MANAGEMENT'S DISCUSSION & ANALYSIS

CERRO DE PASCO RESOURCES

Three-month and nine-month periods ended September 30, 2022 (Third Quarter)

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2022

This Management Discussion and Analysis ("MD&A") of Cerro de Pasco Resources Inc.., ("Cerro de Pasco Resources" or "CDPR" or the "Company") follows rule 51-102 of the Canadian Securities Administrators regarding continuous disclosure.

The following MD&A is a narrative explanation, through the eyes of the management of Cerro de Pasco Resources, on how the Company performed during the three-month and nine-month periods ended September 30, 2022. It includes a review of the Company's financial condition and review of operations for the three-month and nine-month periods ended September 30, 2022, as compared to the three-month and nine-month periods ended September 30, 2021.

This MD&A complements the condensed interim consolidated financial statements for the three-month and nine-month periods ended September 30, 2022 but does not form part of them. It is intended to help the reader understand and assess the significant trends, risks and uncertainties related to the results of operations and it should be read in conjunction with the condensed interim consolidated financial statements as at September 30, 2022 and related notes thereto as well as the audited annual consolidated financial statements, accompanying notes and Management's Discussion and Analysis for the year ended December 31, 2021.

The condensed interim consolidated financial statements for the three-month and nine-month period ended September 30, 2022 and 2021 have been prepared in accordance with the International Financial Reporting Standards ("IFRS") applicable to the preparation of annual consolidated financial statements. The accounting policies applied in the financial statements are based on IFRS issued and effective as at September 30, 2022. On November 28, 2022, the Audit Committee of the Board of Directors approved for issuance, the condensed interim consolidated financial statements for the three-month and nine-month period ended September 30,2022.

All figures are in Canadian dollars unless otherwise stated. Additional information relating to the Company can be found on SEDAR at www.sedar.com. The shares of Cerro de Pasco Resources are listed on the Canadian Securities Exchange ("CSE") under the symbol "CDPR".

REPORT'S DATE

The MD&A was prepared with the information available as at November 28, 2022.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains forward-looking statements that are based on the Company's expectations, estimates and projections regarding its business, the mining industry in general and the economic environment in which it operates as of the date of the MD&A. To the extent that any statements in this document contain information that is not historical, the statements are essentially forward-looking and are often identified by words such as "anticipate", "expect", "estimate", "intend", "project", "plan" and "believe". In the interest of providing shareholders and potential investors with information regarding Cerro de Pasco Resources, including management's assessment of future plans and operations, certain statements in this MD&A are forward-looking and are subject to the risks, uncertainties and other important factors that could cause the Company's actual performance to differ materially from that expressed in or implied by such statements. Such factors include, but are not limited to: volatility and sensitivity to market metal prices, impact of change in foreign currency exchange rates and interest rates, imprecision in reserve estimates, environmental risks including increased regulatory burdens, unexpected geological conditions, adverse mining conditions, changes in government regulations and policies, including laws and policies; and failure to obtain necessary permits and approvals from government authorities, and other development and operating risks. The preliminary assessments contained in the Technical Report referred to in this MD&A, and the estimates contained therein to date are preliminary in nature and are based on a number of assumptions, any one of which, if incorrect, could materially change the projected outcome.

Although the Company believes that the expectations conveyed by the forward-looking statements are based upon information available on the date that such statements were made, there can be no assurance that such expectations will prove to be correct. The reader is cautioned not to rely on these forward-looking statements. The Company disclaims any obligation to update these forward-looking statements unless required to do so by applicable Securities laws. All subsequent forward-looking statements, whether written or orally attributable to the Company or persons acting on its behalf, are expressly qualified in their entirety by these cautionary statements.

USE OF NON-IFRS FINANCIAL PERFORMANCE MEASURES

This MD&A refers to the following non-IFRS financial performance measures: Earnings before interest, taxes, depreciation and amortization ("EBITDA"), Earnings before interest and taxes ("EBIT"), Adjusted EBITDA, Adjusted EBIT, Adjusted Earnings per Share, Net Debt, C1 Cash Cost and All-In Sustaining Cost ("AISC").

These measures are not recognized under IFRS as they do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. CDPR uses these measures internally to evaluate the underlying operating performance of the Company for the reporting periods presented. The use of these measures enables the Company to assess performance trends and to evaluate the results of the underlying business. CDPR understands that certain investors, and others who follow the Company's performance, also assess performance in this way.

The Company believes that these metrics measure our performance and are useful indicators of our expected performance in future periods. This data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

EBITDA and EBIT

EBITDA provides insight into overall business performance. This measure assists readers in understanding the ongoing cash generating potential of the business including liquidity to fund working capital, service debt, and fund capital expenditures and investment opportunities. EBITDA is profit attributable to shareholders before net finance expense, income taxes and depreciation, depletion, and amortization. EBIT is EBITDA after depreciation, depletion, and amortization. Other companies may calculate EBIT and EBITDA differently.

Adjusted EBITDA, Adjusted EBIT and Adjusted Earnings per Share

Adjusted EBITDA consists of EBITDA less the impact of impairments or reversals of impairment and other non-cash and non-recurring expenses and recoveries. Adjusted EBIT consists of EBIT less the impact of impairments or reversals of impairment and other non-cash and non-recurring expenses and recoveries. These expenses and recoveries are removed from the calculation of EBITDA and EBIT as the Company does not believe they are reflective of the Company's ability to generate liquidity and its core operating results.

Adjusted Earnings per Share consists of net income or loss in the period less the impact of impairments or reversals of impairment, settlement mark-to-market, fair value (gain) loss on financial instruments, (gain) loss on foreign exchange, restructuring expenses and other income or expenses

C1 Cash Cost

This measures the estimated cash cost to produce a pound of payable zinc. This measure includes mine operating production expenses such as mining, processing, administration, indirect charges (including surface maintenance and camp), and smelting, refining and freight, distribution, royalties, and by-product metal revenues divided by pounds of payable zinc produced. C1 Cash Cost per pound of payable zinc produced does not include depreciation, depletion, and amortization, reclamation expenses, capital sustaining and exploration expenses.

AISC

This measures the estimated cash costs to produce a pound of payable zinc plus the estimated capital sustaining costs to maintain the mine and mill. This measure includes the C1 Cash Cost per pound and capital sustaining costs divided by pounds of payable zinc produced. All-In Sustaining Cost per pound of zinc payable produced does not include depreciation, depletion, and amortization, reclamation, and exploration expenses.

NATURE OF ACTIVITIES

Cerro de Pasco Resources Inc. and its subsidiaries (hereafter the “Company” or “Cerro de Pasco Resources” or “CDPR”) is a sustainable-oriented mining and resource management company sensitive to the most demanding environmental, social and legal compliance required by global institutions and investors. The key strategic strength of the Company is an unparalleled knowledge of the challenges and opportunities presented by the mineral endowment within the city of Cerro de Pasco combined with a highly experienced and practical team of both Peruvian and international management. The key focus of growth for the Company is on developing the El Metalurgista mining concession using world class geo-resource and industrial development solutions to secure long-term economic operational sustainability in harmony with a healthy and prosperous local population. The Company, having recently acquired and now currently operating the Santander Mine, is also keen on acquiring and operating mines compatible with the Company's strategic growth plan.

