

# TINKA RESOURCES LIMITED

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2023

This discussion and analysis of financial position and results of operation is prepared as at January 24, 2024 and should be read in conjunction with the audited consolidated financial statements and the accompanying notes for the years ended September 30, 2023 and 2022 of Tinka Resources Limited (the "Company" or "Tinka"). The following disclosure and associated financial statements are presented in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included therein and in the following management discussion and analysis ("MD&A") are quoted in Canadian dollars.

### Forward-Looking Statements

Certain information in this MD&A may constitute forward-looking statements or forward-looking information within the meaning of applicable securities laws (collectively, "Forward-Looking Statements"). All statements, other than statements of historical fact that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future are Forward-Looking Statements. Forward-Looking Statements are often, but not always, identified by the use of words such as "seek," "anticipate," "believe," "plan," "estimate," "expect," and "intend" and statements that an event or result "may," "will," "can," "should," "could," or "might" occur or be achieved and other similar expressions. Forward-Looking Statements are based upon the opinions and expectations of the Company based on information currently available to the Company. Forward-Looking Statements are subject to a number of factors, risks and uncertainties that may cause the actual results of the Company to differ materially from those discussed in the Forward-Looking Statements including, among other things, the Company has yet to generate a profit from its activities; there can be no guarantee that the estimates of quantities or qualities of minerals disclosed in Tinka's public record will be economically recoverable; uncertainties relating to the availability and costs of financing needed in the future; successful completion of planned drill program; competition with other companies within the mining industry; the success of the Company is largely dependent upon the performance of its directors and officers and Tinka's ability to attract and train key personnel; changes in world metal markets and equity markets beyond Tinka's control; mineral reserves are, in the large part, estimates and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized; production rates and capital and other costs may vary significantly from estimates; unexpected geological conditions; the political environment in which the Company operates continuing to support the development and operation of mining projects; risks related to negative publicity with respect to the Company or the mining industry in general; the threat associated with outbreaks of viruses and infectious diseases; delays in obtaining or failure to obtain necessary permits and approvals from government authorities; community relations; the preliminary nature of the PEA and the Company's ability to realize the results of the PEA; all phases of a mining business present environmental and safety risks and hazards and are subject to environmental and safety regulation, and rehabilitation and restitution costs; and management of Tinka have experience in mineral exploration but may lack all or some of the necessary technical training and experience to successfully develop and operate a mine. Although Tinka believes that the expectations reflected in the Forward-Looking Statements, and the assumptions on which such Forward-Looking Statements are made, are reasonable, there can be no assurance that such expectations will prove to be correct. Readers are cautioned not to place undue reliance on Forward-Looking Statements, as there can be no assurance that the plans, intentions or expectations upon which the Forward-Looking Statements are based will occur. Forward-Looking Statements herein are made as at the date hereof, and unless otherwise required by law, Tinka does not intend, or assume any obligation, to update these Forward-Looking Statements.

All of the Company's public disclosure filings, including its most recent management information circular, material change reports, press releases and other information, may be accessed via [www.sedar.com](http://www.sedar.com) or the Company's website [www.tinkaresources.com](http://www.tinkaresources.com) and readers are urged to review these materials, including the technical reports filed with respect to the Company's mineral properties.

### Company Overview

Tinka is a junior mineral exploration company engaged in the acquisition and exploration of base and precious metal mineral properties in Peru, with the aim of developing these properties to a stage where they can be exploited at a

profit or arranged for joint venture whereby other companies can provide funding for development. The Company's flagship property is the 100%-owned Ayawilca zinc-silver-tin project ("Ayawilca" or the "Project") 200 kilometres northeast of Lima in the Pasco region of central Peru. Ayawilca consists of three discrete mineral deposits each with separate Mineral Resources (the "Zinc Zone", "Tin Zone", and "Colquipucro"). As of August 30, 2021, the Zinc Zone mineral resource contains 3.0 billion pounds of zinc, 10 million ounces of silver and 87 million pounds of lead (indicated) and 5.7 billion pounds of zinc, 31 million ounces of silver and 370 million pounds of lead (inferred). The Tin Zone contains 189 million pounds of tin (inferred). The Company filed a technical report for Ayawilca with an effective date of October 14, 2021, incorporating the results of a Preliminary Economic Assessment ("PEA") compliant with National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101"). An update to the PEA is in progress and is expected to be completed in Q1 2024.

Zinc mineralization is associated with semi to massive sulphides consisting of sphalerite (both iron-rich and iron-poor varieties) with other sulphide minerals including pyrite, marcasite, pyrrhotite, arsenopyrite in addition to iron carbonates and quartz. Metallurgical test work has shown that the zinc at Ayawilca responds well to conventional sulphide flotation with ~ 92% zinc recovery to a good quality zinc concentrate grading ~50% Zn.

