



**PAMPA METALS CORPORATION**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Expressed in Canadian dollars unless otherwise indicated)

**FOR THE YEAR ENDED DECEMBER 31, 2024**

## **INTRODUCTION**

Pampa Metals Corporation (the "Company" or "Pampa") is a Vancouver-based mineral exploration company engaged in the acquisition and exploration of base metals and precious metals projects in the Americas, with a primary focus on the Piuquenes Copper-Gold Porphyry Project in San Juan Province, Argentina. The Company is a reporting issuer in British Columbia, Alberta and Ontario, and trades on the Canadian Securities Exchange ("CSE") under the symbol PM; the Frankfurt Stock Exchange (FSE: FIR); and on the OTCQB (OTCQB: PMMCF). The Company is eligible for electronic clearing and settlement through the Depository Trust Company ("DTC") in the United States.

This discussion and analysis of financial position and results of operations is prepared as at April 30, 2025, and should be read in conjunction with the consolidated financial statements of the Company for the years ended December 31, 2024 and 2023, and the related notes thereto.

The Company prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). All dollar amounts included therein and in the following management's discussion and analysis ("MD&A") are in Canadian dollars except where noted. These documents and other information relevant to the Company's activities are available for viewing on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Pampa's common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity. The results over the reporting period are not necessarily indicative of the results that may be expected for any future period.

## **CAUTION REGARDING FORWARD-LOOKING STATEMENTS**

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement.

Inherent in forward-looking statements are risks, uncertainties, and other factors beyond Pampa's ability to predict or control. Please also refer to those risk factors referenced in the "Risks and Uncertainties" section below. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether because of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be made that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

## **DESCRIPTION OF BUSINESS**

Pampa is a reporting issuer in British Columbia, Alberta and Ontario, and trades on the CSE, the Frankfurt Stock Exchange, and the OTCQB. The Company has a vision to create value for shareholders and all other stakeholders by advancing the exploration and development of the Piuquenes Copper-Gold Porphyry Project in San Juan, Argentina. Pampa will also consider business development opportunities which management believe enhance the Company's ability to participate in an economic mineral discovery and capable of improving shareholder returns.

In an effort to facilitate greater flexibility in pursuing its plans, the Company completed a share consolidation on a basis of one (1) "new" common share for two-and-a-half (2.5) "old" common shares, with no fractional shares issued, on September 5, 2023 (the "Effective Date"). On the Effective Date, the Company had 29,117,310 common shares outstanding and all outstanding stock options and share purchase warrants have been adjusted accordingly to reflect the share consolidation. All references to share capital, common shares outstanding, and per share amounts in this MD&A for time periods prior to the share consolidation have been restated to reflect the share consolidation.

## **COMPANY HIGHLIGHTS**

During the year ended December 31, 2024, the Company:

- initiated its maiden drill program at the Piuquenes Project in January 2024;
- closed an private placement offering of 8,427,500 units for gross proceeds of \$2,022,600 in April 2024;
- reported assay results from the initial three diamond drill holes in May 2024;
- closed a private placement offering of 13,136,853 units for gross proceeds of \$3,546,950 in June and July 2024;
- completed ongoing review of historical technical data at the Piuquenes Project in 2024-Q3;
- strengthened its technical team with key new hires;
- strategically expanded the mineral tenure package underpinning the Piuquenes project by approximately 643 hectares (34%) to 2,523 hectares. The additional hectares have been incorporated into the existing option agreement at no additional cost to the Company; and
- commenced the 2024/2025 exploration drill campaign at the Piuquenes Project in November 2024.

## **OUTLOOK**

The Company's primary focus is the exploration and development of the Piuquenes Copper-Gold Porphyry Project in San Juan, Argentina. Since entering into an Option & Joint Venture Agreement for the development of the Piuquenes Copper-Gold Porphyry Project in November 2023, the Company has completed the first of a multiple campaign exploration program and believes it is well placed to drive continuing shareholder value.

More recently, the Company mobilized on a second exploration drill campaign at Piuquenes (refer to news release date November 6, 2024).

