



**Fuerte Metals Corporation (formerly, Atacama Copper Corporation)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**For The Three and Nine Months Ended September 30, 2024**



[www.fuertemetals.com](http://www.fuertemetals.com)

TSX.V: **FMT**

OTCQB: **FUEMF**

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**INTRODUCTION AND REVERSE TAKEOVER TRANSACTION**

Fuerte Metals Corporation (formerly, Atacama Copper Corporation) ("Fuerte" or the "Company") was incorporated under the Business Corporations Act of British Columbia on April 8, 2020. The Company's head office is in Vancouver, Canada. The principal business of the Company is to identify, explore and evaluate mineral properties, primarily in the Americas. The Company's common shares are listed on the TSX Venture Exchange ("TSXV"), trading under the symbol "FMT" and also trade on the OTCQB under the symbol "FUEMF". The Company's name change to Fuerte was effective on August 21, 2024.

On February 9, 2024, the Company completed a reverse takeover transaction (the "RTO"), pursuant to a Business Combination Agreement dated December 15, 2023, between the Company, 1000723052 Ontario Corporation, a newly incorporated subsidiary of the Company, and TCP1 Corporation ("TCP1"). Immediately prior to completing the RTO, the Company consolidated its issued and outstanding shares on a 6 for 1 basis. Pursuant to the RTO, the Company acquired all of the issued and outstanding common shares of TCP1 in exchange for common shares of Fuerte (the "Transaction"). Upon completion of the Transaction, the shareholders of TCP1 controlled the Company and accordingly, for accounting purposes, the transaction was accounted for as a reverse acquisition of Fuerte by TCP1 and TCP1 was identified as the accounting acquirer. Since TCP1 is the accounting acquirer, the condensed consolidated interim financial statements are prepared as a continuation of TCP1, with the 2023 comparative information included herein being solely that of TCP1. Fuerte continued to trade on the TSXV following the Transaction.

In connection with the Transaction:

- Immediately prior to the completion of the Transaction, the Company consolidated its common shares on the basis of 1 post-consolidation Company common share for every 6 Company common shares existing before such consolidation. This resulted in the issuance of 5,990,801 common shares to existing Fuerte shareholders;
- All of TCP1's issued and outstanding common shares were exchanged for 37,916,849 Fuerte common shares;
- The Company issued 2,843,823 common shares to holders of "in-the-money" TCP1 stock options;
- The Company issued 1,157,428 common shares in satisfaction of a TCP1 termination agreement to a director of TCP1;
- The remaining stock options of TCP1 were exchanged for Company stock options;
- The Company closed a private placement financing of subscription receipts (the "Receipts") into a total of 11,834,159 common shares for gross proceeds of \$12,780,892 and issued 92,593 common shares in satisfaction of previously received financing proceeds of \$100,000. In connection with the Receipts, the Company issued 409,995 agent's warrants which are exercisable at \$1.08 per common share until February 9, 2026.

Following conclusion of the Transaction, Fuerte now has the following mineral property interests:

- Through its subsidiary, Criscora, S.A. de C.V., the Company has 100% of the Cristina project ("Cristina") located in Chihuahua State, Mexico, and 100% of the Yecora project ("Yecora") located in Sonora State, Mexico.
- The Company holds a 100% interest in 69 mining concession tenement groups through its ownership of the El Cofre and Placeton projects in Chile held through its subsidiaries Aconcagua Minerals SpA ("Aconcagua") and Cobalt Chile SpA ("Cobalt Chile").

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This management's discussion and analysis ("MD&A") focuses on significant factors that affected Fuerte and its subsidiaries during the relevant reporting period and to the date of this report. The MD&A supplements, but does not form part of, the unaudited condensed consolidated interim financial statements of the Company and the notes thereto for the three and nine months ended September 30, 2024 and 2023, and, consequently, should be read in conjunction with the aforementioned financial statements and notes thereto. This MD&A should also be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2023.

## **ADDITIONAL INFORMATION**

Additional information about the Company is available under the Company's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) and on the Company's website at [www.fuertemetals.com](http://www.fuertemetals.com). The Company reports its financial information in Canadian dollars and all monetary amounts set forth herein are expressed in Canadian dollars unless specifically stated otherwise. The financial information presented in this MD&A has been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board (the "IASB"). The Company's unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2024 and 2023 were prepared in accordance with IAS 34 *Interim Financial Reporting*.

