to the second stage and the Company is now responding to requests for additional information. 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. Bluestone Resources' (TSX-V: BSR) Cerro Blanco feasibility stage gold and silver project is within trucking distance. The approval of an amendment to the Cerro Blanco environmental permit to allow surface mining announced by Bluestone Resources on January 18, 2024 is a positive step forward, although the path to production remains unclear whilst Bluestone works through a strategic review (see Bluestone Resources Inc. announcements on July 6, 2023 and January 18, 2024). The Company continues to closely monitor the situation and intends to resume drilling at Holly as soon as there is a clear path to production at the Cerro Blanco gold project.

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. In December 2023, the Company announced the signing of long-term access agreements with property owners on the Cirilo I licence. 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.

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 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, several lines of continuous 2 metre chip sampling were collected within the quartz boulder field. 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 in the centre of the quartz boulder field confirmed the high grades.

Current drill program

The Company commenced a first-pass drilling program at the Mila prospect in February 2024 designed to establish the width, grade and geometry of gold mineralization. The Company anticipates drilling between 1,000 and 3,000 metres of diamond core in this first campaign.

The Company reported on March 4, 2024 that the first few exploratory drill holes had revealed that the broad area of quartz boulder float with abundant visible gold and bonanza grade assay results discovered by Company geologists is the top of a thick package of colluvial scree, locally over 15 metres thick, composed of quartz and schists boulders that have likely moved downslope from a major geological structural that has been named the Veta Madre Fault Zone.

The Veta Madre Fault contains a wide quartz vein that has been known for some time, although where sampled, has returned relatively high silver and lead results but poor gold numbers. It is a massive vein, forming in places a vertical, cliff with flute marks and slickensides indicating near-vertical fault movement. Exposure of the Veta Madre fault is notably absent from the area immediately uphill from the Mila quartz float field, suggesting that the abundant gold mineralized quartz boulders are derived from this eroded segment of the Veta Madre fault vein and that this is the target to be tested.

The Company reported on April 3, 2024 that two drill holes cutting across the broad Veta Madre fault zone were completed. Both holes have cut wide zones of quartz veining and quartz stockwork at the fault contact between serpentinite in the hanging wall to the north, and schistose rock in the footwall to the south. The wide stockwork zones with associated intense silica-sericite alteration of the host rock appear to be best developed in the footwall schist, although stockwork veining has been recognized on both sides of the vein.

Hole MIDD-24-004 targeted the Veta Madre above the central part of the colluvial field, drilling through 98 metres of serpentinite before reaching the fault zone at a depth of approximately 120 metres below surface. The hole remained in veining and stockwork schists for 63 metres before entering unaltered schistose rocks at 161 metres. The hole was drilled at an inclination of minus-45 degrees; true width of the mineralized zone is yet to be confirmed as the dip of the fault, while thought to be steep, is as yet unknown.

Hole MIDD-24-005 was drilled 100 metres along strike to the west of MIDD-24-004, collared closer to the fault zone so that it intersected the fault at a slightly shallower depth of approximately 80 metres below surface. This hole passed through 73 metres of serpentinite before entering the targeted structure. A wide zone, some 39 metres of altered rock with strong stockwork quartz veining, was intersected before passing into unaltered schistose rock at 112 metres drill depth. This hole was also drilled at an inclination of minus-45 degrees, and again, true width of the zone is, at present, unknown.

The Mila discovery presents an unusual challenge for exploration but an exceptional opportunity. The abundance of gold-mineralized quartz boulders covering the surface makes it difficult to map-out, measure and model the gold mineralized structures. Of approximately 420 rock chip samples collected at surface across the area over one hundred returned assays exceeding 10 g/t gold, including twenty-one of over 100 g/t gold and a maximum of 692 g/t gold. In addition to the obvious quartz vein mineralization, gold has also been observed hosted within sericite altered and micro-veined schist with samples returning assay results of up to 94 g/t gold, indicating potential for a wide mineralised structure with high-grade gold mineralisation not just restricted to quartz veins but potentially extending a significant distance into the wall rock.

Assays are pending on drillholes MIDD-24-004 and 005. Drilling of the Veta Madre target is ongoing.

Additional gold vein discoveries

Beyond the Mila prospect ongoing prospecting and rock chip sampling has identified a number of additional mineralized veins within the Cirilo I 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 Motagua Norte project is a gold system hosted by schists of the Motagua suture zone, an east-west striking belt of metamorphic rocks that outcrops at the line of collision between the North American and Caribbean tectonic plates. 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 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.

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 MD&A.