The Company also continues due diligence on possible acquisitions of porphyry copper, and associated metals, projects capable of complementing its existing portfolio. Pursuant to a binding letter agreement (the "Letter Agreement") dated February 17, 2025, Pampa is proposing to acquire all the issued and outstanding common shares of Rugby Resources Ltd. ("Rugby") in exchange for common shares of Pampa by way of a statutory plan of arrangement, under the Business Corporations Act (British Columbia) on the basis of 1 common share of the Company ("Pampa Shares") for every 6.4 common shares of Rugby ("Rugby Shares"). Upon closing of the transaction, the shareholders of Rugby ("Rugby Shareholders") will hold approximately 38% of the outstanding shares, subject to adjustment for any private placement financing transactions completed prior to closing. Based on the current number of issued and outstanding common shares of Rugby, Pampa would issue approximately 49,472,403 Pampa Shares in exchange for all of the outstanding Rugby Shares. The deemed value per Pampa Share is \$0.16, being equal to the financing price announced February 5, 2025.

## **Rugby Flagship Project | Cobrasco Copper-Molybdenum Project, Colombia**

The Cobrasco Project is located along the underexplored Chocó Copper Belt of the Western Cordillera, a continuation of the prolific Andean porphyry belt that extends through Chile, Peru and Ecuador to the south, and Panama to the north. The project extends across 30 km<sup>2</sup> and is defined by strong rock, stream sediment and soil geochemical anomalies supported by strong geophysical evidence. Drilling to date has only tested a small portion of the large system outlined by surface exploration work.

Rugby completed a drilling program in 2022 which included two holes, CDH001 and CDH002, and the upper portion of a third hole, CDH003. All holes intersected significant copper and molybdenum mineralization:

Hole CDH001 drilled beneath the central part of a strong coherent copper soil geochemical target, intersected strong porphyry copper-molybdenum mineralization. Drill hole CDH002 was collared approximately 250 meters diagonally south of the section drilled by CDH001 and was terminated in a fault zone before hitting target depth. CDH003 was drilled at approximately 90 degrees to CDH002 from the same drill site. The hole was suspended at 300.6 meters due to mechanical problems, well short of the target depth of +1000 meters.

Hole CDH001 intersected 82m at 0.90% Cu and 199ppm Mo within a broader interval of 808m of 0.42% Cu and 79ppm Mo.

Hole CDH002 collared 250m south of the section tested by hole CDH001 intersected 172m of 0.74% Cu and 78ppm Mo within a broader interval of 754m of 0.46% Cu and 76ppm Mo from a down-hole depth of 152m. A near surface mineralized zone of 70m of 0.29% Cu and 50ppm Mo was also intersected from 18m.

Hole CDH003 was suspended at 300.6m in strong porphyry mineralization and intersected 144.6m of 0.69% Cu and 155 ppm Mo from 156m to 300.6m. Importantly the final 2.6 m of this intersection to the bottom of hole assayed 2.69% Cu, 151 ppm Mo and 7.3 ppm Ag. 148m of 0.20% Cu, 65 ppm Mo including 60m of 0.27% Cu, 57 ppm Mo was also intersected from 8m depth. This shallow intercept is interpreted as the continuation of the same shallow mineralization intersected in hole CDH002 (70m of 0.29% Cu, 50 ppm Mo).

Cobrasco mineralization is bornite dominant with lesser chalcopyrite and molybdenite. Penalty elements (particularly arsenic) are low in drillhole assays. Such mineralization would be expected to be amenable to the production of a high-grade copper concentrate using traditional mineral processing.

Initial drilling results, combined with mapping, geochemical and geophysical data reinforce interpretation that Rugby has identified a very significant copper-molybdenum porphyry system at Cobrasco. Evidence to date strongly suggests a cluster of porphyry centres aligned within a north-westerly trending structural corridor, a characteristic commonly observed in other porphyry systems in the Western Andean Cordillera.

Approximately one kilometer north of the currently drilled porphyry mineralization, bornite-molybdenite veining within porphyritic rocks was mapped and sampled in an area of highly elevated molybdenum in soil geochemistry, indicating proximity to the core of a porphyry system.

Additionally, a large magnetic low geophysical anomaly (indicative of magnetite destruction from a mineralizing porphyry system) was identified approximately two kilometers east of the drilled porphyry. Streams draining this feature contain copper-gold-rich breccia boulders, suggesting the potential for another substantial porphyry body.