BUSINESS DEVELOPMENT HIGHLIGHTS

- **High-Grade Mineralization Intercept at Santander**

  On July 11, 2022, the Company announced the results of a high-grade intercept at its wholly-owned Santander Mine in Peru.

  Borehole SAN-0282-22, which is located approximately halfway between the Magistral Mine and the Santander Pipe, has cut a 300 m package of skarn with various mineralized horizons which have been analyzed in the mine's onsite laboratory run by SGS. The mineralization and alteration encountered in SAN-0282-22 is similar to that of the Santander Pipe body which was historically mined for very high base metal grades.

  The Company expressed that the mineralisation and skarn intercepts encountered in SAN-0282-22 demonstrate significant exploration potential. Therefore, the Company increased the 2022 drilling budget to cover an additional 5,000m of drilling. CDPR has followed up on the initial drilling results with two additional boreholes, both of which have hit similar skarn and mineralized horizons. These boreholes are currently being sampled.

  Best intercepts from SAN-028-22:

HOLEID	FROM (m)	TO (m)	Length (m)	Zn_pct	Pb_pct	Cu_pct	Ag_ppm
SAN-0282-22	572.85	580.70	7.85	9.61	0.17	0.14	61.37
SAN-0282-22	625.10	627.75	2.65	4.61	0.01	0.04	4.04
SAN-0282-22	639.40	644.00	4.60	3.41	0.01	0.03	2.34
SAN-0282-22	652.80	661.00	8.20	2.12	0.01	0.01	2.00
SAN-0282-22	700.15	704.95	4.80	7.42	0.01	0.30	14.04

  Please see the Company news release dated July 11, 2022 for further information.

- **Underground Exploration decline and exploration program to the newly discovered Pipe-2 North at Santander.**

  On August 19, 2022, the Company announced that it has approved construction of an underground exploration decline and exploration program to the newly discovered Pipe-2 North at Santander.

  The 800-meter-long decline will be driven from the deeper levels of the current operation, the Magistral 4090 level, to the newly discovered Pipe-2 North. The underground decline is expected to take 9 months to reach the mineralized area after which an underground diamond drill program will further expand on the successful 2022 Surface Exploration Program. After reaching Pipe-2 North, CDPR plans to continue construction of the tunnel to the Santander Pipe-1, which is the quickest way to access the deposit, as well as to develop production at the Pipe-2 North by end of 2023.

From the decline, diamond drill targets from the underground are compelling as previous surface drilling has reported high grade zinc skarn mineralization. The drill program is expected to confirm the continuity and shape of the potential new skarn Pipe-2 deposit. The Company´s plan is to fast track development of the Pipe deposits and unlock the higher Zn grades contained. The Pipe-2 North was initially discovered by drillhole SAN-0282-22 which intercepted 7.85 m @ 9.61 %Zn and 0.14 %Cu and 4.80 m @ 7.42 %Zn and 0.30 %Cu (see subsequent press release dated July 11, 2022).

Highlights of the project are:

- Initiating an underground decline and raisebore to Pipe-2 North
- Complete tunnel construction to Santander Pipe-1
- Exploring the extension of the Pipe-2 mineralization and skarn target
- Fast track mining to Santander Pipe-1 through Pipe-2 North by 2024
- Initiating a 10,000-meter underground drilling program targeting Pipe-2 North
- Surface Drilling underway, with 5,384 meters already drilled
- Pipe-2 Metallurgical testing

- **The Santander Pipe Project and Tender Financing Process**

The confirmed geological potential on the Pipe mining area constitutes the cornerstone of CDPR's financial strategy with a tender underway to finance the investment required to develop the Santander Pipe mining area. An internal LOM production assessment yielded over 550,000 wmt of Zn Concentrates from the Santander Pipe, with no offtake commitments.

- **Application to list on the Toronto Stock Exchange**

On August 29, 2022, the Company announced that it has applied to list its common share on the Toronto Stock Exchange ("TSX") with the view of increasing access to capital markets.

Listing is subject to the approval of the TSX in accordance with its original listing requirements. The TSX has not conditionally approved CDPR's listing application and there is no assurance that the TSX will approve the listing application or that CDPR will complete the proposed listing.

- **Issuance of Common Shares**

On September 29, 2022, the Company issued to two service providers a total of 40,000 common shares valued at $5,000 for business development consultancy and consulting fees.

- **Issuance of Warrants**

On November 26, 2021, the Company entered into a promissory note agreement for $1,500,000 which bears interest at 4.5% annually until the maturity date of May 26, 2022. On June 23, 2022, and July 11, 2022, the Issuer repaid two amounts of $150,000 for a total of $300,000.

If any amount of the principal amount or interest remains outstanding at the maturity date, the issuer shall issue to the subscriber an additional 500,000 transferrable share purchase warrants (each, a "Bonus Warrant") on the monthly anniversary of the maturity date for each month in which any amount of the Principal Amount or Interest remain outstanding. Each Bonus Warrant will entitle the holder thereof to acquire one common share of the Issuer (each, a "Bonus Warrant Share") at a price of $0.50 per Bonus Warrant Share at any time until the date of expiration of the Bonus Warrants, which is three years following the date of issuance of the Bonus Warrants.

During Q3-2022, the Company issued four tranches of 500,000 Bonus Warrants to the note holder, an holder of more than 10% of the shares of the Company

BUSINESS DEVELOPMENT HIGHLIGHTS SUBSEQUENT EVENTS

- **H2-Sphere GmbH and German Aerospace Center (DLR) on Track to Develop Green Hydrogen Production Process using Cerro de Pasco Resources Tailings**

  On November 8, 2022, the Company announced that's its subsidiary H2-Sphere GmbH will proceed with patent applications and on to the next phase of development of techniques for converting mining waste into green hydrogen and other by-products.

  The decision is based on the positive results of the Investigation Report (Phase 1a) jointly developed with the German Aerospace Center (DLR), and released internally on October 27, 2022, confirming process, conversion rates and unit costs based on scientific theory and empirical evidence. The next phase (1b) will include laboratory testing and design of core components for industrial scale production.

  Up to half of material contained in the Quiulacocha Tailings and Excelsior Stockpile, together amounting to approximately 180 million tonnes, can potentially be reprocessed using the techniques now under development under the DLR – H2-SPHERE agreement. Beyond these surface resources, the Cerro de Pasco mining cluster offers various further opportunities. These resources alone provide the opportunity to build a world-class and sustainable clean energy enterprise.

- **Equity Issuance**

  Issued to two service providers a total of 40,000 common shares valued at $5,000 for business development consultancy and consulting fees.

- **Financing - Amended Promissory Note**

  On October 7, 2022, the Company entered into an amendment agreement to modify the terms of a promissory note issued on November 26, 2021, in the amount of $ 1,500,000 to a holder of more than 10% of the shares of the Company (the "Note"). For details regarding the Note, please refer to the press release of the Corporation dated December 3, 2021.

  On June 23, 2022, and July 11, 2022, the Issuer repaid two amounts of $150,000 for a total of $300,000, reducing the principal amount due to $1,200,000.

