Fuerte Metals Corporation

MANAGEMENT'S DISCUSSION AND ANALYSIS

For The Three and Six Months Ended June 30, 2025

www.fuertemetals.com
TSX.V: FMT
OTCQB: FUEMF

INTRODUCTION

Fuerte Metals 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".

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. Fuerte continued to trade on the TSXV following the Transaction.

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 six months ended June 30, 2025 and 2024, 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 of the Company for the year ended December 31, 2024.

ADDITIONAL INFORMATION

Additional information about the Company is available under the Company's profile on SEDAR+ at www.sedarplus.ca and on the Company's website at 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 six months ended June 30, 2025 and 2024 were prepared in accordance with IAS 34 *Interim Financial Reporting*.

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 August 26, 2025.

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.

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 six months ended June 30, 2025 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 six months ended June 30, 2025.

Project Updates

The Company's mineral property assets include the following:

Cristina Project: The Company holds a 100% interest in the Cristina Project ("Cristina") located in Chihuahua State, Mexico. There is an existing 2% net smelter royalty ("NSR"), held by Maverix Metals Inc. ("Maverix") which is owned by Triple Flag Precious Metals Corp. 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 ("Yecora") located in Sonora State, 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 Yecora. 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: The Company 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 Placeton Project's mineral claims are subject to a 2% NSR.

El Cofre Project: The Company holds the rights to the El Cofre Project which represents 100% interest in thirty mining concession tenement groups. Twenty-seven of the El Cofre Project's mining concession tenement groups are subject to a 2% NSR.

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 six months ended June 30, 2025, and to the date of this MD&A, the Company's primary work efforts have been on the drill program at Cristina. Results for the initial phase of the drilling program (fifty holes for a total of 13,754.7 metres) were announced by the Company in news releases dated April 23, June 2, July 8, September 9, November 25, and December 11, 2024 and March 17, April 22 and May 5, 2025, which are available on the Company's website. Following this drilling, the Company commenced work on an updated geological model for Cristina.

Highlights from the first fifty 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);

- 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;

- 14.3 g/t AuEq over 3.0 m ETW (8.6 g/t Au, 91 g/t Ag, 6.16% Zn, 1.41 % Pb, 0.40% Cu) in hole ACD-24-250 in the Mexico Libre vein system;

- 8.5 g/t AuEq over 4.0 m estimated true width (ETW) (0.9 g/t Au, 504 g/t Ag, 0.63% Zn, 0.1% Pb and 0.02% Cu) in hole ACD-25-263; and

- 10.3 g/t AuEq over 2.4 m estimated true width (ETW) (9.0 g/t Au, 90 g/t Ag, 0.02% Zn, 0.02% Pb and 0.01% Cu) in hole ACD-25-266.

The Cristina project consists of multiple outcropping quartz veins that are frequently greater than 10 metres in width and extend for at least a five-kilometre strike length. Four parallel mineralized vein zones have been mapped and sampled to date, with most of the existing mineral resource estimate at Cristina contained within only one of the vein zones, the Guadalupe vein. Drilling activity has also taken place in new vein areas known as Los Ingleses and Mexico Libre.

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 agreements with the surface rights owners to allow access for a future drilling program at the Placeton and Caballo Muerto targets. A positive development occurred in January 2025 with the resolution of a long-running legal dispute between the Teck-Newmont Nueva Union joint venture and two Chilean landowners over surface rights adjacent to and partially overlapping the Placeton Project. While the Company was not a party to the lawsuit, its resolution allowed the removal of a judicial caution which prevented the granting of transit and occupation easements. Chilean law requires surface rights holders to grant such easements, either voluntarily or judicially in case of opposition, to allow concession holders to carry out exploration and development works.

During the year ended December 31, 2024, as announced in a news release dated January 13, 2025, which is available on the Company's website, a geophysical surveying program was completed on the Placeton Project, which defined two shallow copper-gold porphyry targets at the Placeton and Caballo Muerto target areas. The next stage of exploration for both these areas will involve drill testing, either by the Company or with a partner.