## **EXPLORATION REVIEW**

### **Piuquenes Project, Argentina**

In November 2023, the Company entered into an option and joint venture agreement to acquire up to an 80% interest in the Piuquenes Project, Argentina. The Piuquenes Project currently consists of ten mining titles that cover an area of approx. 2,500 hectares ("ha") in the San Juan Province of Argentina, adjacent (to the north) with the Altar copper-gold porphyry Project (held by Aldebaran Resources Inc.) and approximately 190 km west of the city of San Juan. Other large porphyry copper projects in the San Juan Miocene porphyry belt include: El Pachón (held by Glencore) approximately 30 km to the south; the operating Los Pelambres copper mine (60% interest held by Antofagasta plc) in Chile; and Los Azules (held by McEwen Mining) 50 km to the northeast.

The Piuquenes porphyry copper-gold project was first drilled in the 1990's when Inmet Mining Corporation ("IMC", subsequently acquired by First Quantum in 2013) completed 8 diamond drill holes for a total of 1,894.2 meters. Significant intersections of copper and gold, included:

- 413.5 m @ 0.47% Cu and 0.52 g/t Au (167-580.5 m);
- 67.5 m @ 0.63% Cu and 0.51 g/t Au (207-274.5 m); and
- 158 m @ 0.32% Cu and 0.6 g/t Au (3-161 m).

In 2016, Anglo American Argentina ("AAA") drilled a single diamond borehole of 920.2 m total length, crossing the mineral intersections discovered by IMC. Climatic events prevented the assaying of the recovered drill core, with only visual observations of a 508 m (362-870 m) interval of copper mineralization described prior to AAA's withdrawal from the project.

As part of its due diligence, Pampa re-logged and assayed AAA's diamond drill hole. On December 5, 2023, the Company reported the assay results which included:

- 558.2 m @ 0.38% Cu, 0.42 g/t Au, 2.4 g/t Ag (362-920.2 m EOH)
  - including 130 m @ 0.81% Cu, 0.6 g/t Au, 4 g/t Ag (362-492 m)

In January 2024, the Company initiated its maiden drill program at the Piuquenes Project. To the date of this MD&A, the Company has reported (refer 18 March 2024, 6 May 2024 and 23 May 2024 News Release) assay results from the first, second, and third diamond drill hole including:

- 448 m @ 0.42% Cu, 0.46 g/t Au, 2.44 g/t Ag (from 214m)
  - including 188m @ 0.59% Cu, 0.63 g/t Au, 3.49 g/t Ag (450-638m)
  - including 126 m @ 0.66% Cu, 0.74 g/t Au, 3.94 g/t Ag (450-576 m)
- 422 m @ 0.48% Cu, 0.61 g/t Au & 2.9 g/t Ag (from 198 m);
  - including 132 m @ 0.71% Cu, 0.85 g/t Au, 4.3 g/t Ag (from 220m);
  - Including 80 m @ 0.6% Cu, 0.77 g/t Au & 3.2 g/t Ag (from 468m).
- 801 m @ 0.40% Cu, 0.51 g/t Au, 2.87 g/t Ag (from 54 to 855m (EOH))
  - including 518 m @ 0.53% Cu, 0.73 g/t Au, 3.45 g/t Ag (from 192 to 710)
  - including 176 m @ 0.71% Cu, 0.74 g/t Au, 4.86 g/t Ag (from 192 to 368)
  - including 64 m @ 0.75%, 1.2 g/t Au, 4.60 g/t Ag (554 to 618m)
  - including 32m @ 0.64% Cu, 0.71 g/t Au, 4.54 g/t Ag (642 to 674m)

## QUALIFIED PERSON

Technical information in this MD&A has been approved by Mario Orrego G, Geologist and a Registered Member of the Chilean Mining Commission and a Qualified Person as defined by National Instrument 43-101. Mr. Orrego is a consultant to the Company.