In connection with the Transaction with TCP1, the common shares of the Company were consolidated on a 6:1 basis (the "Share Consolidation"). The Share Consolidation is reflected retrospectively in this MD&A.

Tim Warman, P.Geo., is a qualified person as defined by National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101") and has reviewed and approved for inclusion the scientific and technical disclosure in this MD&A. Mr. Warman is the Chief Executive Officer of the Company.

This MD&A is current to November 27, 2024.

## **FORWARD LOOKING STATEMENTS AND RISK FACTORS**

This MD&A contains "forward-looking information" and "forward-looking statements" (collectively "forward-looking statements") within the meaning of applicable Canadian securities legislation. Except for statements of historical fact relating to Fuerte, forward-looking information includes, but is not limited to, information with respect to the Company's future exploration plans and the results thereto for the Company's mineral properties; the Company's ability to raise additional funds, as required; future price of minerals, particularly gold, silver and copper; the estimation of mineral resources; the timing and amount of estimated future exploration; costs of general and administrative and other expenses; success of exploration activities; foreign currency rates and risks; government regulation of mineral exploration and mining operations; environmental risks; and outlook, guidance, and other forecasts.

Forward-looking statements are statements that are not historical facts and are generally, although not always, identified by words such as "expect", "plan", "anticipate", "project", "target", "potential", "schedule", "forecast", "budget", "estimate", "intend" or "believe" and similar expressions or their negative connotations, or that events or conditions "will", "would", "may", "could", "should" or "might" occur. All such forward-looking statements are based on the opinions and estimates of management as of the date such statements are made.

Forward-looking statements necessarily involve assumptions, risks and uncertainties, certain of which are beyond the Company's control, including risks associated with or related to: the volatility of metal prices; changes in tax laws; the dangers inherent in exploration, development and mining activities; the uncertainty of mineral resource estimates; title matters; cost or other estimates; actual exploration plans and costs differing materially from the Company's expectations; the ability to obtain and maintain any necessary permits, consents or authorizations required for exploration activities; environmental regulations or hazards and compliance with complex regulations associated with exploration activities; the availability and need for financing and debt activities, including potential restrictions imposed on the Company's operations as a result thereof and the ability to ultimately generate sufficient cash flows; remote operations and the availability of adequate infrastructure; shortages or cost increases in necessary equipment, supplies and labour; the reliance upon contractors and other third parties; the dependence

on key personnel and the ability to attract and retain skilled personnel; the risk of an uninsurable or uninsured loss; adverse climate and weather conditions; litigation risk; competition with other mineral exploration and mining companies; community support for the Company's operations; conflicts with small scale miners; failures of information systems or information security threats; compliance with anti-corruption laws, and sanctions or other similar measures. The list is not exhaustive of the factors that may affect Fuerte's forward-looking statements.

The Company's forward-looking statements are based on the applicable assumptions and factors management considers reasonable as of the date hereof, based on the information available to management at such time. These assumptions and factors include, but are not limited to, assumptions and factors related to Fuerte's ability to carry on current and future planned exploration operations; the accuracy and reliability of estimates, projections, forecasts, studies and assessments; the availability and cost of inputs; the timely receipt of necessary approvals or permits; the ability to meet current and future obligations; the ability to obtain timely financing on reasonable terms when required; the current and future social, economic and political conditions; and other assumptions and factors generally associated with the mining industry.

The Company's forward-looking statements are based on the opinions and estimates of management and reflect their current expectations regarding future events and operating performance and speak only as of the date hereof. The Company does not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change other than as required by applicable securities laws. There can be no assurance that forward-looking statements will prove to be accurate, and actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements. Accordingly, no assurance can be given that any events anticipated by the forward-looking statements will transpire or occur, or if any of them do, what benefits or liabilities the Company will derive therefrom. For the reasons set forth above, undue reliance should not be placed on forward-looking statements.

Additional risk factors related to the Business Combination with TCP1 Corporation and the Company following that transaction can be viewed in the Company's Filing Statement dated as of February 7, 2024 as filed under the Company's profile on SEDAR+ ([www.sedarplus.ca](http://www.sedarplus.ca)).

## **OVERVIEW OF SIGNIFICANT EVENTS, REVIEW OF ACTIVITIES AND FINANCING ACTIVITY**

In order to better understand the Company's financial results, it is important to gain an appreciation of the significant events, transactions and activities involving mineral property interests that occurred during the three and nine months ended September 30, 2024 and to the date of this MD&A. This overview should be read in conjunction with the remainder of this MD&A to appreciate more fully the Company's results and activities for the three and nine months ended September 30, 2024.