  The Amendment Agreement extends the term of the Note to the sooner of: (i) April 3, 2023; or (ii) the date of receipt of funding from an upcoming financing. Under the terms of the Amending Agreement, the Corporation will issue common share purchase warrants of the Corporation ("Warrants") to the noteholder monthly until repayment of the balance of the Note in full, for a total of up to 3,600,000 Warrants. Each such Warrant shall allow its holder to acquire a common share of the Corporation at a price of $0.25 per share for a period of three years following its issuance.

  On October 26, 2022, the Company issued 400,000 warrants to the note holder. The warrants have a strike price of $0.25 and an expiry date of October 26, 2025.

- **Financing - Amended Convertible Loan**

  On November 8, 2022 The Company entered into an amended and restated agreement (the "A&R Agreement") to modify certain terms of an existing convertible loan financing (the "Existing Loan") in order to postpone the maturity date for the repayment of the $1,453,122.64 balance amount owed thereunder (the "Principal Amount") from June 15, 2022 to August 20, 2023, to reduce the conversion price of the Principal Amount from $0.50 to $0.25, and to reduce the percentage of the fee payable upon repayment of the Principal Amount on the maturity date from 10% to 9% of the Principal Amount.

  Under the terms of the A&R Agreement, the Principal Amount is convertible, at the option of the lender, in common shares of the Company, at $0.25 per share. An aggregate of 3,000,000 additional common share purchase warrants (the "Warrants") were also issued to the lender. Each Warrant entitles its holder to acquire a common share at a price of $0.25 until November 8, 2024.

  For details regarding the Existing Loan, please refer to the press release of the Corporation dated June 18, 2021.

SANTANDER MINE, PERU

➢ **Production Results**

The following tables summarize the Key Production Indicators for the Santander Mine, Peru.

		2022 Q3	2022 Q2	2022 Q3-Q2
Production				
Ore Mined	t	150,444	95,277	58%
Ore Milled	t	155,270	94,207	65%
Zn Head Grade	%	3.7	3.3	12%
Pb Head Grade	%	0.2	0.3	-33%
Ag Head Grade	oz/t	0.44	0.5	-12%
Zn Recovery	%	94	94.8	-1%
Pb Recovery	%	70.7	71.1	-1%
Ag Recovery	%	47.1	47.3	0%
Zn Payable Production	Mlbs	9.9	5.5	80%
Pb Payable Production	Mlbs	0.5	0.4	25%
Ag Payable Production	Moz	0.03	0.02	50%
Zn Head Grade	%	47.7	48.4	-1%
Pb Head Grade	%	50.3	50.5	0%
Sales				
Zn Payable sold	Mlbs	9.7	4.9	98%
Pb Payable sold	Mlbs	0.8	0.4	100%
Ag Payable sold	Moz	0.05	0.02	150%
C1 Cash Cost [1]	US$/lb	1.51	2.2	-31%
AISC [1]	US$/lb	1.77	2.4	-26%
Finance				
Average Zinc Price	US$/lb	1.48	1.78	-17%
Revenues, net	(000s) US$	9,221	6,891	34%
Cost of Goods Sold	(000s) US$	11,068	9,016	23%
Gross Profit	(000s) US$	-1,209	-1,436	16%
Sales and Admin Expenses	(000s) US$	-638	-689	7%
Adjusted EBITDA[1]	(000s) US$	-1,847	-2,125	13%
Other income (expense)	(000s) US$	-75	-898	-92%
EBITDA [1]	(000s) US$	-1,922	-3,023	36%
Depreciation	(000s) US$	542	265	105%
EBIT [1]	(000s) US$	-1,380	-2,758	50%

1 See "Use of Non-IFRS Financial Performance Measures

The Santander mine produced 9.9 million pounds of zinc, 0.5 million pounds of lead and 32.6 thousand ounces of silver, a significant improvement as compared to Q2, 2022 by 80% for zinc, 25% for lead and 50% for Silver.

Production improved as the mine production ramp-up plan delivered on production guidance, thus reaching 65% plant capacity as compared to 42% in the Q2, 2022. 100% Plant Capacity is considered at 2,500 tonnes/day and the Company anticipates continued production increases quarter over quarter in 2023.

As Santander was previously planned to shutdown operation in 2021, the previous operator did not perform any underground mine development since mid-2020. The Company is investing in an aggressive campaign of mine preparation and development with the aim to deliver on 100% of plant capacity production by Q4, 2023.

The mine reached an average of 650m of development per month in Q3, 2022. This is below target of 750m and is due to below average equipment availability. For the month of October 2022, the mine has reached 750m of development. The mine is on track to reach 850m of development in November and 1000m of development by December 2022 as equipment availability issues are being resolved.

The Mill feed grade was 3.7% as compared to 3.3% in Q2, 2022. The grade was higher because of access to newly prepared mining areas on Magistral South level 4120. The Company has invested heavily in a short-term infill drilling with positive higher-grade intercepts at the lower levels of the deposit. Until mine development reaches stopes at that level, the Company anticipates continuing to encounter variability in grades through Q4, 2022 as a result of delays in mine preparation.

Metallurgical recovery of Zn, and Pb was 94% and 70.6% respectively. Concentrate quality was also within in commercial terms.

Q3, 2022 production met forecast in terms of mined and milled tons, feed grade, recovery Zn and Pb metal production, and volume of concentrate. The operation remains on track to meet forecasted 2022 Santander Production Guidance.

Zinc metal price observed during Q3, 2022, with respect to Q2, 2022, adversely impacted Revenues by US$ 1,446,000 on final settlements corresponding to Sales realized during Q2, 2022. Likewise, Q3, 2022 Revenues assumes that Q4, 2022 metal prices will continue with its downward trend; thus, a negative provision of (US$ 1,262,000) was registered as well, for final embedded derivatives.

➢ **Operations Milestones & Activities:**

- Year-to-date production of 22.5 million pounds of zinc, 1 million pounds of lead and 63 thousand ounces of silver.
- Year-to-date a total of 502,879 processed from Magistral deposit with average grades of 3.83% Zinc, 0.34% lead and 0.6 opt silver
- 650 meters of development per month in Q3,2022. 740 meters of development in October. Forecast for November is 850 meters, and December at 1000 meters.
- Q3, 2022 65% plant capacity as compared to 42% in the Q2, 2022. Q4,2022 target is 75%
- Q3, 2022 meets guidance/forecast in terms of mined and milled tons, feed grade, recovery Zn and Pb metal production, and volume of concentrate.
- Q3, 2022 C1 cost(1) of 1.51$/lb of Zn. Costs are 10% below forecast. CDPR considers 2022 as a transition year, as a result of several investments and changes such as: exploration drilling, new LOM plans, new mining contractor, investment in development of the underground mine. 2023 is key period for development and commissioning of the Santander Pipe deposit and a new Life-of-mine for Santander.
- CDPR investment in Santander 2022 YTD(Jan-Oct):
    - US$4.07 million in Mine Development
    - US$1.18 million in Expansion/Sustaining Capex

- US$3.86 million in Exploration Campaign

➢ **Santander Outlook:**

- PEA on Santander Pipe by December 2022: Includes a Mineral Resource estimate, Mine Access-trade-off analysis, mineral processing for Santander pipe (validation), infrastructures required and a mine plan for minable resources.
- Accelerated development plan for Magistral and Pipe-North extension providing access to higher grade areas.
- Optimize plant throughput to average 2,500 tonnes per day, Santander's nameplate capacity.
- Commence and complete execution of 2023 Capex plan, including development and civil infrastructure for the Santander Pipe.
- Commence the Santander Mine digital transformation program, improving internet communications, fiber optic and underground infrastructure, mine fleet control room and administrative functions.
- Execute on drilling campaign:
  - Surface Plan 5km: Puajanca and Naty targets,
  - Underground Plan15km: The Santander Pipe and extensions

➢ **2022 Santander Production Guidance**

In April of 2022 CDPR provided initial guidance. After a drilling campaign and new resource model estimates, new guidance was issued in July 2022 to better reflect the direction the company was taking with regards to stabilization of current operations and new focus on the Santander Pipe. CDPR anticipates meeting the July 2022 issued guidance.