*Note: The reader is cautioned that Pampa's projects are early-stage exploration projects, and reference to existing mines and deposits, or mineralization hosted on adjacent or nearby properties, is not necessarily indicative of any mineralization on Pampa's properties.*

## SELECTED ANNUAL INFORMATION

For the year ended	December 31 2024	December 31 2023	December 31 2022
<b>Financial position</b>			
Working capital	\$ (854,191)	\$ 1,724,563	\$ 287,043
Mineral property interests	7,821,223	254,143	4,855,222
Share capital	22,680,650	16,926,789	12,159,947
Deficit	(19,014,835)	(17,852,240)	(8,953,916)
<b>Financial results</b>			
Share-based compensation	426,882	777,645	160,141
Loss for the year	(1,162,595)	(8,898,324)	(4,052,349)
Loss per share - basic and diluted	\$ (0.02)	\$ (0.28)	\$ (0.21)

## RESULTS OF OPERATIONS

### Three months ended December 31, 2024

For the three months ended December 31, 2024, the Company had a loss of \$312,078 or \$0.00 per share compared to \$7,520,016 or \$0.14 per share during the comparative quarter. The variance of \$7,207,938 was primarily due to a \$7,013,706 impairment of mineral property interests recognized in the comparative year. Additional contributable factors included decreases in expenses, higher interest income earned, and favourable foreign exchange movement between Canadian dollar against the Argentine peso in the current period.

### Year ended December 31, 2024

For the year ended December 31, 2024, the Company had a loss of \$1,162,595 or \$0.02 per share compared to \$8,898,324 or \$0.28 per share during the comparative year. The variance of \$7,735,729 was primarily due to a \$7,013,706 impairment of mineral property interests recognized in the comparative year. Additional contributable factors included decreases in professional fees and share-based payment, higher interest income earned, and favourable foreign exchange movement between Canadian dollar against the Argentine peso in the current year.

## SUMMARY OF QUARTERLY RESULTS

As the Company generates no revenue, the ability to fund its operations is dependent upon its ability to secure financing through equity issues or the sale of assets. The value of any resource property assets is dependent upon the existence of economically recoverable mineral reserves, the ability to obtain the necessary financing to complete exploration and development, and the future profitable production or proceeds from disposition of such properties. For further details, see "Risk and uncertainties" below. A summary of selected information for each of the eight most recent quarters is as follows:

	<b>December 31</b>	<b>September 30</b>	<b>June 30</b>	<b>March 31</b>
<b>For the quarter ended</b>	<b>2024</b>	<b>2024</b>	<b>2024</b>	<b>2024</b>
Total assets	\$ 8,572,638	\$ 7,345,875	\$ 6,901,483	\$ 4,259,552
Loss for the period	(312,078)	(134,490)	(535,126)	(180,901)
Loss per share - basic and diluted	(0.00)	(0.00)	(0.01)	(0.00)
	<b>December 31</b>	<b>September 30</b>	<b>June 30</b>	<b>March 31</b>
<b>For the quarter ended</b>	<b>2023</b>	<b>2023</b>	<b>2023</b>	<b>2023</b>
Total assets	\$ 2,197,247	\$ 7,718,558	\$ 7,306,250	\$ 7,443,475
Loss for the period	(7,520,016)	(218,897)	(825,283)	(334,128)
Loss per share - basic and diluted	(0.14)	(0.01)	(0.03)	(0.01)

## FINANCIAL CONDITION, LIQUIDITY, AND CAPITAL RESOURCES

The Company had working capital deficit of \$854,191 as at December 31, 2024 (2023 - working capital of \$1,724,563). The change in working capital during the period was primarily due to \$6,154,957 of exploration expenditures spent during the year, partially offset by \$5,288,551 of net proceeds from its private placement offerings and \$511,389 from the exercise of warrants.

Subsequent to December 31, 2024, the Company (a) completed a private placement offering of 18,750,000 units for gross proceeds of \$3,000,000 and (b) issued 5,559,440 common shares for exercise of warrants for gross proceeds of \$416,958.

The Company has no operating revenues and therefore must utilize the funds it obtains from equity financing and other financing transactions to maintain its capacity to meet ongoing exploration and operating activities. The Company may be required to raise additional capital to meet its ongoing operating expenses and to continue to meet its obligations on its current projects for the subsequent twelve-month period. Management may increase or decrease budgeted expenditures depending on exploration results and ongoing volatility in the economic environment. Assuming that management is successful in discovering a substantial copper deposit in Argentina, future work plans to advance the deposit will depend upon the Company's assessment of prior results, the financial condition of the Company, and the prevailing economic climate in general.