The Company's mineral property assets include the following:

*Cristina Project:* The Company holds a 100% interest in the Cristina Project located in Mexico. There is an existing 2% net smelter royalty ("NSR"), held by Maverix Metals Inc. ("Maverix") over all minerals produced from certain exploitation tenements included in the Cristina Project. The Company has the right to buy back 1% of the NSR for US\$1,000,000.

*Yecora Project:* The Company holds a 100% interest in the Yecora Project located in Mexico. Pursuant to the terms of the Yecora acquisition agreement, the Company is required to pay a sum of US\$500,000 when the Company makes the decision to start production, and US\$2,000,000 when the Company starts commercial production on any of the claims within the Yecora Project. There is pending obligation for the Company to register a 3% NSR which has not been completed as of the date of this MD&A.

*Placeton Project:* Aconcagua holds the rights to the Placeton Project which consists of the Placeton, Caballo Muerto and Los Naranjos projects. Altogether, the Placeton Project is comprised of thirty-nine mining concession tenement groups. The Aconcagua mineral claims are subject to a 2% NSR held by Durus Copper SPA ("Durus"), a company owned by the Company's former VP Business Development as described in Note 6(a) of the unaudited condensed

consolidated interim financial statements for the three and nine months ended September 30, 2024.

El Cofre Project: Cobalt Chile holds the rights to the El Cofre Project, which represents 100% interest in thirty mining concession tenement groups. Ten tenements were allowed to expire in 2023. Twenty-seven of the Cobalt Chile mining concession tenement groups are subject to a 2% NSR held directly by the Company's former VP Business Development as described in Note 6(a) of the unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2024.

The business of exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration properties and the Company's continued existence are dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis.

During the nine months ended September 30, 2024, and to the date of this MD&A, the Company's primary work efforts have been on the drill program at the Cristina Project. Results for the first twenty-five holes of the drilling program (for a total of 6,976.5 metres) were announced by the Company in news releases dated April 23, June 2, July 8, September 9, and November 25, 2024, which are available on the Company's website.

Highlights from the first twenty-five holes include:

- 10.65 g/t AuEq over 7.8 m estimated true width (1.55 g/t Au, 528 g/t Ag, 2.38% Zn, 0.54% Pb and 0.19% Cu) in hole ACD24-221, including 19.88 g/t AuEq over 4.8 m estimated true width (2.45 g/t Au, 1,041 g/t Ag, 3.95% Zn, 0.93% Pb, and 0.34% Cu);
- 9.40 g/t AuEq over 2.2 m estimated true width (1.86 g/t Au, 523 g/t Ag, 0.15% Zn, 0.32 % Pb, 0.05% Cu) in hole ACD24-222. The 2.2 m wide intercept occurs within a broader mineralized zone measuring 2.02 g/t AuEq over 29.0 m estimated true width (0.57 g/t Au, 90 g/t Ag, 0.22% Zn, 0.12% Pb, 0.02% Cu);
- 10.48 g/t AuEq over 1.6 m estimated true width (6.18 g/t Au, 54 g/t Ag, 1.26% Zn, 0.09% Pb and 0.07% Cu) in hole ACD24-224. The 1.6 m wide intercept occurs within a broader mineralized zone measuring 1.87 g/t AuEq over 21.5 m estimated true width (1.12 g/t Au, 22.1 g/t Ag, 0.65% Zn, 0.09% Pb and 0.04% Cu);
- 8.10 g/t AuEq over 1.8 m estimated true width (0.77 g/t Au, 214 g/t Ag, 5.18% Zn, 2.43 % Pb, 0.45% Cu) in hole ACD24-229. This 1.8 m wide intercept occurs within a broader mineralized zone measuring 4.76 g/t AuEq over 3.8 m estimated true width (0.93 g/t Au, 114 g/t Ag, 2.56% Zn, 1.38% Pb, 0.23% Cu); and
- 27.8 g/t AuEq over 1.2 m estimated true width (22.3 g/t Au, 184.0 g/t Ag, 0.87% Zn, 0.82% Pb and 1.42% Cu) in hole ACD24-235. This 1.2 m wide intercept occurs within a broader zone of mineralization measuring 2.43 g/t AuEq over 20.5 m estimated true width (1.56 g/t Au, 24.5 g/t Ag, 0.31% Zn 0.27% Pb and 0.17% Cu).