Santander Guidance 2022* (Issued in July 2022)				
	Units	**Guidance 2022**		
Payable production of ZnEq**	(000)s lbs	39,133	-	49,492
Payable production of Zinc	(000)s lbs	32,553	-	42,726
Payable production of Lead	(000)s lbs	1,629	-	2,139
Payable production of Silver	(000)s oz	233	-	295
C1 Cost[1]	US$/ lb	1.62	-	2.04
AISC Cost[1]	US$/ lb	1.71	-	2.16

[1] See "Use of Non-IFRS Financial Performance Measures

**The Guidance includes full-year 2022 figures.*

***Total ZnEq lbs include lead, and silver produced/sold converted to a Zn equivalent. It is calculated prorating production as Zn production using metal prices of: Zn 1.60 $/lb, Pb 1.10 $/lb and Ag 23 $/oz*

➢ **Settlement Mark-to-Market**

Quotation Period for Zinc concentrate is 4 months after the month of delivery (MAMA4). Thus, while the Company recognizes revenue based on an estimated price at the time of delivery, market value adjustments are made monthly based on updated price estimates until actual final settlement.

EL METALURGISTA

Highlights

- Unique location at the center of a historic mining cluster undergoing a process of consolidation in Cerro de Pasco.
- Significant scale with 170 million tons of material and massive overground resource.
- 42.9 million ounces of silver inferred with NI 43-101 certification at the outset with significant upside.
- Strong social license and support from local authorities combined with commitment to ESG principles.
- Unique management team with profound knowledge of Cerro de Pasco
- Near term production objectives and low initial capital requirements based on conservative assumptions

- **El Metalurgista – Quiulacocha TSF**
  - 100% interest in the El Metalurgista mining concession (95.74 ha) incorporating mineral rights covering 57 ha of the Quiulacocha Tailings Storage Facility.
  - Located approximately 175 km NNE of the city of Lima in the Region of Pasco, Peru.
  - Roads accessible, power grid, abundant water, adjacent to operational processing facility.
  - Tailings produced during processing of mineral mined from the Cerro de Pasco Mine which hosts complex epithermal polymetallic mineralized system of the type known as Cordilleran base-metal deposit.
  - End Product: Zn, Cu, Pb, Mo Concentrate
  - Development Stage

The most recent Historical NI 43-101 Mineral Resource Estimate for the Quiulacocha TSF by JA Brophy in 2012 were estimated at 2,500,000 tonnes grading 1.46% zinc per tonne, 0.85 % lead per tonne, 38 grams silver per tonne in the measured category*; and 4,900,000 tonnes grading 1.43% zinc per tonne, 0.76% lead per tonne, 38 grams silver per tonne in the indicated category*. This estimate was based on a shallow surface auger sampling program which is estimated to represent only 10% of the expected tonnes of the Quiulacocha tailings deposit.

** The resource estimates described above are historical in nature and cannot be relied upon for economic evaluations.*

The tailings stored in the TSF, comprised of processing residues, come from the Cerro de Pasco open pit and underground mine. Initially these tailings resulted from the mining of copper-silver-gold mineralization with reported historical head grades of up to 10% Cu, 4g/t Au and over 300g/t Ag and later from the mining of zinc-lead-silver mineralized material with average historical grades of 7.41% Zn, 2.77% Pb and 90.33g/t Ag.

The Company believes that Quiulacocha TSF has potential to increase significantly if CDPR can acquire government owned surface rights that surround the El Metalurgista concession.

Development Highlights

On May 25, 2022, the Company announced that it will carry out a sonic drilling campaign on its Quiulacocha Tailings in Cerro de Pasco, in the third quarter of 2022. This has been postponed whereby the Company anticipates to begin the sonic drilling campaign in Q2 of 2023.

As of May 25, 2022, CDPR had obtained the following licenses and approvals for its Quiulacocha Tailings Project:

- the social license granted by the Quiulacocha Rural Community (*Comunidad Campesina de Quiulacocha*, "CCQ") in October 2019;
- an environmental impact declaration (*Declaración de Impacto Ambiental,* "DIA") for the Quiulacocha tailings exploration project by the Peruvian Ministry of Energy and Mines (the "MINEM") approved in August 2021;
- the technical approval from the National Water Authority ("ANA") obtained in July 2021;
- a request for a forced easement (*Servidumbre Forzosa*) was presented to the General Directorate of Mining (DGM-MINEM) in July 2022; since then, the DGM has initiated the official process for a conciliation meeting between CDPR and the government owned company that holds the service rights; it is expected that the conciliation meeting will be held by the end of November 2022, and that the forced easement will be obtained during the first quarter of 2023; and
- a second request was presented to the DGM for the emission of a Supreme Decree that will lift government owned company's responsibility to remediate and close the Quiulacocha Tailings Deposit, which will create the conditions whereby the MINEM can sign an agreement with CDPR that will provide full access to the tailings outside the El Metalurgista concession for the reprocessing of the tailings and rehabilitation area.

- After the forced easement has been obtained, CDPR will submit a request for the authorization to start exploration activities (*AIAE*) to the DGM; it is expected that authorization will be obtained by April 2023, after which drilling of the 40 drill holes can commence.

➢ **El Metalurgista – Excelsior Stockpile**

- 100% interest in the El Metalurgista mining concession (95.74 ha) incorporating mineral rights covering approximately 35 ha of the Excelsior Stockpile.
- Located approximately 175 km NNE of the city of Lima in the Region of Pasco, Peru.
- Roads accessible, power grid, abundant water, adjacent to operational processing facility.
- Stockpiled low-grade Zn, Pb, Ag mineralization sourced from the Cerro de Pasco Mine which hosts complex epithermal polymetallic mineralized system of the type known as a Cordilleran base-metal deposit.
- End Product: Zn, Cu, Pb Concentrate

The Excelsior Stockpile covers a surface area of 67.92 ha and contains approximately 70 Mt of broken rock. The stockpile was in use between approximately 1970 and 1996 to store what was then considered uneconomic/low grade mineralization from the Raul Rojas open pit. The surface area of the Excelsior Stockpile lying within the El Metalurgista Concession is approximately 35 ha and contains approximately 30 Mt of broken rock.