## PROPOSED TRANSACTION

In February 2025, the Company signed the Letter Agreement to acquire all the issued and outstanding common shares of Rugby Resources Ltd. in exchange for common shares of the Company by way of a plan of arrangement on the basis of 1 Pampa Share for every 6.4 Rugby Shares (the "Proposed Transaction").

Prior to the closing, Rugby Shareholders will receive an interest in a newly-formed company ("Spinco"), to which Rugby will transfer certain assets for the purpose of separating these assets from Rugby.

Subject to regulatory and shareholder approval, Rugby intends to distribute all of the common shares of Spinco to the existing Rugby Shareholders on closing and Spinco will cease to be a subsidiary of Rugby.

The Proposed Transaction is and will be subject to a range of conditions, including, but not limited to, Pampa and Rugby entering into a definitive agreement relating to the Transaction (the "Definitive Agreement") containing terms and conditions outlined in the Letter Agreement, as well as representations and warranties, conditions, and other provisions all customary for transactions of this nature. The Letter Agreement creates a binding obligation of Rugby and Pampa to take reasonable best efforts to complete due diligence and enter into the Definitive Agreement during a 45-day exclusivity period (the "Exclusivity Period"), extended subsequently. The entering into of the Definitive Agreement is subject to, among other things, completion of the parties' respective due diligence, the receipt by Rugby of a favourable opinion as to the fairness, from a financial point of view, of the Transaction to the shareholders of Rugby and approval of the Boards of Pampa and Rugby (the "Agreement Conditions"). In the event the Definitive

Agreement is entered into, the closing of the Proposed Transaction will be subject to additional conditions precedent including, but not limited to, the receipt of all regulatory, court and shareholder approvals. There is no certainty that the parties will enter into the Definitive Agreement or conclude the Proposed Transaction.

## EVENTS AFTER REPORTING DATE

Subsequent to December 31, 2024, the Company:

- a) entered into the Letter Agreement to acquire all issued and outstanding common shares of Rugby by way of a plan of arrangement;
- b) issued 5,559,440 common shares for exercise of warrants at \$0.075 per shares for gross proceeds of \$416,958;
- c) granted 450,000 stock options to consultants, where each stock option is exercisable at \$0.30 per share for a period of 36 months from the grant date;
- d) closed a private placement offering of 18,750,000 units at a price of \$0.16 per unit for gross proceeds of \$3,000,000. Each unit is comprised of one common share and one-half warrant with an exercise price of \$0.30 per share for a period of 36 months from the closing. The Company paid \$30,240 as finder's fees and issued 189,000 finder's warrants with an exercisable into one common share at an exercise price of \$0.30 for a period of 36 months from issuance.

## OUTSTANDING SHARE DATA

There are 107,473,718 common shares issued and outstanding. In addition, there are 3,635,000 fully vested stock options outstanding with exercise prices ranging from \$0.075 to \$0.40 per option with terms expiring between September 28, 2026 and February 27, 2028. The Company has 34,205,729 warrants outstanding with exercise prices ranging from \$0.075 to \$0.525 with terms expiring between March 2, 2026 and April 11, 2028. Pampa also has 1,150,000 restricted share units outstanding, subject to vesting conditions.

## RELATED PARTY TRANSACTIONS

Payments for management compensation are made in the normal course of business. The amounts paid for these services are negotiated in good faith by both parties and fall within normal market ranges. The Compensation Committee reviews executive compensation annually. The Board of Directors considers any changes to executive compensation recommended by the Compensation Committee and approves these changes if appropriate. The consulting contracts with senior management are ongoing monthly commitments that can be terminated by either party with sufficient notice.

The aggregate value of transactions paid or accrued to key management personnel and directors was as follows:

<b>For the year ended December 31, 2024</b>	<b>Amounts</b>
Director and management fees	\$ 249,336
Professional fees	150,000
Share-based compensation	239,557
	<b>\$ 638,893</b>

As at December 31, 2024, there was \$42,729 (2023 - \$Nil) owed to key management personnel recorded in accounts payable and accrued liabilities.