Tinka completed 11,000 metres of diamond drilling at Ayawilca during 2022 - 2023. This drill program focused on resource definition at the South and West areas and targeted an increase to the indicated mineral resource. Also in 2023, a new discovery of silver-rich mineralization (the "Silver Zone") was made on the northern edge of the Zinc Zone at South within a vertical-dipping vein trending northeast-southwest. An updated Mineral Resource estimation is in progress for each of the Zinc Zone, Silver Zone, and the Tin Zone.

The Company is actively exploring its extensive land package in central Peru for new copper-gold and zinc-silver discoveries. Exploration is continuing at the Silvia NW copper-gold target.

As of the date of this MD&A, the Company has not earned any production revenue, nor found any proven reserves on any of its properties. The Company trades on the TSX Venture Exchange ("TSXV") as a Tier 1 issuer, under the symbol "TK", on the OTCQB under the symbol "TKRFF", on the Lima Stock Exchange under the symbol "TK", and on the Frankfurt Exchange under the symbol "TLD".

### ***Directors and Officers***

As at the date of this MD&A, the Company's Directors and Officers are as follows:

Dr. Graham Carman	- President, Chief Executive Officer ("CEO") and Director
Ben McKeown	- Non-executive Chairman and Director
Nick DeMare	- Chief Financial Officer ("CFO") and Director
Mary Little	- Director
Pieter Britz	- Director
Raul Benavides	- Director
Jones Belther	- Director
Mariana Bermudez	- Corporate Secretary

### **Exploration Projects, Peru**

#### ***Introduction***

As at the date of this MD&A, Tinka holds a total of 89 granted mining concessions in central Peru covering 39,148 hectares (391 km<sup>2</sup>) held by two 100%-owned subsidiary companies. Tinka Resources S.A.C. holds 59 granted mining concessions covering 16,548 hectares at the Company's flagship Ayawilca Project in the Department of Pasco. Darwin Peru S.A.C. holds 30 granted mining concessions covering 22,600 hectares including the Silvia Project in the Department of Huanuco which comprises of 26 granted concessions for 20,600 hectares.

## *Ayawilca t*

### *Zinc Zone Drill Highlights 2022-2023*

The Company completed 33 diamond drill holes for 11,115 metres in the 2022-23 drill campaign targeting high-grade zinc-silver mineralization. The final results from the drill program were released during August 2023. The holes were both infill and step-out holes and were focused at West and South, both areas of known high-grade zinc mineralization. Some of the best zinc intersections ever made at Ayawilca were reported during the recent campaign. The drill results from the 2022-23 program have been incorporated into an updated 3D geological model and a mineral resource estimation update is in progress. Some of the highlights from the Zinc Zone 2022-23 drill program included:

#### South:

- Hole A22-202: 38.9 metres at 20.0% Zn, 0.1% Pb & 31 g/t Ag from 170.5 m – [news release Jan 9/23](#).
- Hole A22-199: 42.4 metres at 9.4% Zn, 0.1% Pb and 19 g/t Ag from 246.5 m – [news release Jan 9/23](#).
- Hole A22-212: 145.2 metres at 10.9% Zn, 0.2% Pb and 31 g/t Ag from 158.2 m – [news release Mar 6/23](#).
- Hole A22-208: 71.2 metres at 8.8% Zn, 0.5% Pb and 33 g/t Ag from 168.8 m – [news release Mar 6/23](#).
- Hole A22-206: 37.8 metres at 10.5% Zn, 0.1% Pb and 17 g/t Ag from 153.6 m – [news release Mar 6/23](#).

#### West:

- Hole A22-200: 44.9 metres at 12.0% Zn, 0.1% Pb and 16 g/t Ag from 283.6 m - [news release Nov 21/22](#).
- Hole A22-207: 132.5 metres at 6.8% Zn, 0.3% Pb and 21 g/t Ag from 193.9 m - [news release Jan 24/23](#).
- Hole A22-205: 134.0 metres at 4.8% Zn, 0.1% Pb and 10 g/t Ag from 180.0 m – [news release Jan 24/23](#).
- Hole A22-203: 49.8 metres at 8.3% Zn, 0.1% Pb and 16 g/t Ag from 186.88 m - [news release Jan 24/23](#).
- Hole A23-216: 97.9 metres at 8.8% Zn, 0.1% Pb and 16 g/t Ag from 197.9 m - [news release June 8/23](#).

True thicknesses of the intercepts in the Zinc Zone are estimated to be at least 75% of the downhole thicknesses.