The results obtained to date have identified at least three high-grade zones in the Guadalupe vein that appear amenable to underground mining and support the Company's goal of defining a higher-grade underground resource at Cristina. The last five holes reported were expansion holes in a new vein area known as Los Ingleses, Drilling was paused during the peak of the rainy season in Mexico and resumed in October 2024.

The Company is assessing the exploration results and reviewing several options to advance or monetize the El Cofre Project including a potential sale or joint venture of the asset. No exploration work is currently planned.

At the Placeton Project, the Company is permitted to carry out geological and geophysical surveys under Chilean law and is working to negotiate long-term access agreements with the surface rights owners to allow access for a future drilling program at the Placeton and Caballo Muerto targets.

As noted earlier in this MD&A, the Company closed a private placement financing for gross proceeds of \$12,780,892 in conjunction with the Transaction. The Company incurred cash share issue costs of \$680,929 which included 6% agent's fees totalling \$442,795. At September 30, 2024, the Company had \$6,763,727 in consolidated cash remaining on hand with outstanding payables and accrued liabilities of \$60,378.

In conjunction with closing the Transaction, the Company also issued common shares as follows: (i) 46,296 common shares (\$50,000) as partial repayment of salary to an officer of the Company; (ii) 61,837 common shares (\$66,782) as repayment of salary owed to an officer of the Company; and (iii) 46,297 common shares (\$50,000) to repay a loan.

On February 9, 2024, the Company granted 1,425,000 stock options to acquire common shares at an exercise price of \$1.26 per share and granted 700,000 RSUs, to directors, officers, employees and consultants of the Company. On March 20, 2024, 200,000 stock options exercisable at \$1.33 per share were granted to an investor relations service provider.

## OUTLOOK

The Company's primary focus remains the completion of a fully funded 21,000-metre diamond drilling program at the Cristina Project to upgrade and expand the current resource with a focus on underground mineable resources. Previous drilling has encountered thick higher-grade zones in every vein system tested to date, and this current round of drilling is aimed at better defining and expanding those zones, beginning with the Guadalupe and Los Ingleses vein systems. Activities in Chile will focus on geophysical surveys at the Placeton and Caballo Muerto targets. No work is currently planned at El Cofre.

## REVIEW OF FINANCIAL RESULTS

This review of the results of operations should be read in conjunction with the unaudited condensed consolidated interim financial statements of the Company for the three and nine months ended September 30, 2024 and 2023 along with other public disclosure documents of the Company. For the three and nine months ended September 30, 2024, the Company reported losses of \$1,026,129 and \$12,133,868, respectively, compared to losses of \$689,264 and \$1,461,589 for the three and nine months ended September 30, 2023. The commentary that follows provides additional details on the Company's reported net losses for the three and nine months ended September 30, 2024 and 2023.

### **Exploration and Evaluation Assets (Mineral Properties)**

The Company capitalizes costs incurred acquiring exploration and evaluation assets (mineral projects) and any required licenses related thereto with a term of more than one year. As at September 30, 2024, the carrying value of the exploration and evaluation assets was \$6,076,118 (December 31, 2023 - \$1,919,724). Below is a summary of the carrying value of the Company's exploration and evaluation assets:

	Yecora	Cristina	Placeton	El Cofre	Total
Balance, December 31, 2022 and September 30, 2023	\$ 1,905,936	\$ 13,788	\$ -	\$ -	\$ 1,919,724
Balance, December 31, 2023	\$ 1,905,936	\$ 13,788	\$ -	\$ -	\$ 1,919,724
Additions from RTO	-	-	4,156,394	-	4,156,394
Balance, September 30, 2024	\$ 1,905,936	\$ 13,788	\$ 4,156,394	\$ -	\$ 6,076,118

Exploration and evaluation ("E&E") expenditures are expensed to profit and loss as incurred. These are discussed in more detail below.