## FINANCIAL INSTRUMENTS

The Company classified its financial instruments as follows:

	<b>December 31 2024</b>	<b>December 31 2023</b>
<b>Financial assets - amortized costs:</b>		
Cash	\$ 291,871	\$ 1,637,510
<b>Financial liabilities - amortized costs:</b>		
Accounts payable and accrued liabilities	\$ 1,505,957	\$ 194,793

## **OFF-BALANCE SHEET ARRANGEMENTS**

The Company has no off-balance sheet arrangements.

## **RISKS AND UNCERTAINTIES**

The Company's financial condition, results of operation and business are subject to certain risks, certain of which are described below (and elsewhere in this MD&A):

### **Trends and economic conditions**

Although there can be no assurance that additional funding will be available to the Company, management is of the opinion that copper and gold prices will continue to be favourable and hence it may be possible to obtain additional funding for its projects. Copper is a vital commodity for the ever-increasing renewable energy field, as well as being a bedrock mainstay of any industrialized society, and gold continues to be a vital investment commodity as well as having a variety of practical uses. However, the Company remains cautious in case economic factors that impact the mining sector deteriorate.

### **Additional funding requirements**

The Company is reliant upon additional equity financing in order to continue its business and operations because it is in the business of mineral exploration and at present does not derive any income from its mineral assets. There is no guarantee that future sources of funding will be available to the Company. If the Company is not able to raise additional equity funding in the future, it will be unable to carry out its business.

### **Commodity price volatility**

The prices of copper and gold can fluctuate drastically and are beyond the Company's control. While the Company would benefit from an increase in the value of copper or gold, a decrease in the value of copper or gold could also adversely affect it.

### **Title to mineral properties**

Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, or the geographic area of, mineral properties may be disputed or impugned. Although the Company has investigated its title to the mineral properties, leases, or licenses for which it holds rights, there can be no assurance that the Company has valid title to such mineral properties or that its title thereto will not be challenged or impugned. For example, mineral properties sometimes contain claims or transfer histories that examiners cannot verify; and transfers under foreign law are often complex. The Company does not carry title insurance with respect to its mineral properties. A successful claim that the Company does not have title to a mineral property could cause the Company to lose its rights to mine that property, without compensation for its prior expenditures relating to the property.

### **Mineral exploration**

Mineral exploration involves a high degree of risk. Few properties that are explored are developed into producing mines. Geological uncertainty, other technical uncertainties, unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, tailings impoundment failures, cave-ins, landslides, and the inability to obtain adequate machinery, equipment, or labour are some of the risks involved in mineral exploration and exploitation activities. The Company has relied on, and may continue to rely on, consultants and others for mineral exploration and exploitation expertise. Substantial expenditures are required to establish mineral reserves and resources through drilling, to develop metallurgical processes to extract the metal from the ore, and, in the case of some properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining, or to upgrade existing infrastructure. There can be no assurance that the funds required to exploit any mineral reserves and resources discovered by the Company will be obtained on a timely basis or at all. The economics of exploiting mineral reserves and resources discovered by the Company are affected by many factors, many outside the control of the Company, including metals prices, the cost of development, the cost of operations, variations in the grade of ore mined and metals recovered, price fluctuations in the metal markets, costs of processing equipment, and other factors such as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental and social protection. There can be no assurance that the Company's mineral exploration and exploitation activities will be successful.



### **Country risk**

The Company could be at risk regarding any political developments in the country in which it operates. At present the Company only has exploration activities in Argentina, with its headquarters and management located in Canada.

### **Uninsurable risks**

Mineral exploration activities involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences, and political and social instability. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks because of high premiums or other reasons. Should such liabilities arise, they could negatively affect the Company's profitability and financial position and the value of its common shares. The Company does not maintain insurance against environmental risks.