### *Silver Zone Discovery*

The Silver Zone is a steep-dipping vein structure which truncates the northern edge of the Zinc Zone sulphide bodies at South Ayawilca. High-grade silver mineralization is associated with a carbonate-rich vein material containing low quantities of sulphide minerals including ‘ruby silvers’ accompanied by sphalerite, galena and pyrite. The Silver Zone has been defined by drilling along a strike length of ~500 metres and remains open along strike in both directions and at depth.

- Hole A23-220: 29.5 m at 182 g/t Ag, 2.4% Zn & 0.8% Pb from 289.7 m including 7.1 m at 604 g/t Ag, 2.7% Zn & 1.6% Pb - [news release May 2/23](#).

True thicknesses of the intercepts in the Silver Zone are estimated to be at least 65-75% of the downhole thicknesses.

### **Preliminary Economic Assessment Update**

As a result of the successful 2022-2023 drill campaign, the Company has made the strategic decision to update the PEA (the most recent technical report for Ayawilca has an effective date of October 14, 2021). A significant amount of new data has been acquired at the Project during the past 12 to 18 months, including:

- 11,000 metres of infill and exploration drilling at West and South Ayawilca.
- Additional metallurgical test work resulting in improved recoveries for the Tin Zone.
- Geotechnical information from drill logs and down hole ‘televviewer’ surveys.

The PEA update, expected to be completed by March 2024, will incorporate a mineral resource update and an economic assessment of a potential future mining strategy for the Zinc Zone and Silver Zone, as well as include a Tin Zone processing scenario for the first time. SRK Consulting (UK) Ltd. has been selected as the lead mining consultant for preparation of the PEA update.

## **Mineral Resource Update**

An updated Mineral Resource Estimate (“MRE”) to be incorporated into the updated PEA in Q1 2024, is expected to include a significant increase in the Zinc Zone indicated classified resources as well as an increase in the Tin Zone resource tonnage. SLR Consulting (Canada) Ltd. is again responsible for updating the MRE for the Project.

## **Metallurgical Testwork**

### *Tin Zone:*

Metallurgical testwork was conducted on two tin composite samples from Ayawilca at ALS Burnie, Australia: a coarse-grained tin composite from South (AGC-01), thought to represent approximately 15% of the tin mineralization at the Project, and a finer-grained tin composite (AGC-02) thought to represent ~ 85% of the tin mineralization. Each composite sample was approximately 45 kg. The tin composites graded around 2% Sn (as cassiterite) and contained significant quantities of iron sulphides (pyrrhotite, pyrite and marcasite) with associated iron carbonate (siderite) and quartz, typical of the two styles of tin mineralization at Ayawilca. Zinc grades in these tin composite samples are low (<1% Zn).

A processing flow sheet has been developed which included sulphide flotation to remove the iron sulphides, gravity concentration of the sulphide flotation tails, and tin flotation on the sulphide concentrate following a regrind. Acid leaching was employed to remove the iron carbonates and magnetic separation was used to remove residual pyrrhotite.

Composite AGC-01 generated a concentrate grade of ~50% tin at an excellent recovery (~90%). Composite AGC-02 produced a concentrate grading 50% tin at a lower tin recovery (~45%), with a projected recovery in closed circuit of 50% tin. There remain opportunities to improve the recovery and product quality with further test work.

### *Silver Zone:*

A single composite sample, typical of the Silver Zone mineralization at the Project, is being tested by conventional flotation at Plenge Laboratories, Lima, Peru. The Silver Zone is believed to be similar in style to other epithermal silver-rich low sulphide vein deposits at various mines in central Peru. The metallurgical test work will enable the Company to assess the economic potential of the silver-rich mineralization in the PEA update.

## **Silvia Project**

The Silvia Project, located in the Department of Huanuco in central Peru, comprises 26 granted concessions for 20,600 hectares. During the previous quarter a drone magnetic survey consisting of 121 line-kilometres was successfully completed at the Silvia NW copper-gold target. Initial processing of the geophysical data has now been completed. Several magnetic anomalies are present and are interpreted to be either associated with mineralized skarn bodies and/or associated with mafic intrusions. Mineralized copper-gold bearing skarn bodies outcrop at the Silvia NW target. “Area A” sampled up to 2.7% copper and 22 g/t gold over 2 metres in trench samples, with the best trench sample being 46 metres at 0.8% copper and 1.9 g/t gold - [news release Nov 10/21](#).

Tinka has received during this current quarter an approval for an environmental drilling permit (“DIA”) from the Peruvian authorities at Silvia NW. Negotiations are continuing with the two local communities to reach an access agreement for a future drill program. Once the community agreements are finalised, the Company can then submit a request to the government to initiate drilling activities and apply for a water permit. An initial drill program could take place at Silvia NW towards the end of 2024, subject to the receipt of the required approvals.