NI 43-101 compliant Inferred Mineral Resource of 30.10 Mt grading 44 g/t Ag, 0.6% Pb and 1.5% Zn, containing 42.9 million ounces of silver, 437,000 tonnes of zinc and 184,000 tonnes of lead.

The Company believes the Excelsior Mineral Resource has potential to increase significantly if CDPR can acquire government owned surface rights that surround the El Metalurgista concession.

SUSTAINABLE DEVELOPMENT OF THE CERRO DE PASCO COMPLEX TOWARDS A MODERN ZERO WASTE OPERATION

➢ **Highlights**

- Completing a detailed drilling program and associated technical studies of the Quiulacocha TSF to gain a better understanding of the deposit (resource estimation, mineralogy, metallurgical recoveries and process) and their current impact on the environment (to include a baseline study of the entire Cerro de Pasco watershed).
- Research with H2-SPHERE and DLR to prioritize the development of Chemical storage systems (fuels, i.e., green hydrogen). Ongoing research priorities are highly compatible with the CDPR mineral waste resource.
- Collect information required for designing systems that will be used to aid environmental clean-up while work is ongoing to reuse as much of the natural resources as possible.
- Utilize best in class proven technology and world class environmental controls for re-processing of Quiulacocha TSF and Excelsior Stockpile.
- Create a positive impact that will be immense in terms of job creation, poverty reduction and quality of life at Cerro de Pasco, a city with over 50,000 inhabitants and a unique history in, and loyalty to mining. CDPR will promote a broad spectrum of initiatives including urban re-planning, health and welfare in collaboration with the local and national authorities

- **Reprocessing Waste from Traditional Mining to Create a New Circular and Sustainable Economy**

- Traditional mining brought decades of prosperity with zinc, copper, lead, silver, and gold.
- Accessible primary mineral reserves are depleting at Cerro de Pasco. We will extend life of operations by re-processing tailings and extracting the remaining resources that include not only those traditional minerals, but also potentially bismuth, selenium, gallium, indium, and germanium.

- **Producing Green Hydrogen through Sustainable Mining**

March 2, 2022, CDPR announced that H2-Sphere entered into an exclusive agreement with the German Aerospace Center (DLR), to jointly develop techniques for converting mine waste into green hydrogen and other by-products.

Research with H2-SPHERE is being executed by the Institute of Future Fuels, Solar-Chemical Process Development department, recently formed by DLR to prioritize the development of Chemical storage systems (fuels, i.e., green hydrogen). Ongoing research priorities are highly compatible with the CDPR mineral waste resource.

Core innovation by H2-SPHERE and DLR will include two complimentary techniques for converting environment-contaminating mining waste to green hydrogen and other commercial by-products. The new techniques will enable CDPR to permanently remove highly-pollutive elements in its mineral waste resource that are the primary cause of acid mine drainage (AMD). Thus, by achieving the twin benefits of removing AMD and producing green hydrogen, hydrogen produced by CDPR may be considered "double-green".

- **H2-Sphere GmbH and German Aerospace Center (DLR) on Track to Develop Green Hydrogen Production Process using Cerro de Pasco Resources Tailings**

On November 8, 2022, the Company announced that's its subsidiary H2-Sphere GmbH will proceed with patent applications and on to the next phase of development of techniques for converting mining waste into green hydrogen and other by-products.

The decision is based on the positive results of the Investigation Report (Phase 1a) jointly developed with the German Aerospace Center (DLR), and released internally on October 27, 2022, confirming process, conversion rates and unit costs based on scientific theory and empirical evidence. The next phase (1b) will include laboratory testing and design of core components for industrial scale production.

Up to half of material contained in the Quiulacocha Tailings and Excelsior Stockpile, together amounting to approximately 180 million tonnes, can potentially be reprocessed using the techniques now under development under the DLR – H2-SPHERE agreement. Beyond these surface resources, the Cerro de

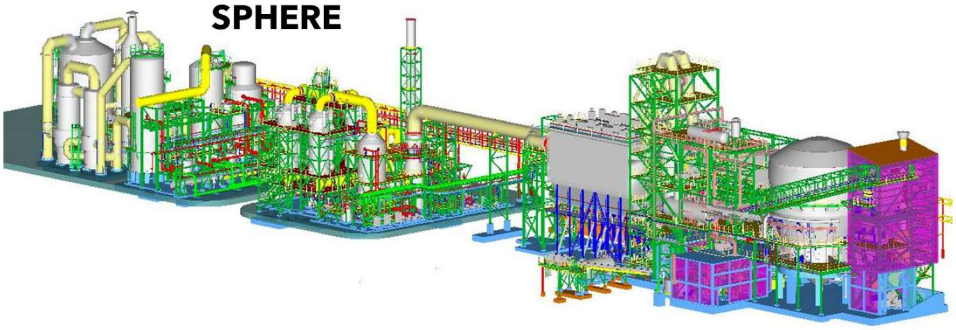
Pasco mining cluster offers various further opportunities. These resources alone provide the opportunity to build a world-class and sustainable clean energy enterprise.

- First Stage study (1a) was completed in October 2022
- Second stage (1b) will culminate in a template for industrial scale production

DLR Deutsches Zentrum für Luft- und Raumfahrt
German Aerospace Center

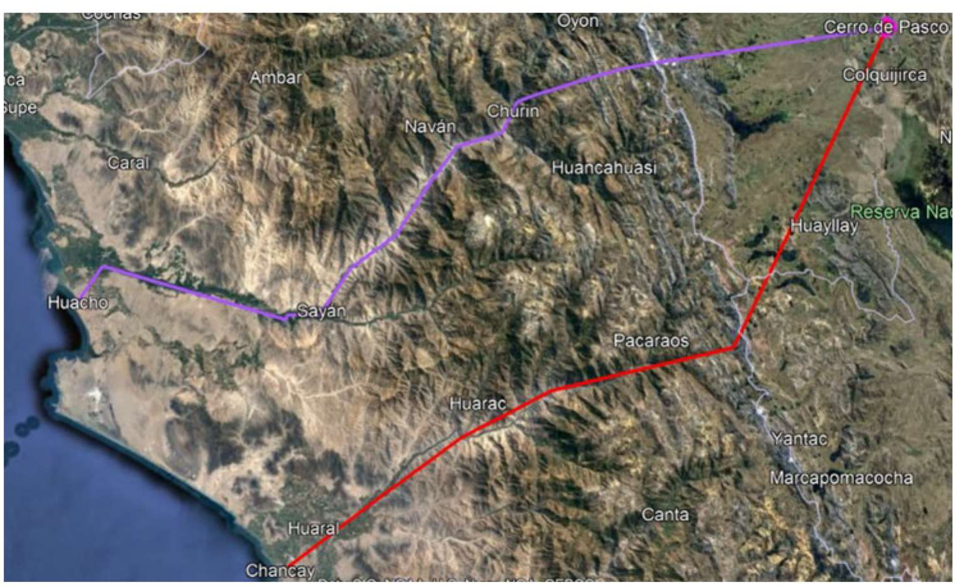
H2 SPHERE

CERRO DE PASCO RESOURCES



➢ **A conceptual feasibility study will be mandated in Q1 2023 in relation to the optimal route for the slurry pipeline and site for industrial installations on the Pacific Coast.**

The study will consider several alternatives, taking into account new major port infrastructure at Chancay which is expected to drive future demand for green hydrogen for maritime use as well as industrial and infrastructural development.