### **Environmental regulation and liability**

The Company's activities are subject to laws and regulations controlling not only mineral exploration and exploitation activities themselves but also the possible effects of such activities upon the environment. Environmental legislation may change and make the exploration, development, mining, and processing of ore uneconomic, or result in significant environmental or reclamation costs. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mineral exploration and exploitation activities, such as seepage from tailings disposal areas that could result in environmental pollution. A breach of environmental legislation may result in the imposition of fines and penalties or the suspension or closure of operations. In addition, certain types of exploration, development, mining, and processing operations require the submission of environmental impact statements and approval thereof by government authorities. Environmental legislation is evolving in a manner that may mean stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their directors, officers, and employees. Permits from a variety of regulatory authorities are required for many aspects of mineral exploration and exploitation activities, including closure and reclamation. Future environmental legislation could cause additional expense, capital expenditures, restrictions, liabilities, and delays in the development of the Company's properties, the extent of which cannot be predicted. In the context of environmental permits, including the approval of closure and reclamation plans, the Company must comply with standards, laws, and regulations that may entail costs and delays, depending on the nature of the activity to be permitted, and how stringently the permitting authority implements the regulations. The Company does not maintain environmental liability insurance.

### **Potential dilution**

The issue of common shares of the Company upon the exercise of the options and warrants will dilute the ownership interest of the Company's current shareholders. The Company may also issue additional options and warrants or additional common shares from time to time in the future. If it does so, the ownership interest of the Company's then current shareholders could also be diluted.

### **Regulations and permits**

The Company's activities are subject to a wide variety of laws and regulations governing health and worker safety, employment standards, waste disposal, protection of the environment, protection of historic and archaeological sites, mine development and protection of endangered and protected species, aboriginal title and access, and other matters. The Company is required to have a wide variety of permits from governmental and regulatory authorities to carry out its activities. These permits relate to virtually every aspect of the Company's exploration activities. Changes in these laws and regulations or changes in their enforcement or interpretation could result in changes in legal requirements or in the terms of the Company's permits that could have a significant adverse impact on the Company's existing or future operations or projects. Obtaining permits can be a complex, time-consuming process. There can be no assurance that the Company will be able to obtain the necessary permits on acceptable terms, or in a timely manner or at all. The costs and delays associated with obtaining permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Company from continuing or proceeding with existing or future operations or projects. Any failure to comply with permits and applicable laws and regulations, even if inadvertent, could result in the interruption or closure of operations or material fines, penalties, or other liabilities.

## **Competition**

Competition in the mineral exploration business is intense and could adversely affect the ability of the Company to suitably develop its properties. The Company will be competing with many other exploration companies possessing greater financial resources and technical facilities. Accordingly, there is a high degree of competition for desirable mineral leases, suitable prospects for drilling operations, and necessary mining equipment, as well as for access to funds. There can be no assurance that the necessary funds can be raised or that any projected work will be completed.

## **Conflicts of interest**

Certain of the directors of the Company are also directors, officers, or shareholders of other companies. Such associations may give rise to conflicts of interest from time to time. The directors of the Company will be required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project or opportunity of the Company. If a conflict arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether the Company will participate in any project or opportunity, the director will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

## **Strategic and operational risks**

The ongoing COVID-19 pandemic could adversely impact our financial condition in future periods because of reduced business opportunities via acquisitions and dispositions of exploration and development properties. The uncertainty around the expected duration of the pandemic and the measures put in place by governments to respond to it could further depress business activity and financial markets. The company's strategic initiatives to advance our business may be delayed or cancelled as a result.

To date, the company's operations have remained stable under the pandemic but there can be no assurance that the company's ability to continue to operate the business will not be adversely impacted, to the extent that aspects of our operations which rely on services provided by third parties fail to operate as expected. The successful execution of business continuity strategies by third parties is outside the company's control. If one or more of the third parties to whom the company outsource critical business activities fails to perform because of the impacts from the spread of COVID-19, it could have a material adverse effect on the company's business and operations.

## **Liquidity risk and capital management**

Extreme market volatility and stressed conditions resulting from COVID-19 and the measures implemented to control its spread could limit our access to capital markets and our ability to generate funds to meet out capital requirements. Sustained global economic uncertainty could result in more costly or limited access to funding sources. In addition, while the company currently have sources of liquidity, such as cash balances, there can be no assurance that these sources will provide the company with sufficient liquidity on commercially reasonable terms in the future. Extreme market volatility may leave the company unable to react in a manner consistent with our historical practices.

## **Market risk**

The pandemic and resulting economic downturn have created significant volatility and declines in financial and commodity markets. The pandemic could result in a global recessionary environment with continued market volatility, which may continue to impact our financial condition.