SELECTED ANNUAL INFORMATION

The following table provides financial results for the years ended December 31, 2023, 2022 and 2021:

	2023	2022	2021
Exploration expenditures	$ 1,861,236	$ 2,211,924	$ 3,217,977
Loss and comprehensive loss attributed to equity shareholders of the Company	2,293,792	2,656,654	4,400,043
Basic and diluted loss per share attributed to equity shareholders of the Company	0.05	0.06	0.10
Total assets	3,661,889	5,944,749	8,620,791
Total liabilities	234,330	265,446	253,094
Non-controlling interest (deficiency)	(176,411)	(176,411)	(176,411)
Working capital	2,966,255	5,377,247	8,039,749

Exploration expenditures for the three fiscal years presented are primarily related to the earn-in of an option agreement the Company entered into in 2020 to acquire the Holly and Banderas properties, and subsequently amended in 2023 to substitute the Banderas property with the Motagua Norte property. The level of exploration activity was significantly higher in 2021 as the Company conducted the majority of a drill program during that year. Since early 2022 the Company's property activities were focused on community relations, acquiring land access agreements, and licensing and drill permitting for the Motagua Norte property. The loss and comprehensive loss for fiscal 2021 was significantly impacted by a share-based payments expense of $663,023 compared to an expense of $42,048 for fiscal 2023 and a recovery of $33,900 for fiscal 2022. Total assets were highest for the 2021 fiscal year due to the Company raising in excess of $13 million by way of equity financings during the 2020 fiscal year. These proceeds of these financings have been the primary source of capital to fund operations since then.

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 '23	Sept '23	June '23	Mar '23	Dec '22	Sept '22	June '22	Mar '22
Total assets	$ 3,661,889	$ 4,138,777	$ 4,632,041	$ 5,342,206	$ 5,944,749	$ 6,526,654	$ 7,104,091	$ 7,787,133
Working capital	2,966,255	3,691,855	4,180,986	4,810,618	5,377,247	6,002,152	6,534,914	7,272,348
Loss and comprehensive loss attributed to equity shareholders of the Company	532,889	498,692	641,558	620,653	600,674	542,464	743,597	769,919
Basic and diluted loss per share attributed to equity shareholders of the Company	0.01	0.01	0.02	0.01	0.01	0.01	0.02	0.02

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 two earliest quarters presented are higher than the subsequent quarters due to the Company conducting a drill program in early 2022 as noted in the fiscal year comparison above.

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, 2023

During the quarter ended December 31, 2023, the Company incurred a loss of $532,889, compared to a loss of $600,674 for the quarter ended December 31, 2022. Significant expenses for the quarters ended December 31, 2023 and 2022 are as follows:

		2023		2022
Exploration expenditures	$	434,976	$	513,795
Consulting and management fees		21,000		18,000
Legal and audit fees		39,753		36,000
Office and administration		29,504		23,901
Salaries and benefits		37,990		41,577
Share-based payments expense (recovery)		-		(33,990)
Interest and other income		31,134		39,181

The loss for the quarter ended December 31, 2023 was $67,785 less than the comparative quarter due primarily to exploration expenditures being lower by $78,819. 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 permitting. The comparative quarter's loss was also less due to a share-based payments expense recovery of $33,990 relating to stock options that were forfeited before they became vested during the 2022 fiscal year compared to no such expense or recovery for the current quarter.

Consulting and management fees were higher for the current quarter due to an increase in the Chief Executive Officer's compensation during the 2023 fiscal year. Office and administration costs were higher in the current quarter due primarily to the timing of costs to maintain inactive foreign subsidiaries of the Company. Interest income for the current quarter was lower than that for the comparative quarter due to a reduction in cash reserves.

Year ended December 31, 2023

During the year ended December 31, 2023 the Company incurred a loss of $2,293,792, compared to a loss of $2,656,654 for the year ended December 31, 2022. Significant expenses for the years ended December 31, 2023 and 2022 are as follows:

		2023		2022
Exploration expenditures	$	1,861,236	$	2,211,924
Consulting and management fees		78,000		72,000
Depreciation		48,063		44,904
Legal and audit fees		49,806		53,330
Office and administration		111,640		86,295
Salaries and benefits		136,175		139,245
Share-based payments expense (recovery)		42,048		(33,990)
Shareholder communications		49,251		75,631
Interest and other income		142,088		94,702

The loss for the current year was $362,862 less than that for the comparative year due primarily to exploration expenditures being lower by $350,688. While both the current and comparative years involved activity regarding community relations, land access agreements, and permitting on the Holly and Motagua Norte properties and other regional areas, there was a continuation of cost-cutting initiatives carried out during the current year. Exploration expenses for the comparative year also included drilling costs before the drill program ended in the first quarter of that year.

As with the quarterly period comparison, consulting and management fees were higher for the current year due to an increase in the Chief Executive Officer's compensation during the 2023 fiscal year. Office and administration costs were higher in the current year due in part to an increase in shared information technology system maintenance and upgrades, the timing of foreign subsidiary maintenance fees, and the rent expense being less in the comparative year as the Company recorded a refund of lease operating costs during the comparative year. The current year recorded a share-based payments expense of $42,048 relating to stock options that were granted and vested immediately during that period compared to a share-based payments expense recovery of $33,990 recorded during the comparative year and relating to the forfeiture of stock options before they were vested. Shareholder communication costs were lower in the current year due to less investor relations consulting services being used.