SOCIAL RESPONSIBILITY

- Ensure open, honest, and transparent communications and interactions;
- Recognize and use of existing structures and initiatives, to avoid displacement or redundancy;
- Create partnerships and multi-stakeholder approaches;
- Use key areas of support: health, education, support for disadvantages groups, and strengthening of local economy; and
- Retreat and remove environmental mining liabilities with a high ethical standard, in compliance with all applicable laws, regulations, and internationally accepted standards, and exceeding these where we can.

➢ Stakeholder Consultation

At CDPR we ensure that our environmental and social permitting processes involve extensive community/ stakeholder consultation, and full transparent disclosure of the characteristics of our projects and their potential environmental and social impacts during the mine life cycle (e.g., exploration and feasibility, planning and construction, operation and mine closure).

➢ Land Use Agreements

On 13 October 2019, CDPR and the community of Quiulacocha reached an agreement for the temporary use of 77.54 hectares of communal land. Through a majority vote the community of Quiulacocha expressed it support for the reprocessing of the Quiulacocha tailings. It also approved CDPR´s upcoming drilling and technical studies program which objective is to prove that the tailings can be reprocessed economically, and that the area can be rehabilitated.

CORPORATE OBJECTIVES FOR 2022

- Obtain land access agreement (rights of passage) for permission to access the surface land which underlays the El Metalurgista concession
- Obtain Peruvian Government assignment of responsibliity to restore and remediate the entire area of the Quiuuloacha Tailings and Excelsior stockpile.
- Evaluate potential transactions for the acquisition of operatiing mines and or complimentary infrastrucutre within Peru
- Bring Santander back to steady-state operations with improved practices and saftey
- Explore and identify for new and additional resource potential at Santander with the focus on a 10 year plus life of mine
- Advance H2-Sphere's Resarch and Development on converting mine waste into green hydrogen and other by-products

QUALIFIED PERSON

Mr. Jorge Lozano, MMSAQP and Chief Operating Officer for CDPR, has reviewed and approved the scientific and technical information contained in this news release. Mr. Lozano is a Qualified Person for the purposes of reporting in compliance with NI 43-101.

MINING PROPERTIES & EXPLORATION AND EVALUATION ASSETS

Mining properties and exploration and evaluation assets for the three-month and nine-month periods ended September 30, 2022, and 2021.

CERRO DE PASCO RESOURCES INC.

Mining properties
For the nine-months ending September 30, 2022

	PERU	PERU	
	Quiulacocha tailings and Excelsior stockpile	Santander	Total
Mining Properties	$	$	$
Mining rights	-	-	-
Exchange gain	26,252	-	26,252
	26,252	-	26,252
Balance, beginning of period	1,600,095	-	1,600,095
Balance, end of period	1,626,347	-	1,626,347

Mining properties
For the nine-months ending September 30, 2021

	PERU	
	Quiulacocha tailings and Excelsior stockpile	Total
Mining Properties	$	$
Mining rights	-	-
Exchange gain	963	963
	963	963
Balance, beginning of period	1,362,449	1,362,449
Balance, end of period	1,363,412	1,363,412

Development, exploration and evaluation assets
For the nine-months ending September 30, 2022

	PERU	PERU	
	Quiulacocha tailings and Excelsior stockpile	Santander	Total
Development, exploration and evaluation assets	$	$	$
Exploration costs	182,704	2,820,287	3,002,991
Exchange gain	2,997	1,449,128	1,452,126
	185,701	4,269,416	4,455,117
Balance, beginning of period	182,704	6,720,689	6,903,393
Balance, end of period	185,701	10,990,105	11,175,806

Development, exploration and evaluation assets
For the nine-months ending September 30, 2021

	PERU	
	Quiulacocha tailings and Excelsior stockpile	Total
Development, exploration and evaluation assets	$	$
Exploration costs	-	-
Exchange gain	130	130
	2,392	2,392
Balance, beginning of period	181,220	181,220
Balance, end of period	183,612	183,612

Functional and presentation currency

These selected annual and quarterly financial information and other financial information are presented in Canadian dollars, the Company's functional currency.

IFRS Accounting policies

The Company's significant accounting policies under IFRS are disclosed in Note 5 in the audited annual consolidated financial statements for the year ended December 31, 2021.

Use of estimates and judgements

Please refer to Note 3 of the 2021 audited annual consolidated financial statements for an extended description of the information concerning the Company's significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses.

Changes in accounting policies

There were no accounting changes in accounting policy to disclose during the nine-month period ended September 30, 2022.

New standards and interpretations that have not yet been adopted

Since the issuance of the Company's audited consolidated financial statements for the year ended December 31, 2021, the IASB and IFRIC have issued no additional new and revised standards and interpretations which are applicable to the Company.

Dividends

Since its incorporation, the Company has not paid any cash dividends on its outstanding common shares. Any future dividend payment will depend on the Company's financial needs to fund its exploration programs and its future growth, and any other factor that the Board may deem necessary to consider. It is unlikely that any dividends will be paid in the near future.

SELECTED QUARTERLY FINANCIAL INFORMATION

Cerro de Pasco Resources anticipates that the quarterly and annual results of operations will primarily be impacted for the near future by several factors, including the timing and efforts of the exploration's expenditures and efforts related to the development of the Company. Due to these fluctuations, the Company believes that the quarter to quarter and the year-to-year comparisons of the operating results may not be a good indication of its future performance.

The following selected quarterly financial information is derived from our unaudited condensed annual financial statements for each of the two most recently completed financial years.