## **Pampahuasi Property**

The Pampahuasi property consists of four granted mining concessions for 2,000 hectares held by Darwin Peru S.A.C. in the Department of Huancavelica 300 km southeast of Lima. The area is prospective for epithermal vein gold and silver mineralization. There has been no known previous drilling at the property.

Tinka has identified several northwest-southeast trending gold and silver-bearing veins within the claims along a discontinuous trend some 2 km in strike length. Two gold prospects have been identified along a 2 km trend separated by a river. The North River area has produced channel rock sample results of 3 metres grading 3.61 g/t gold & 2.4 g/t

silver and a second sample returned 0.7 metres grading 1.61 g/t gold & 69.3 g/t silver. The South River area returned rock channel results of 4.0 metres grading 2.2 g/t gold and 2.3 g/t silver, with a second sample returning 0.5 metres grading 1.0 g/t gold & 3.3 g/t silver. A silica ‘sinter’, interpreted as the remnant of a hot spring system, was mapped near the outcropping veins and 300 metres higher in elevation. Tinka’s geologists interpret that the Pampahuasi property is prospective for an epithermal gold vein system. More mapping and sampling is required to better understand the depth of exposure of the epithermal vein system and to determine which areas are most prospective for future drill testing.

### Ayawilca Mineral Resources

An updated Mineral Resource Estimate (“MRE”) to be incorporated into the updated PEA in Q1 2024, is expected to include a significant increase in the Zinc Zone indicated classified resources as well as an increase in the Tin Zone resource tonnage. SLR Consulting (Canada) Ltd. (“SLR”) is again responsible for updating the MRE for the Project.

The current MRE for Ayawilca has an effective date of August 30, 2021:

1. Zinc Zone Indicated Mineral Resource of 19 million tonnes grading 7.2% zinc, 0.2% lead and 16.8 g/t silver containing:
  - (i) 3.0 billion pounds of zinc;
  - (ii) 10.3 million ounces of silver; and
  - (iii) 87 million pounds of lead.
  
2. Zinc Zone Inferred Mineral Resource of 47.9 million tonnes grading 5.4% zinc, 0.4% lead & 20.0 g/t silver containing:
  - (i) 5.7 billion pounds of zinc;
  - (ii) 30.7 million ounces of silver; and
  - (iii) 370 million pounds of lead.
  
3. Tin Zone Inferred Mineral Resource of 8.4 million tonnes grading 1.0% tin, containing:
  - (i) 189 million pounds of tin.

The Tin Zone and Zinc Zone resources do not overlap. The Mineral Resources are reported above a net smelter return (NSR) cut-off value of US \$55/tonne for the Zinc Zone and US \$60/tonne for the Tin Zone. The Mineral Resource estimates for the Zinc Zone by area (Table 1), and the Tin Zone (Table 2), have an effective date of August 30, 2021. The Colquipucro Silver Zone resource estimate (Table 3) has an effective date of May 25, 2016, also estimated by SLR (previously Roscoe Postle and Associates).

**Table 1: Ayawilca Zinc Zone Mineral Resources as of August 30, 2021  
Tinka Resources Limited - Ayawilca Property**

Classification / Zone	Tonnage (Mt)	NSR (\$/t)	Grade			Contained Metal		
			Zn (%)	Ag (g/t)	Pb (%)	Zn (Mlb)	Ag (Moz)	Pb (Mlb)
<b>Indicated</b>								
West	11.6	108	6.26	15.9	0.25	1,607	6.0	65
South	7.3	145	8.56	18.3	0.13	1,383	4.3	22
<b>Total Indicated</b>	<b>19.0</b>	<b>123</b>	<b>7.15</b>	<b>16.8</b>	<b>0.21</b>	<b>2,990</b>	<b>10.3</b>	<b>87</b>
<b>Inferred</b>								
West	5.5	106	5.90	20.8	0.42	719	3.7	52
South	9.0	134	7.45	34.4	0.33	1,477	10.0	65
Central	17.4	81	4.55	13.8	0.34	1,747	7.7	132
East	10.6	88	5.04	14.4	0.20	1,177	4.9	46
Silver	0.4	93	3.58	106.7	0.65	33	1.4	6
Buffer	4.9	87	4.66	19.2	0.63	504	3.0	69
<b>Total Inferred</b>	<b>47.9</b>	<b>96</b>	<b>5.36</b>	<b>20.0</b>	<b>0.35</b>	<b>5,657</b>	<b>30.7</b>	<b>370</b>