Financing Activity

On February 9, 2024, 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 June 30, 2025, the Company had $2,709,753 in cash remaining on hand with outstanding payables and accrued liabilities of $110,986.

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. On February 3, 2025, the Company granted 737,500 stock options exercisable at $0.91 per common share and granted 225,000 RSUs to directors, officers, employees and consultants.

OUTLOOK

The Company’s primary focus remains the program at the Cristina Project to upgrade and expand the current resource with a focus on underground mineable resources. Previous drilling encountered thick higher-grade zones in every vein system tested to date, and the recently completed drilling aimed at better defining and expanding those zones. The Company’s focus has shifted to updating the geological model based on the results from recent drilling, ahead of a planned updated mineral resource estimate in the fourth quarter of 2025. Activities in Chile will focus on follow-up work from the geophysical surveys at the Placeton and Caballo Muerto targets. No work is currently planned at Yecora or 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 six months ended June 30, 2025 and 2024, along with other public disclosure documents of the Company. For the three and six months ended June 30, 2025, the Company reported net losses of $963,826 and $3,467,381, respectively, compared to net losses of $2,383,978 and $11,107,739 for the three and six months ended June 30, 2024. The commentary that follows provides additional details on the Company’s reported net losses for the three and six months ended June 30, 2025 and 2024.

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. At June 30, 2025, the carrying value of the exploration and evaluation assets was $6,076,118 (December 31, 2024 - $6,076,118). Below is a summary of the carrying value of the Company’s exploration and evaluation assets:

	Yecora	Cristina	Placeton	Total
Balance, December 31, 2024 and June 30, 2025	$ 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 six months ended June 30, 2025 and 2024:

Three months ended June 30, 2025	Yecora	Cristina	Placeton	El Cofre	Total
Claims, licences and permits	$ -	$ -	$ 2,103	$ -	$ 2,103
Consultants	-	25,207	-	-	25,207
Drilling	6,838	266,870	-	-	273,708
Geology and geophysics	-	32,870	-	-	32,870
Miscellaneous field costs	3,708	3,708	3,709	16,650	27,775
Property management	-	-	-	1,365	1,365
Total	$ 10,546	$ 328,655	$ 5,812	$ 18,015	$ 363,028

Three months ended June 30, 2024	Yecora	Cristina	Placeton	El Cofre	Total
Camp	$ -	$ -	$ 911	$ 652	$ 1,563
Claims, licences and permits	-	-	9,464	-	9,464
Consultants	-	16,174	6,932	-	23,106
Drilling	15,989	1,039,942	-	-	1,055,931
Geology and geophysics	-	38,948	165,023	539	204,510
Miscellaneous field costs	1,205	1,205	5,054	1,401	8,865
Property management	-	-	-	7,438	7,438
Travel	-	-	12,755	1,258	14,013
Total	$ 17,194	1,096,269	$ 200,139	$ 11,288	$ 1,324,890

Six months ended June 30, 2025	Yecora	Cristina	Placeton	El Cofre	Total
Claims, licences and permits	$ 10,550	$ 54,880	$ 298,355	$ 151,654	$ 515,439
Consultants	-	50,806	1,350	-	52,156
Drilling	14,810	1,076,332	-	-	1,091,142
Geology and geophysics	-	80,782	-	-	80,782
Miscellaneous field costs	9,438	9,438	11,445	23,392	53,713
Property management	-	-	-	2,795	2,795
Total	$ 34,798	1,272,238	$ 311,150	$ 177,841	$ 1,796,027