**Expenses**

**Exploration and evaluation expenditures**

The Company's E&E expenses were as follows for the three and nine months ended September 30, 2024 and 2023:

<b>Three months ended September 30, 2024</b>	<b>Yecora</b>	<b>Cristina</b>	<b>Placeton</b>	<b>El Cofre</b>	<b>Total</b>
Camp	\$ -	\$ -	\$ 157	\$ 159	\$ 316
Claims, licences and permits	11,058	231,316	70,440	35,218	348,032
Consultants	-	16,195	6,940	-	23,135
Drilling	8,137	95,696	-	-	103,833
Geology and geophysics	-	10,584	842	-	11,426
Miscellaneous field costs	902	902	3,507	984	6,295
Property management	-	-	-	8,722	8,722
Travel	-	-	278	-	278
<b>Total</b>	<b>\$ 20,097</b>	<b>\$ 354,693</b>	<b>\$ 82,164</b>	<b>\$ 45,083</b>	<b>\$ 502,037</b>

<b>Three months ended September 30, 2023</b>	<b>Yecora</b>	<b>Cristina</b>	<b>Total</b>
Claims, licences and permits	\$ -	\$ 7,548	\$ 214,799
Drilling	-	18,925	63,645
<b>Total</b>	<b>\$ -</b>	<b>\$ 26,473</b>	<b>\$ 270,896</b>

<b>Nine months ended September 30, 2024</b>	<b>Yecora</b>	<b>Cristina</b>	<b>Placeton</b>	<b>El Cofre</b>	<b>Total</b>
Camp	\$ -	\$ -	\$ 1,068	\$ 1,322	\$ 2,390
Claims, licences and permits	23,078	292,599	79,957	35,218	430,852
Consultants	-	43,660	15,567	-	59,227
Drilling	34,197	1,375,856	-	-	1,410,053
Geology and geophysics	-	71,155	166,628	539	238,322
Miscellaneous field costs	2,701	2,701	8,619	2,385	16,406
Property management	-	-	2,735	20,077	22,812
Travel	-	-	13,112	3,525	16,637
<b>Total</b>	<b>\$ 59,976</b>	<b>\$ 1,785,971</b>	<b>\$ 287,686</b>	<b>\$ 63,066</b>	<b>\$ 2,196,699</b>

<b>Nine months ended September 30, 2023</b>	<b>Yecora</b>	<b>Cristina</b>	<b>Total</b>
Claims, licences and permits	\$ -	\$ 18,961	\$ 284,402
Consultants	-	16,052	32,104
Drilling	-	33,594	105,741
Geology and geophysics	-	36,669	39,632
<b>Total</b>	<b>\$ -</b>	<b>\$ 105,276</b>	<b>\$ 426,866</b>

As discussed earlier in this MD&A, the Company has been conducting a drilling program at Cristina during the nine months ended September 30, 2024. This has been the primary focus of the Company with only minimal expenditures on its other mineral properties with the exception of geophysical survey costs at Placeton during the period. For the nine months ended September 30, 2023, the Company's main work efforts included (i) an updated resource calculation on the Cristina Project, and (ii) for the Yecora Project, samples were prepared and shipped for metallurgical testing and work was completed to update the geologic model.

**Management's Discussion and Analysis**  
**For the three and nine months ended September 30, 2024**

**November 27, 2024**

Other operating expenses

The Company's other operating expenses for the three and nine months ended September 30, 2024 and 2023 were as follows:

	<b>Three months ended September 30,</b>	
	<b>2024</b>	<b>2023</b>
Consulting fees	\$ 29,268	\$ 9,741
IVA refund	(64,993)	-
General and administrative	37,634	2,423
Salaries, management and director fees	177,130	30,000
Professional fees	38,046	171,073
Share-based compensation	332,664	200,061
Shareholder communications	87,693	-
Travel	16,595	1,935
	<b>\$ 654,037</b>	<b>\$ 415,233</b>

	<b>Nine months ended September 30,</b>	
	<b>2024</b>	<b>2023</b>
Consulting fees	\$ 1,312,570	\$ 29,061
IVA refund	(2,772)	-
General and administrative	181,718	8,128
Salaries, management and director fees	474,192	90,000
Professional fees	225,838	266,720
Share-based compensation	1,904,669	600,183
Shareholder communications	535,914	-
Travel	21,988	2,526
	<b>\$ 4,654,117</b>	<b>\$ 996,618</b>

The Company's other operating expenses were generally significantly higher for the three and nine months ended September 30, 2024 compared to the 2023 periods, primarily as a result of the increased costs incurred as a public company versus a private company in the prior year periods. Consulting fees for the nine months ended September 30, 2024, include \$1,250,000 related to the termination of a consulting agreement with a director of TCP1, as described earlier in this MD&A, related to the RTO. This amount was settled in common shares. Share-based compensation was also significantly higher in the three and nine months ended September 30, 2024 compared to the 2023 periods as the vesting of options pursuant to the RTO increased the amount recognized in the unaudited condensed consolidated interim statement of loss and comprehensive loss for the periods. The Company also increased its spend on shareholder communications during the nine months ended September 30, 2024 following completion of the RTO.