## Notes:

1. CIM (2014) definitions were followed for Mineral Resources.
2. Mineral Resources are reported above a cut-off net smelter return (NSR) value of US \$55/t.
3. The requirement of a reasonable prospect of eventual economic extraction is met by having a minimum modelling width for mineralized zones of three metres, a cut-off based on reasonable input parameters, and continuity of mineralization consistent with a potential underground mining scenario.
4. The NSR value was based on estimated metallurgical recoveries, assumed metal prices, and smelter terms, which include payable factors, treatment charges, penalties, and refining charges. Metal price assumptions were, US \$1.20/lb Zn, US \$22/oz Ag, and US \$0.95/lb Pb. Metal recovery assumptions were, 92% Zn, 85% Ag, and 70% Pb. The NSR value for each block was calculated using the following NSR factors; US \$16.23/% Zn, US \$0.27/g Ag, and US \$10.20/% Pb.
5. Payability is as follows; Zn 84%, Pb 94% and Ag 47%
6. The NSR value was calculated using the following formula:  

$$\text{NSR} = \text{Zn}(\%) * \text{US} \$16.23 + \text{Ag}(\text{g/t}) * \text{US} \$0.27 + \text{Pb}(\%) * \text{US} \$10.20$$
7. Numbers may not add due to rounding.

**Table 2: Ayawilca Tin Zone Inferred Mineral Resources as of August 30, 2021  
Tinka Resources Limited - Ayawilca Property**

Classification	Tonnage (Mt)	NSR (\$/t)	Grade (% Sn)	Contained Metal (Mlb Sn)
Inferred	8.4	103	1.02	189

## Notes:

1. CIM (2014) definitions were followed for Mineral Resources.
2. Mineral Resources are reported above a cut-off grade NSR value of US \$60/t.
3. The requirement of a reasonable prospect of eventual economic extraction is met by having a minimum modelling width for mineralized zones of three metres, a cut-off based on reasonable input parameters, and continuity of mineralization consistent with a potential underground mining scenario.
4. The NSR value was based on estimated metallurgical recoveries, assumed metal prices, and smelter terms, which include payable factors, treatment charges, penalties, and refining charges. Metal price assumptions were, US \$11.00/lb Sn. Metal recovery assumptions were, 70% Sn for blocks with Sn:Cu  $\geq$  5 and 40% for Sn:Cu < 5. The NSR value for each block was calculated using the following NSR factors, US \$141.64 per % Sn for blocks with Sn:Cu  $\geq$  5 and US \$80.94 for blocks with Sn:Cu < 5.
5. The NSR value was calculated using the following formulae:  
 If Sn:Cu  $\geq$  5: US \$NSR = Sn(%)\*US \$141.64  
 If Sn:Cu < 5: US \$NSR = Sn(%)\*US \$80.94
6. If Sn:Cu < 5: US \$NSR = Sn(%)\*US \$80.94
7. Numbers may not add due to rounding.

**Table 3: Colquipucro Silver Oxide Deposit Mineral Resources as of May 25, 2016  
Tinka Resources Limited – Ayawilca Property**

Classification / Zone	Tonnage (Mt)	Grade (g/t Ag)	Contained Metal (Moz Ag)
<b>Indicated</b>			
High Grade Lenses	2.9	112	10.4
Low Grade Halo	4.5	27	3.9
<b>Total Indicated</b>	<b>7.4</b>	<b>60</b>	<b>14.3</b>
<b>Inferred</b>			
High Grade Lenses	2.2	105	7.5
Low Grade Halo	6.2	28	5.7
<b>Total Inferred</b>	<b>8.5</b>	<b>48</b>	<b>13.2</b>

## Notes:

1. CIM (2014) definitions were followed for Mineral Resources.
2. Mineral Resources are reported within a preliminary pit shell and above a cut-off grade of 15 g/t Ag for the low grade halo and 60 g/t Ag for the high grade lenses.
3. The cut-off grade is based on a price of US \$24/oz Ag.
4. Numbers may not add due to rounding.

### Qualified Persons

The qualified person for the Company's projects, Dr. Graham Carman, President and CEO of the Company and a Fellow of the Australasian Institute of Mining and Metallurgy ("FAUSIMM"), has reviewed and verified the technical information in this MD&A and is responsible for other technical information (i.e., information not directly related to the Mineral Resource Estimate or the PEA) in this MD&A.

Ms. Katharine M. Masun, MSA, M.Sc., P.Geo., SLR Consultant Geologist, and Ms. Dorota El Rassi, P.Eng., SLR Consultant Engineer, both Qualified Persons under National Instrument 43-101 and independent of Tinka, were responsible for the Mineral Resources estimations disclosed in this MD&A.

The National Instrument 43-101 Technical Report entitled “Ayawilca Polymetallic Project, Central Peru, NI 43-101 Technical Report on Updated Preliminary Economic Assessment” dated November 10, 2021, with an effective date of October 14, 2021, is available for download under Tinka’s profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). The Technical Report was prepared by Mining Plus Peru S.A.C. (“Mining Plus”) as principal consultant, Transmin Metallurgical Consultants (“Transmin”), Envis E.I.R.L (“Envis”), and SLR Consulting (Canada) Ltd (“SLR”).