Interest income for the current year was significantly higher than that for the comparative year 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 mid-2023.

For both the current and comparative quarterly and annual 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 December 31, 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 December 31, 2023, the Company had current assets of $3,200,585 and current liabilities of $234,330, resulting in working capital of $2,966,255.

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. Actual funding requirements may vary from those planned due to a number of factors, including expanded exploration activity and property acquisition opportunities. The Company believes it will be able to raise additional equity capital as required, but recognizes the uncertainty attached thereto.

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, 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, 2023, 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, 2023 and 2022, the Company is exposed to currency risk through the following financial assets and liabilities denominated in currencies other than the Canadian dollar:

	2023		2022	
	US Dollars (CDN equivalent)	**Guatemalan Quetzal (CDN equivalent)**	**US Dollars (CDN equivalent)**	**Guatemalan Quetzal (CDN equivalent)**
Cash	$ 84,189	$ 31,739	$ 83,085	$ 50,898
Receivables	-	2,033	-	994
Accounts payable and accrued liabilities	(126,048)	(6,672)	(127,953)	(8,190)
Net exposure	**$ (41,859)**	**$ 27,100**	**$ (44,868)**	**$ 43,702**

Based on the above net exposure as at December 31, 2023, 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 $1,500 in the Company's loss and comprehensive loss for the year ended December 31, 2023 (2022: $100).

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, OPTIONS AND WARRANTS DATA

At the date of this 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
850,000	$0.23	February 28, 2034
4,475,000		

No. of warrants	Exercise price	Expiry date
8,813,500	$0.30	July 26, 2024(1) (3)
7,831,800	$0.70	April 18, 2025(2) (3)
16,645,300		

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

(2) During the 2022 fiscal year, the expiry date for these warrants was extended by one year to April 20, 2023. During 2023 fiscal year, the expiry date of these warrants was extended further by one year to April 19, 2024. Subsequent to December 31, 2023 and subject to TSX-V approval, the expiry date for these warrants were extended further by one year to April 18, 2025.

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

TRANSACTIONS WITH RELATED PARTIES

The Company had transactions during the years ended December 31, 2023 and 2022 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	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, 2023 and 2022, 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,	
	2023	**2022**	**2023**	**2022**
General and administrative expenses:				
Office and administration	$ 18,580	$ 19,201	$ 85,671	$ 67,033
Salaries and benefits	37,990	41,577	136,175	139,245
Shareholder communications	2,706	15,435	30,963	33,218
Transfer agent and regulatory fees	1,000	2,362	11,874	8,004
Travel and accommodation	2,268	3,150	25,922	21,862
	$ 62,544	**$ 81,725**	**$ 290,605**	**$ 269,362**
Exploration expenditures	**$ 3,360**	**$ -**	**$ 12,509**	**$ -**

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 year ended December 31, 2023 include those for the Chief Financial Officer, the Vice President of Corporate Development, and the Corporate Secretary (2022: includes those for the Chief Financial Officer and the Corporate Secretary).

b) Receivables as of December 31, 2023 includes an amount of $9,594 (2022: $9,556) due from Radius for shared exploration costs.

c) Prepaid expenses and deposits as of December 31, 2023 includes an amount of $3,744 (2022: $10,973) paid to Gold Group.

d) Long-term deposits as of December 31, 2023 consists of $61,000 (2022: $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, 2023 was $21,839 (2022: $73,708) owing to Gold Group, $6,000 (2022: $4,000) owing to Michael Povey, a Director and Chairman of the Company, for consulting fees, and $8,730 (2022: $Nil) owing to Luc English, the Vice President of Exploration of the Company, for consulting fees and expense reimbursement. The amount for Gold Group is due on a monthly basis and secured by a deposit.

The Company has identified certain of its directors and senior officers as its key management personnel. Included for the periods ended December 31, 2023 and 2022 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,			
		2023		2022		2023		2022
General and administrative expenses:								
Consulting and management fees	$	21,000	$	18,000	$	78,000	$	72,000
Salaries and benefits		17,234		9,642		60,816		29,684
Share-based payments (value of stock options granted and vested)		-		-		42,048		-
Exploration expenditures:								
Consulting and management fees		61,460		37,195		227,741		181,580
	$	**99,694**	**$**	**64,837**	**$**	**408,605**	**$**	**283,264**

Key management compensation includes consulting fees paid in 2022 and 2023 to Mill Street, a company controlled by Simon Ridgway, a Director and Chief Executive Officer of the Company.

There were no stock options granted to key or non-key management directors during the years ended December 31, 2023 and 2022.

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, 2023.

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:

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, and community protests could disrupt the Company's exploration activities or 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.