Six months ended June 30, 2024	Yecora	Cristina	Placeton	El Cofre	Total
Camp	$ -	$ -	$ 911	$ 1,163	$ 2,074
Claims, licences and permits	12,029	61,327	9,464	-	82,820
Consultants	-	27,465	8,627	-	36,092
Drilling	26,060	1,280,160	-	-	1,306,220
Geology and geophysics	-	60,571	165,786	539	226,896
Miscellaneous field costs	1,799	1,799	5,112	1,401	10,111
Property management	-	-	2,735	11,355	14,090
Travel	-	-	12,834	3,525	16,359
Total	$ 39,888	1,431,322	$ 205,469	$ 17,983	$ 1,694,662

As discussed earlier in this MD&A, the Company's primary focus has been conducting a drilling program at Cristina with the initial phase completing during the three and six months ended June 30, 2025. In March 2025, the Company renewed the Placeton and El Cofre mineral concessions for the 2025 calendar year.

Only minimal other expenditures were incurred on the Company's mineral properties during the periods under review outside of drilling and concession fees.

Other operating expenses

The Company's other operating expenses for the three and six months ended June 30, 2025 and 2024 were as follows:

	Three months ended June 30, 2025	Three months ended June 30, 2024
Consulting fees	$ 23,230	$ 17,578
Pre-exploration and evaluation	75,108	-
IVA expense	40,365	34,902
General and administration	51,153	72,774
Salaries, management and director fees	120,467	195,884
Professional fees	33,899	105,799
Share-based compensation	202,805	304,911
Shareholder communications	62,960	410,685
Travel	6,414	4,218
	$ 616,401	$ 1,146,751

	Six months ended June 30, 2025	Six months ended June 30, 2024
Consulting fees	$ 46,767	$ 1,283,302
Pre-exploration and evaluation	220,601	-
IVA expense	178,393	62,221
General and administration	123,745	144,084
Salaries, management and director fees	242,876	297,062
Professional fees	124,643	187,792
Share-based compensation	592,511	1,572,005
Shareholder communications	162,467	448,221
Travel	17,071	5,393
	$ 1,709,074	$ 4,000,080

The Company's other operating expenses were broadly consistent for the three and six months ended June 30, 2025 compared to the equivalent 2024 periods with the following exceptions: (i) consulting fees for the six months ended June 30, 2024, included $1,250,000 related to the termination of a consulting agreement with a director of TCP1 in connection with the February 2024 RTO, such amount being settled in common shares; and (ii) share-based compensation was significantly higher in the three and six months ended June 30, 2024 due to the vesting of options pursuant to the RTO. In addition, during the six months ended June 30, 2025, the Company incurred $220,601 in pre-exploration and evaluation expenses relating to review of other opportunities (six months ended June 30, 2024 - $Nil).

Other income (expenses)

The Company's other income (expenses) for the three and six months ended June 30, 2025 and 2024 were as follows:

	Three months ended June 30, 2025	Three months ended June 30, 2024
Interest income	$ 23,634	$ 114,551
Foreign exchange	(8,031)	(26,888)
	$ 15,603	$ 87,663

	Six months ended June 30, 2025		Six months ended June 30, 2024
Listing expense	$	-	$	(5,518,535)
Foreign exchange		(41,164)		(156,859)
Interest income		65,619		262,397
IVA recovery		13,265		-
	$	37,720	$	(5,412,997)

The most significant other expense incurred during the six months ended June 30, 2024, related to the listing expense from the RTO. Further details on this amount, and its calculation, can be seen in Note 3 to the unaudited condensed consolidated interim financial statements of the Company for the three and six months ended June 30, 2025. The Company's interest income decreased due to the lower cash balance on hand in 2025 compared to the balance for the equivalent 2024 periods following completion of the February 2024 financing, as described earlier in this MD&A. During the six months ended June 30, 2025, the Company received some IVA (value added tax) refunds in Mexico relating to expenditures incurred in the initial years of operations, as far back as 2018. These recovered amounts are disclosed under other income in the unaudited condensed consolidated interim financial statements of the Company for the three and six months ended June 30, 2025.