### Selected Financial Data

The following selected financial information is derived from the audited annual consolidated financial statements of the Company.

	Year Ended September 30,		
	2023 \$	2022 \$	2021 \$
<b>Operations:</b>			
Revenues	Nil	Nil	Nil
Expenses	(1,722,621)	(2,205,835)	(1,628,842)
Other items	258,288	1,289,388	(425,802)
Net loss	(1,464,333)	(916,447)	(2,054,644)
Loss per share - basic and diluted	(0.00)	(0.00)	(0.01)
Dividends per share	Nil	Nil	Nil
<b>Balance Sheet:</b>			
Working capital	6,928,774	17,301,153	11,195,041
Total assets	76,469,942	77,895,012	67,107,503
Total long-term liabilities	Nil	Nil	Nil

The following selected financial information is derived from the unaudited condensed consolidated interim financial statements of the Company.

	Fiscal 2023				Fiscal 2022			
	Sept. 30 2023 \$	Jun. 30 2023 \$	Mar. 31 2023 \$	Dec. 31 2022 \$	Sept. 30 2022 \$	Jun. 30 2022 \$	Mar. 31 2022 \$	Dec. 31 2021 \$
<b>Operations:</b>								
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Expenses	(495,336)	(400,872)	(423,972)	(402,441)	(404,374)	(979,883)	(430,860)	(390,718)
Other items	276,925	(81,108)	129,085	(66,614)	1,307,719	320,061	(269,170)	(69,222)
Net (loss) income and comprehensive (loss) income	(218,411)	(481,980)	(294,887)	(469,055)	903,345	(659,822)	(700,030)	(459,940)
(Loss) income per share -basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)	0.00	(0.00)	(0.00)	(0.00)
Dividends per share	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Balance Sheet:</b>								
Working capital	6,928,774	8,415,419	11,167,316	14,285,146	17,301,153	18,519,652	8,487,058	9,844,900
Total assets	76,469,942	76,447,617	77,252,390	77,349,290	77,895,012	76,712,115	65,768,152	66,563,265
Total long-term liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

### Results of Operations

#### Three Months Ended September 30, 2023 Compared to Three Months Ended June 30, 2023

During the three months ended September 30, 2023 (“Q4”) the Company reported a net loss of \$218,411 compared to a net loss of \$481,980 for the three months ended June 30, 2023 (“Q3”), a decrease in loss of \$263,569, primarily

attributed to the recognition of a foreign exchange loss of \$204,499 in Q3 compared to a foreign exchange gain of \$171,454 in Q4, resulting in a fluctuation of a \$375,453.

*Three Months Ended September 30, 2023 Compared to Three Months Ended September 30, 2022*

During the three months ended September 30, 2023 (the “Q4/2023”) the Company reported a net loss of \$218,411 compared to a net income of \$903,345 for the three months ended September 30, 2022 (the “Q4/2022”), a fluctuation of \$1,121,756, mainly attributed to the recognition of a foreign exchange gain of \$1,208,700 in Q4/2022 compared to a foreign exchange gain of \$171,454 in Q4/2023, a fluctuation of \$1,037,246.

*Year Ended September 30, 2023 Compared to Year Ended September 30, 2022*

During the year ended September 30, 2023 (“fiscal 2023”), the Company reported a net loss of \$1,464,333 compared to a net loss of \$916,447 for the year ended September 30, 2022 (“fiscal 2022”), an increase in loss of \$547,886. The increase in loss was primarily due to:

- (a) the recognition of a foreign exchange fluctuation of \$1,414,019, from a foreign exchange gain of \$1,148,250 during fiscal 2022 compared to a foreign exchange loss of \$265,769 during fiscal 2023;
- (b) a \$382,919 increase in interest income from \$141,138 during fiscal 2022 to \$524,057 during fiscal 2023 due to higher interest rates obtained on cash held on deposit; and
- (c) a \$483,214 decrease in general and administrative expenses from \$2,205,835 during fiscal 2022 to \$1,722,621 during fiscal 2023. Significant fluctuations in general and administrative expenses are noted below. During fiscal 2023 the Company:
  - (i) recorded share-based compensation of \$35,000 on the granting and vesting of share options compared to \$602,000 during fiscal 2022;
  - (ii) expensed \$534,496 (2022 - \$658,523) for director and officer compensation. See also “Transactions with Related Parties”;
  - (iii) incurred \$51,489 to attend local and virtual investment conferences compared to \$33,613 during fiscal 2022 ;
  - (iv) incurred \$106,498 (2022 -\$98,190) for travel associated with property site visits and corporate activities;
  - (v) incurred \$102,591 (2022 -\$81,535) for accounting and administration of which \$54,800 (2022 - \$58,550) were provided by Chase Management Ltd. (“Chase”), a private corporation owned by Mr. DeMare, a director of the Company and \$47,791 (2022 - \$22,985) by a third party accounting firm for ongoing accounting for its subsidiaries;
  - (vi) incurred \$182,594 (2022 - \$102,105) for corporate development. The Company increased its market and social media awareness campaigns in fiscal 2023.