CERRO DE PASCO RESOURCES INC.
SELECTED QUARTERLY FINANCIAL INFORMATION

			2022				2021	2020
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
	$	$	$	$	$	$	$	$
CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)								
Sales	12,091,649	9,057,903	18,220,139	9,111,188	-	-	-	-
Cost of Sales	13,600,763	10,781,069	12,152,274	5,787,674	-	-	-	-
Gross Profit	**(1,509,115)**	**(1,723,165)**	**6,067,865**	**3,323,514**	-	-	-	-
Expenses:								
Selling Expenses	1,067,647	926,125	928,215	177,988	-	-	-	-
Costs related to the acquisition of a mining company	-	-	-	683,158	-	-	-	-
Research and development expenses	625,198	(14,578)	177,350					
General and administrative expenses	1,079,474	3,389,030	2,273,635	1,673,364	881,389	1,006,983	1,182,888	2,440,979
Operating income (loss) before other revenues (expenses) and income tax	**(4,281,434)**	**(6,023,742)**	**2,688,665**	**789,004**	**(881,389)**	**(1,006,983)**	**(1,182,888)**	**(2,440,979)**
Other revenues (expenses)								
Financial income	13	1,219	26	66,484	-	-	-	66,484
Finance expense	(866,418)	(112,430)	(88,325)	(224,066)	(93,009)	(150,820)	(82,734)	(67,426)
Non-recoverable sales taxes	-	-	-	(62,269)	(7,633)	(10,330)	2,473	(18,893)
Change in fair value of								
marketable securities in a quoted company	(28,750)	-	-	(53,905)	17,968	10,782	(7,188)	(7,187)
warrants and embedded derivative on convertible debenture	37,607	-	-	15,754	26,973	46,686	29,622	17,976
Gain on settlement of payables	-	-	-	-	-	94,685	-	-
Gain on convertible debenture refinancing	-	-	-	-	-	8,879	-	-
Change in fair value of contingent consideration	(1,834,074)	-	-	-	-	-	-	-
Gain on bargain purchase	-	-	-	713,080	-	-	-	-
Government assistance	-	-	-	-	-	12,170	-	-
Gain on Covid-19 related rent concessions	-	-	-	-	-	-	-	39,862
Exchange gain (loss)	(258,767)	79,262	(47,433)	(100,195)	271,721	(5,080)	(33,847)	(260,413)
Gain (loss) on reversal of payables	129,544	-	-	-	-	-	-	-
Total other revenue (expense)	**(2,820,846)**	**(31,949)**	**(135,732)**	**354,883**	**216,020**	**6,972**	**(91,674)**	**(229,597)**
Income and mining taxes	**7,102,279**	**(658,468)**	**(255,180)**	**(817,195)**	**-**	**-**	**-**	**33,257**
Net income (loss)	**430,213**	**(5,397,224)**	**2,297,753**	**326,692**	**(665,369)**	**(1,000,011)**	**(1,274,562)**	**(2,703,833)**
Other comprehensive income (loss)								
Currency translation adjustment	-	212,998	24,229	(88,714)	(192,247)	88,323	74,018	219,640
Other comprehensive income (loss) net of tax	**-**	**212,998**	**24,229**	**(88,714)**	**(192,247)**	**88,323**	**74,018**	**219,640**
Net comprehensive income (loss)	**430,213**	**(5,184,225)**	**2,321,982**	**237,978**	**(857,616)**	**(911,688)**	**(1,200,544)**	**(2,484,193)**
Net income (loss) loss attributable to:								
Shareholders of Cerro de Pasco Resources Inc	-	(5,402,622)	2,262,161	326,692	(665,369)	(1,000,011)	(1,274,562)	(2,703,833)
Non-controlling interests	(7,510,055)	5,398	35,592	-	-	-	-	-
Other comprehensive income (loss) attributable to:								
Shareholders of Cerro de Pasco Resources Inc	-	213,338	23,665	(88,714)	(192,247)	88,323	74,018	219,640
Non-controlling interests	(1,546,845)	(339)	564	-	-	-	-	-
Basic and diluted income (loss) per share:	-	(0.02)	0.01	0.00	(0.00)	(0.00)	(0.00)	(0.01)

CERRO DE PASCO RESOURCES INC.
SELECTED QUARTERLY FINANCIAL INFORMATION

			2022				2021	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
	$	$	$	$	$	$	$	$
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION								
Cash and cash equivalents	2,938,902	4,840,678	8,614,049	12,633,042	779,108	1,670,614	25,255	897,979
Cash and cash equivalents - restricted	7,449,313	6,833,077	1,012,245	1,387,795	-	-	-	-
Accounts receivable	3,370,423	6,245,256	11,091,168	11,428,665	-	-	-	-
Other receivables	265,253	1,192,531	1,257,268	1,060,843	53,324	141,510	216,325	112,009
Income and mining taxes receivable	917,729	957,191	957,191	957,191	-	-	-	-
Inventories	3,216,644	3,387,391	2,483,893	2,958,095	-	-	-	-
Prepaid expenses	3,355,216	2,897,122	2,416,200	829,079	188,168	89,318	145,476	137,139
Cash and cash equivalents - restricted (non-current)	-	1,246,759	6,824,146	1,246,759	-	-	-	-
Property, plant & equipment	10,608,805	6,998,269	7,150,554	7,436,281	58,515	42,039	47,156	52,463
Right-of-use assets	-	-	-	-	61,801	-	13,540	41,506
Mining properties, exploration and evaluation assets	12,802,154	11,596,163	9,353,829	8,503,488	1,619,634	1,504,891	1,526,868	1,545,931
Total assets	**45,015,794**	**46,841,609**	**51,299,697**	**48,579,424**	**2,919,297**	**3,603,526**	**2,118,992**	**2,938,587**
Trade accounts payable and other liabilities	25,305,590	19,963,947	19,496,223	18,931,940	1,299,628	2,195,802	3,140,748	2,818,581
Promissory note	1,201,875	1,181,391	1,331,391	1,331,391	-	-	-	-
Balance of purchase payable	2,145,027	2,145,027	2,145,027	2,145,027	-	-	-	-
Current portion contingent consideration payable	3,359,953	1,412,160	1,412,160	-	-	-	-	-
Current portion of provisioning for rehabilitation and mine closure	2,920,852	4,314,441	2,225,493	1,142,845	-	-	-	-
Current portion of loan	1,368,295	1,732,828	1,729,367	1,640,848	-	-	-	-
Convertible debenture	1,225,029	1,379,837	1,379,837	1,379,837	864,559	1,271,119	864,559	813,249
Total current liabilities	**37,592,806**	**30,788,193**	**28,373,523**	**26,638,073**	**1,417,584**	**3,524,683**	**4,088,258**	**3,723,106**
Contingent consideration payable	-	-	-	1,412,160	-	-	-	-
Provisioning for rehabilitation and mine closure	17,209,189	14,593,986	16,010,076	17,478,614	-	-	-	-
Total non-current liabilities	**17,303,690**	**16,938,845**	**18,206,830**	**19,808,149**	**58,360**	**187,234**	**158,102**	**191,105**
Equity (Deficiency)	**(9,880,703)**	**(885,429)**	**4,719,344**	**2,133,202**	**1,443,353**	**(108,391)**	**(2,127,368)**	**(975,624)**

The net loss of $7,532,492 for Q3-2022 is mainly attributable to losses from Santander mining operations of $3,370,604, $1,834,074 of losses due to change in fair value of contingent consideration and $2,327,814 losses from other operations mainly attributable to general and administrative expenses of $1,179,665.

The net loss of $5,397,224 for Q2-2022 is mainly attributable to losses from Santander mining operation of $3,309,096 and $2,088,128 losses from other operations which were mainly attributable to general and administrative expenses of $2,077,328.

The net income of $2,297,753 for Q1-2022 is mainly attributable to profits from Santander mining operations of $4,443,995 offsetting $2,339,224 losses from other operations which were mainly attributable to general and administrative expenses of $2,049,398.

The net income of $326,692 for Q4-2021 is mainly attributable to profits from the Santander mining operations of $2,665,917 after its acquisition during the month of December offsetting $2,339,224 losses from other operations which were mainly attributable to general and administrative expenses of $1,379,683.

The net loss of $665,369 for Q3-2021 is mainly attributable to general and administrative expenses of $2,552,884.

The net loss of $1,000,011 for Q2-2021 is mainly attributable to general and administrative expenses of $1,006,983.