Related Party Transactions

The Company incurred the following expenses with related parties:

Related company	Nature of transactions		Six months ended June 30, 2025		2024
Durus Copper SPA	E&E expense	$	-	$	13,571

The Company incurred the following expenses with key management personnel:

		Six months ended June 30, 2025		2024
Short-term benefits (i)	$	276,607	$	1,562,474
Share-based compensation		512,236		1,471,111
	$	788,843	$	3,033,585

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

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 six months ended June 30, 2024, is $1,250,000 that was settled by common shares pursuant to a termination agreement as described earlier in this MD&A.

$11,010 owing to CLMLC LLC was included in accounts payable at June 30, 2025 (December 31, 2024 - $11,033).

SUMMARY OF QUARTERLY RESULTS

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

Three months ended:	June 30, 2025	March 31, 2025	December 31, 2024	September 30, 2024
Revenue	$ -	$ -	$ -	$ -
E&E expenses	(363,028)	(1,432,999)	(1,010,706)	(502,037)
Other operating expenses	(616,401)	(1,092,673)	(870,921)	(654,037)
Listing expense	-	-	-	-
Other income	15,603	22,117	175,118	129,945
Net loss for the period	(963,826)	(2,503,555)	(1,706,509)	(1,026,129)
Basic and diluted loss per share	(0.02)	(0.04)	(0.03)	(0.02)

Three months ended:	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023
Revenue	$ -	$ -	$ -	$ -
E&E expenses	(1,324,890)	(369,772)	(345,284)	(297,369)
Other operating expenses	(1,146,751)	(2,853,329)	(518,621)	(415,233)
Listing expense	-	(5,518,535)	-	-
Other income	87,663	17,875	28,568	23,338
Net loss for the period	(2,383,978)	(8,723,761)	(835,337)	(689,264)
Basic and diluted loss per share	(0.04)	(0.24)	(0.14)	(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.

As discussed earlier in this MD&A, during 2024 and for the period ended June 30, 2025, the Company has been carrying out a drilling program at the Cristina Project, with a seasonal slowdown during the quarter ended September 30, 2024. E&E expenses for the three months ended June 30, 2025 decreased compared to the prior quarter primarily as a result of completing the initial drilling program at Cristina, as described earlier in this MD&A.

ADDITONAL 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 June 30, 2025, the Company had cash of $2,709,753 compared to cash of $5,575,071 at December 31, 2024. The Company had working capital of $2,720,712 on June 30, 2025, compared to $5,595,582 at December 31, 2024. The Company's current working capital is sufficient to fund immediate operations, subject to the discussion below.

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 June 30, 2025, 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 June 30, 2025.

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 six months ended June 30, 2025, the Company has incurred cumulative losses of $34,241,474 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 raised 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.

CONTINGENCY

On November 26, 2024, the Company was served, in Chile, with a wrongful termination lawsuit by a former employee. The Company is contesting the claim which it believes to be completely without merit. An initial hearing was heard over two days in March 2025 with a final hearing scheduled for late November 2025.

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 audited consolidated financial statements for the year ended December 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 3 of the unaudited condensed consolidated interim financial statements of the Company for the three and six months ended June 30, 2025 and 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 six months ended June 30, 2025, the Company has incurred cumulative losses of $34,241,474. 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

There were no accounting standards effective January 1, 2025, which were adopted by the Company, and which had a material impact on the condensed consolidated interim financial statements for the three and six months ended June 30, 2025.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

At June 30, 2025, the Company's financial instruments consist of cash, 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: 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 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 June 30, 2025, the Company had working capital of $2,720,712.

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 June 30, 2025, would have resulted in a change in foreign exchange recorded of approximately $11,900.

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:	61,184,556	
Common share purchase options:	2,760,419	exercisable between $0.91 - $2.52 per option.
RSUs:	932,777	
Common share purchase warrants	1,563,321	exercisable between $1.08 - $3.60 per warrant.