The carrying costs of the Company’s exploration and evaluation assets are as follows:

	As at September 30, 2023			As at September 30, 2022		
	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$
Ayawilca	2,343,943	61,092,421	63,436,364	2,182,918	53,366,738	55,549,656
Silvia	548,289	232,336	780,625	456,849	142,417	599,266
Other	20,038	4,591,866	4,611,904	20,038	3,730,772	3,750,810
	<u>2,912,270</u>	<u>65,916,623</u>	<u>68,828,893</u>	<u>2,659,805</u>	<u>57,239,927</u>	<u>59,899,732</u>



Exploration and evaluation activities incurred during fiscal 2023 are as follows:

	Ayawilca \$	Silvia \$	Other \$	Total \$
<b>Balance at September 30, 2022</b>	<u>55,549,656</u>	<u>599,266</u>	<u>3,750,810</u>	<u>59,899,732</u>
<b>Exploration costs</b>				
Assays	76,287	-	-	76,287
Camp costs	989,274	-	-	989,274
Community relations	1,870,383	14,331	-	1,884,714
Depreciation	12,944	-	-	12,944
Drilling	2,870,570	-	-	2,870,570
Engineering	190,954	-	-	190,954
Environmental	280,218	-	-	280,218
Geological	1,197,510	75,588	-	1,273,098
Health and safety	204,246	-	-	204,246
Software and database management	33,297	-	-	33,297
VAT incurred	-	-	861,094	861,094
	<u>7,725,683</u>	<u>89,919</u>	<u>861,094</u>	<u>8,676,696</u>
<b>Acquisition costs</b>				
Concession payments and related taxes	<u>161,025</u>	<u>91,440</u>	<u>-</u>	<u>252,465</u>
<b>Balance at September 30, 2023</b>	<u>63,436,364</u>	<u>780,625</u>	<u>4,611,904</u>	<u>68,828,293</u>

The Company incurred a total of \$8,929,161 (2022 - \$4,632,739) for exploration expenditures and acquisition costs, comprising \$7,886,708 (2022 - \$4,013,400) on the Ayawilca Project, \$181,359 (2022 - \$237,845) on the Silvia Project and \$nil (2022 - \$26,689) on minor concessions in Central Peru. In addition, the Company incurred \$861,094 (2022 - \$354,805) for VAT tax in Peru. As at September 30, 2023 the Company has a VAT balance of \$4,585,215 (2022 - \$3,724,121). See also “Exploration Projects, Peru”.

### ***Financings***

During fiscal 2023 the Company did not conduct any equity financings.

During fiscal 2022 the Company completed an equity subscription agreement with Nexa Resources S.A. (“Nexa”) and Compañía de Minas Buenaventura SAA (“Buenaventura”) under which Nexa purchased for 40,792,541 common shares of the Company and Buenaventura purchased 9,770,669 common shares of the Company, for a total of 50,563,210 common shares at \$0.22 per share, for gross proceeds of \$11,123,906.

### **Financial Condition / Capital Resources**

The Company’s ability to continue as a going concern is dependent upon the ability of the Company to obtain the necessary financing to develop properties and to establish future profitable production. To date the Company has not earned significant revenues and is considered to be in the exploration stage. The Company’s operations are funded from equity financings which are dependent upon many external factors and may be difficult to impossible to secure or raise when required. As at September 30, 2023 the Company had working capital in the amount of \$6,928,774. Management considers that the Company has sufficient funds to continue advancing the Ayawilca Project, continue exploration and drill permitting on the Silvia Project and maintain ongoing corporate overhead and field expenses over the next twelve months. See also “Exploration Projects, Peru”. Exploration activities may change as a result of ongoing results and recommendations or the Company may acquire additional properties which may entail significant exploration commitments. While the Company has been successful in securing financings in the past, there is material uncertainty it will be able to do so in the future.

### **Off-Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements.

## Proposed Transactions

The Company has no proposed transactions.

## Critical Accounting Estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Examples of significant estimates made by management include estimating the fair values of financial instruments, valuation allowances for deferred income tax assets and assumptions used for share-based compensation. Actual results may differ from those estimates.