Other income (expenses)

The Company's other income (expenses) for the three and nine months ended September 30, 2024 and 2023 were as follows:

	<b>Three months ended September 30,</b>	
	<b>2024</b>	<b>2023</b>
Foreign exchange	\$ 43,676	\$ (33,894)
Interest income	86,269	57,232
	<b>\$ 129,945</b>	<b>\$ 23,338</b>



	<b>Nine months ended September 30,</b>	
	<b>2024</b>	<b>2023</b>
Listing expense	\$ (5,518,535)	\$ -
Foreign exchange	(113,183)	(3,158)
Interest income	348,666	70,329
	<b>\$ (5,283,052)</b>	<b>\$ 67,171</b>

The most significant other expense incurred during the nine months ended September 30, 2024, related to the listing expense from the RTO. Further details on this amount, and its calculation, can be seen in Note 5 to the unaudited condensed consolidated interim financial statements of the Company for the three and nine months ended September 30, 2024. The Company's interest income increased on the higher cash balance following completion of the Receipts financing as described earlier in this MD&A.

**Related Party Transactions**

The Company incurred the following expenses with related parties:

<b>Related company</b>	<b>Nature of transactions</b>	<b>Three months ended September 30,</b>	
		<b>2024</b>	<b>2023</b>
Trinity Advisors Corporation	Management fees	\$ -	\$ 30,000

<b>Related company</b>	<b>Nature of transactions</b>	<b>Nine months ended September 30,</b>	
		<b>2024</b>	<b>2023</b>
Trinity Advisors Corporation	Management fees	\$ -	\$ 90,000
Durus Copper SPA	E&E expense	13,571	-
		<b>\$ 13,571</b>	<b>\$ 90,000</b>

The Company incurred the following expenses with key management personnel:

	<b>Three months ended September 30,</b>	
	<b>2024</b>	<b>2023</b>
Short-term benefits (i)	\$ 209,014	\$ 32,617
Share-based compensation	239,995	200,691
	<b>\$ 449,009</b>	<b>\$ 233,308</b>

	<b>Nine months ended September 30,</b>	
	<b>2024</b>	<b>2023</b>
Short-term benefits (i)	\$ 1,771,488	\$ 96,871
Share-based compensation	1,711,106	600,813
	<b>\$ 3,482,594</b>	<b>\$ 697,684</b>

(i) Short-term benefits include fees and salaries and include fees paid to CLMLC LLC.

Trinity Advisors Corporation, CLMLC LLC and Durus Copper SPA are related to the Company by way of directors, officers or shareholders in common. Durus Copper SPA ceased to be a related party on September 4, 2024. Related party transactions are recognized at the amounts agreed between the parties. Outstanding balances are unsecured and are normally settled in cash. Included in the expense to CLMLC LLC for the nine months ended September 30, 2024 is \$1,250,000 that was settled by common shares pursuant to a termination agreement as described earlier in this MD&A. Trinity Advisors Corporation ceased to be a related party following completion of the RTO.

\$11,032 owing to CLMLC LLC was included in accounts payable at September 30, 2024 (December 31, 2023 - \$32,617). \$271,232 owing to Trinity Advisors Corporation was included in accounts payable at December 31, 2023.

## SUMMARY OF QUARTERLY RESULTS

The information presented below highlights the Company's unaudited quarterly results for the past eight quarters.

Three months ended:	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023
Revenue	\$ -	\$ -	\$ -	\$ -
E&E expenses	(502,037)	(1,324,890)	(369,772)	(374,936)
Other operating expenses	(654,037)	(1,146,751)	(2,853,329)	(488,969)
Listing expense	-	-	(5,518,535)	-
Other income	129,945	87,663	17,875	28,568
Net loss for the period	(1,026,129)	(2,383,978)	(8,723,761)	(835,337)
Basic and diluted loss per share	(0.02)	(0.04)	(0.24)	(0.14)

Three months ended:	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022
Revenue	\$ -	\$ -	\$ -	\$ -
E&E expenses	(297,369)	(30,905)	(203,868)	(458,889)
Other operating expenses	(415,233)	(247,452)	(333,933)	(215,026)
Other income	23,338	21,856	21,977	49,766
Net loss for the period	(689,264)	(256,501)	(515,824)	(624,149)
Basic and diluted loss per share	(0.12)	(0.04)	(0.10)	(0.12)

The Company's operating expenses vary from period to period primarily as a result of the level of exploration and evaluation activities that are being carried out at a particular time. Given that the Company is in the exploration phase it can easily ramp operations up or down for the current exploration program being conducted. For periods prior to March 31, 2024, the Company was operating as a private company with an overall much lower overhead than is required to meet the costs of being a public company. The majority of other operating expenses for periods prior to March 31, 2024 relate to share-based compensation which is a non-cash expense. Results of operations for the three and nine months ended September 30, 2024, are discussed earlier in this MD&A, including the drilling program at the Cristina Project.

## ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Additional disclosure concerning the Company's expenses and mineral property costs is provided earlier in this MD&A.

## LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2024, the Company had cash of \$6,763,727 compared to cash of \$1,167,968 at December 31, 2023. The Company had working capital of \$6,998,192 on September 30, 2024, compared to a working capital deficit of \$334,191 at December 31, 2023. The Company's working capital position at September 30, 2024 reflected the receipts from the financing that closed in February 2024 in conjunction with the Transaction, less the repayment of liabilities such as the Company's loans.

Working capital is defined as current assets minus current liabilities. Working capital calculations or changes are not measures of financial performance, nor do they have standardized meanings, under IFRS. Readers are cautioned that this calculation may differ among companies and analysts and therefore may not be directly comparable. Management believes that disclosure of the Company's working capital is of value to assess the available capital resources of the Company at a reporting period end.

As at September 30, 2024, the Company's cash was held at Bank of Montreal, a major chartered bank in Canada, one bank in Chile and one bank in Mexico. Management is not aware of any liquidity issues associated with any of the banks in which funds have been deposited.

The Company had no long-term debt obligations or off-balance sheet arrangements as at September 30, 2024.

To date, the capital requirements of the Company have been met by equity or loan proceeds. As described in Note 2(b) to the unaudited condensed consolidated interim financial statements of the Company for the three and nine months ended September 30, 2024, the Company has incurred cumulative losses of \$29,067,584 and will continue to incur losses and utilize cash for operating activities in the development of its business. The Company's ability to continue as a going concern is dependent upon obtaining additional financing. While the Company completed the raise of additional funds in February 2024, the Company will require additional financing to secure its longer-term work programs and advance its mineral exploration projects.

The impact of global events could adversely impact the Company's ability to carry out its plans and raise capital. The ability to raise additional financing for future activities beyond those contemplated by the aforementioned financing activity may be impaired, or such financing may not be available on favourable terms, due to conditions beyond the control of the Company, such as uncertainty in the capital markets, depressed commodity prices or country risk factors. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

### **CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES**

The preparation of financial statements in conformity with IFRS requires management to make certain judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. The Company evaluates its estimates on an ongoing basis and bases them on various assumptions that are believed to be reasonable under the circumstances. The Company's estimates are used for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results are likely to differ from these estimates. Should the Company be unable to meet its ongoing obligations, the realizable value of its assets may decline materially from current estimates. The accounting policy estimates and judgments described below are considered by management to be essential to the understanding and reasoning used in the preparation of the Company's consolidated financial statements and the uncertainties that could have a bearing on its financial results. Further details, and a description of certain other areas of estimation and judgment, can be found at Note 4 in the Company's unaudited condensed consolidated interim financial statements for the three months ended March 31, 2024 and in the notes that follow.

#### Share-based compensation

Share-based compensation expense is measured by reference to the fair value of the stock options at the date at which they are granted. Estimating fair value for granted stock options requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, dividend yield, and rate of forfeitures and making assumptions about them.

#### RTO transaction

Significant estimates were required to determine the fair value of the consideration transferred by TCP1 to acquire the net assets of Fuerte. More details are provided in Note 5 of the unaudited condensed consolidated interim financial statements of the Company for the three and nine months ended September 30, 2024.

#### Going concern

The assessment of the Company's ability to continue as a going concern requires significant judgment. As disclosed in Note 2(b) of the unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2024, the Company has incurred cumulative losses of \$29,067,584. The ability of the Company to continue as a going concern is dependent upon obtaining additional financing to meet its ongoing operational needs and while the Company has successfully raised funds in the past, including in February 2024, there is no certainty that it will be able to do so successfully in the future. Factors that the Company evaluates include forecasts, the ability to reduce expenditures if required, and indications of shareholder support.

*Income taxes*

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected.

*Carrying value and recoverability of exploration and evaluation assets*

The carrying amount of the Company's exploration and evaluation assets do not necessarily represent present or future values, and the Company's exploration and evaluation assets have been accounted for under the assumption that the carrying amount will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable resources, the ability of the Company to obtain the necessary financing to complete the exploration and development and upon future profitable production or proceeds from the disposition of the mineral property interests themselves. Judgment is required in assessing indicators of impairment and there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its mineral property interests or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's exploration and evaluation assets.

**CHANGES IN ACCOUNTING STANDARDS**

In January 2020, the IASB issued *Classification of Liabilities as Current or Non-current (Amendments to IAS 1)*, which amended IAS 1, *Presentation of Financial Statements* ("IAS 1") to clarify the requirements for presenting liabilities in the statement of financial position as current or non-current. In October 2022, the IASB issued *Non-current Liabilities with Covenants*, which amended IAS 1 to improve the information an entity provides when its right to defer settlement of a liability for at least 12 months after the reporting period is subject to compliance with covenants and to clarify how such compliance affects the classification of the liability as current or non-current.

For a liability to be classified as non-current, the amendments removed the requirement for the Company's right to defer settlement of a liability for at least 12 months after the reporting period to be 'unconditional' and instead require that the Company's right must exist at the end of the reporting period. In addition, the amendments clarify that: (a) classification is unaffected by management's intentions or expectations about whether the Company will exercise its right to defer settlement; (b) for loan arrangements that are subject to covenants, only covenants that the Company must comply with on or before the reporting date affect the classification of a liability as current or non-current at such date; (c) if the Company's right to defer settlement is subject to the Company complying with covenants on or before the reporting date, such covenants affect whether the Company's right exists at the end of the reporting period even if compliance with the covenant is assessed only after the reporting period; and (d) the term settlement includes the transfer of the Company's own equity instruments to the counterparty that results in the extinguishment of the liability, except when the settlement of the liability with the Company transferring its own equity instruments is at the option of the counterparty and such option has been classified as an equity instrument, separate from the host liability.

The amendments also require new disclosures for non-current liabilities that are subject to future covenants to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. The required disclosures include (i) the nature of the covenants; (ii) when the Company is required to comply with the covenants; (iii) the carrying amounts of the related liabilities; and (iv) facts and circumstances, if any, that indicate the Company may have difficulty complying with the covenants.

The Company applied the above amendments effective January 1, 2024. The amendments did not have any impact on the classification of the Company’s liabilities as at December 31, 2023.

**FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

At September 30, 2024, the Company’s financial instruments consist of cash and cash equivalents, receivables and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying values due to their short terms to maturity or capacity for prompt liquidation and the interest rates being charged or earned on these amounts.

The Company’s financial instruments have been classified as follows under IFRS:

- Cash and cash equivalents: amortized cost.
- Receivables: amortized cost.
- Accounts payable and accrued liabilities: amortized cost.

The types of financial risk exposure and the way in which such exposure is managed by the Company is described in more detail below.

*Credit risk:* Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash and cash equivalents and receivables. The Company limits its exposure to credit loss by placing its cash with major financial institutions. The Company believes its credit risk with respect to receivables is minimal.

*Liquidity risk:* The Company’s approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. At September 30, 2024, the Company had working capital of \$6,998,192.

*Interest rate risk:* The Company is exposed to interest rate risk to the extent that the cash and cash equivalents maintained at its main financial institution are subject to floating rates of interest. The interest rate risk on cash is not considered significant.

*Foreign currency risk:* The Company is exposed to foreign currency risk on fluctuations related to cash, and accounts payable and accrued liabilities, denominated in United States dollars, Chilean Pesos or Mexican Pesos. A 5% fluctuation between the Canadian dollar against these currencies at September 30, 2024, would have resulted in a change in foreign exchange recorded of approximately \$5,300.

*Price risk*

The Company has limited exposure to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company’s earnings due to movements in individual equity prices or general movements in the level of the stock market.

**OUTSTANDING SHARE DATA**

The Company is authorized to issue an unlimited number of common shares without par value. As at the date of this MD&A, the following common shares, stock options, restricted stock units (“RSUs”) and share purchase warrants were outstanding:

Common shares:	61,167,326	
Common share purchase options:	3,116,674	exercisable between \$1.11 - \$2.52 per option.
RSUs:	711,666	
Common share purchase warrants	1,581,523	exercisable between \$1.08 - \$3.60 per warrant