A detailed summary of all the Company's significant critical accounting estimates is included in Note 3 to the September 30, 2023 annual consolidated financial statements.

## Changes in Accounting Policies

There are no changes in accounting policies. A detailed summary of all the Company's significant accounting policies is included in Note 3 to the September 30, 2023 annual consolidated financial statements.

## Transactions with Related Parties

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Certain of these entities transacted with the Company during the reporting period.

### (a) *Transactions with Key Management Personnel*

During fiscal 2023 and 2022 periods the following amounts were incurred with respect to the Company's CEO (Dr. Carman), the Company's CFO (Mr. DeMare) and the Company's former VPE (Mr. Alvaro Fernandez-Baca) as follows:

	2023 \$	2022 \$
Management fees - Dr. Carman	309,996	309,996
Management fees - Mr. Fernandez-Baca <sup>(1)</sup>	20,000	176,277
Professional fees - Mr. DeMare	42,000	53,100
	<u>371,996</u>	<u>539,373</u>

(1) Mr. Fernandez-Baca resigned as VPE of the Company effective November 30, 2022. A \$20,000 payment was made to Mr. Fernandez-Baca in fiscal 2023 upon final negotiations.

During fiscal 2023 the Company expensed \$371,996 (2022 - \$508,523) to director and officer compensation and capitalized \$nil (2022 - \$30,850) of compensation paid to the former VPE to exploration and evaluation assets.

As at September 30, 2023 \$nil (2022 - \$10,000) remained unpaid.

During fiscal 2023 the Company also recorded \$nil (2022 - \$210,000) share-based compensation for share options granted to key management personnel as follows:

	2023 \$	2022 \$
Dr. Carman - share based compensation	-	98,000
Mr. Fernandez-Baca - share based compensation	-	49,000
Mr. DeMare - share based compensation	-	63,000
	<u>-</u>	<u>210,000</u>

The Company has a management agreement with its CEO which provides that in the event the CEO's services are terminated without cause or upon a change of control of the Company, a termination payment is payable. If the termination had occurred on September 30, 2023 the amount payable under the agreement would be approximately \$620,000.

(b) *Transactions with Other Related Parties*

- (i) During fiscal 2023 and 2022 the following amounts were incurred for professional services provided by non-management directors of the Company (Ben McKeown, Mary Little, Raul Benavides, Pieter Britz, and Jones Belther) and the Corporate Secretary (Mariana Bermudez):

	2023 \$	2022 \$
Professional fees - Mr. McKeown	48,000	48,000
Professional fees - Ms. Little	30,000	30,000
Professional fees - Mr. Benavides	30,000	30,000
Professional fees - Mr. Britz	12,500	-
Professional fees - Mr. Belther	-	-
Professional fees - Ms. Bermudez	42,000	42,000
	<u>162,500</u>	<u>150,000</u>

As at September 30, 2023 \$27,000 (2022 - \$nil) remained unpaid.

During fiscal 2023 the Company also recorded \$35,000 (2022 - \$192,500) share-based compensation for share options granted to its non-management directors and the Corporate Secretary personnel as follows:

	2023 \$	2022 \$
Mr. McKeown - share based compensation	-	59,500
Ms. Little - share based compensation	-	49,000
Mr. Benavides - share based compensation	-	49,000
Mr. Britz - share based compensation	35,000	-
Ms. Bermudez - share based compensation	-	35,000
	<u>35,000</u>	<u>192,500</u>

- (ii) During fiscal 2023 the Company incurred a total of \$54,800 (2022 - \$58,550) with Chase, a private corporation owned by Mr. DeMare, for accounting and administrative services provided by Chase personnel, excluding Mr. DeMare, and \$4,020 (2022- \$4,020) for rent. As at September 30, 2023 \$4,505 (2022 - \$4,505) remained unpaid.

**Risks and Uncertainties**

The Company competes with other mining companies, some of which have greater financial resources and technical facilities, for the acquisition of mineral concessions, claims and other interests, as well as for the recruitment and retention of qualified employees.

The Company is in compliance with all material regulations applicable to its exploration activities. Existing and possible future environmental legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted. Before production can commence on any properties, the Company must obtain regulatory and environmental approvals. There is no assurance that such approvals can be obtained on a timely basis or at all. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations.

The Company's mineral properties are located in Peru and consequently the Company is subject to certain risks, including currency fluctuations and possible political or economic instability which may result in the impairment or loss of mining title or other mineral rights, and mineral exploration and mining activities may be affected in varying degrees by political stability and governmental regulations relating to the mining industry.

### **Outstanding Share Data**

The Company's authorized share capital is unlimited common shares with no par value. As at January 24, 2024, there were 391,303,927 issued common shares and 15,497,500 share options outstanding, at an exercise price of \$0.25 per share.