The net loss of $1,274,562 for Q1-2021 is mainly attributable to general and administrative expenses of $1,182,888.

The net loss of $2,703,833 for Q4-2020 is attributable to general and administrative expenses of $2,440,979.

RESULTS OF OPERATIONS FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

Net loss

The basic and diluted loss per share for the three-month period ended September 30, 2022, is $0.03 as compared to a loss of $0.00 for the three-month period ended September 30, 2021.

During the three-month period ended September 30, 2022, the Company realized a net loss of $5,584,699 as compared to a net loss of $665,369 for the three-month period ended September 30, 2021.

This increase in losses of $4,919,330 is mainly attributed to the losses from Santander mining operations of $3,256,885 and loss from other operations of $2,327,814.

Operating expenses

During the three-month period ended September 30, 2022, operating expenses were $4,281,434 as compared to $881,389 for the three-month period ended September 30, 2021.

The increase of $ 3,400,045 for the three-month period ended September 30, 2022, as compared to the three-month period ended September 30, 2021 in operating expenses is mostly attributable to increases in selling expenses of $1,067,647, research and development expenses of $625,198 and the remainder from general and administrative expenses of $198,085.

Other revenue and expenses

During the three-month period ended September 30, 2022, total other revenue (expense) was ($2,820,846) as compared to other revenues of $216,020 for the three-month period ended September 30, 2021.

The net decrease of $3,036,866 in other revenue (expenses) for the three-months ended September 30, 2022 as compared to the three-months ended September 30, 2021 is mainly attributable to losses from the change in fair value of contingent consideration of $1,834,074, increases in finance expenses of $773,409 ($866,418 for the three-month period ended September 30, 2022 as compared to $93,009 for the three-month period ended September 30, 2021), and decreases of other items of $566,559 (other item expenses of 120,353 for the three-month period ended September 30, 2022 as compared to other item revenues of $316,662 for the three-month period ended September 30, 2021).

RESULTS OF OPERATIONS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

Net loss

The basic and diluted loss per share for the nine-month period ended September 30, 2022, is $0.04 as compared to a loss of $0.01 and for the nine-month period ended September 30, 2021.

During the nine-month period ended September 30, 2022, the Company realized a net loss of $10,646,381 as compared to a net loss of $2,939,942 for the nine-month period ended September 30, 2021.

This increase in losses of $7,706,440 is attributed to losses from the change in fair value of contingent consideration of $1,834,074, losses from the Santander operations of $2,235,705 (attributable to gross profits of $2,835,585 offset by selling expenses of $2,921,987, general and administrative expenses of $1,111,127, research and development expenses of $507,094 and other income (expenses) of ($ 113,719). The remaining losses from other operations of $3,636,661 is attributed to `general and administrative expenses of $1,518,705, finance expenses of $758,033 and other income (expense) items of $1,359,923.

Operating expenses

During the nine-month period ended September 30, 2022, operating expenses were $10,466,514 as compared to $3,071,260 for the nine-month period ended September 30, 2021.

The increase of $7,395,254 for the nine-month period ended September 30, 2022, as compared to the nine-month period ended September 30, 2021, in operating expenses is mostly attributable to increases in selling expenses of $2,921,987, research and development expenses of $787,969, and general and administrative expenses of $3,685,298. The increases in general and administrative expenses were primarily from increases in wages and in professional, management and consulting fess related to the acquisition of, and later the operations of, Santander.

Other revenue and expenses

During the nine-month period ended September 30, 2022, other expenses were $2,988,527 as compared to other revenues of $131,318 for the nine-month period ended September 30, 2021.

The increase of $3,036,866 in other expenses for the nine-months ended September 30, 2022 as compared to the nine-months ended September 30, 2021 is attributable to to losses from the change in fair value of contingent consideration of $1,834,074,increases in finance expenses of $773,409 ($1,067,174 for the nine-month period ended September 30, 2022 as compared to $326,563 for the nine-month period ended September 30, 2021), and decreases in other items of $(429,382) ($87,279) in other expense items for the nine-month period ended September 30, 2022 as compared to $457,881 in other revenue items for the nine-month period ended September 30, 2021).

CASH FLOWS

Cash flows from operating activities

Cash flows from operating activities were $285,792 during the nine months ended September 30, 2022, an increase of $3,739,239 as compared to cash flows used for operating activities of $(3,453,447) during the nine months ended September 30, 2021. The increase of $3,739,239 in cash flows from operating activities is mostly explained by the increase in change in working capital items (positive cash flows of $7,083,932 for 2022 as compared to negative cash flows of $625,889 for 2021) combined with a decrease of $3,970,582 in cash flows used for operating activities before changes in working capital (negative cash flows of $6,798,140 for 2022 as compared to negative cash flows of $2,827,558 for 2021).

Cash flows used for financing activities

Cash flows from financing activities were $1,856,482 during the nine months ended September 30, 2022, a decrease of $5,154,322 as compared to cash flows of $3,297,840 from financing activities during the nine months ended September 30, 2021.

The decrease of $5,154,322 is mostly attributable to proceeds from private placements of $0 ($2,998,295 in 2021), proceeds from the issuance of convertible debentures of $0 ($500,000 in 2021), repayment of promissory notes of $(300,000) ($0 in 2021), repayment of convertible debentures of $(300,000) ($0 in 2021), and repayment of a loan of $(1,203,852) ($0 in 2021).

Cash flows used for investing activities

Cash flows used for investing activities were $(8,478,024) during the nine months ended September 30, 2022, a decrease of $8,428,239 as compared to cash flows of $(49,785) used for financing activities during the nine-month period ended September 30, 2021. The decrease of $8,428,239 is primarily attributed to the investment in mining concessions and mining development of $4,074,665 ($0 in 2021) and the acquisition of property, plant, and equipment of $4,374,577.

OTHER FINANCIAL DISCLOSURES

Related party transactions

Related parties include the Company's joint key management personnel. Unless otherwise stated, balances are usually settled in cash. Key management includes directors and senior executives. The remuneration of key management personnel includes the following expenses:

	Three month period ended		Nine month period ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	$	$	$	$
Management and consulting fees	230,239	12,785	1,044,559	1,049,407
Salaries and director's fees	153,218	385,353	412,877	433,107
Share-based compensation	-	-	-	-
	383,457	398,138	1,457,436	1,482,514

These transactions, entered into the normal course of operations, are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

Unless otherwise stated, none of the transactions incorporated special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

Contingency

Please refer to Note 32 of the audited consolidated financial statements for the year ended December 31, 2021, for a summary of the Company's commitments.

Off-financial position arrangements

As of September 30, 2022, the Company had no off-financial position arrangements.

Going concern assumption

The accompanying consolidated financial statements have been prepared on a going concern basis. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period.

Management is aware, in making its assessment, of material uncertainties related to events and conditions that may cast a doubt on the Company's ability to continue as a going concern and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, expenses and financial position classifications that would be necessary if the going concern assumption was not appropriate. These adjustments could be material.

Liquidity and capital resources

For the nine-month period ended September 30, 2022, the Company recorded a net loss of $ 10,646,381 (net loss of $2,939,942 for the nine-month period ended September 30, 2021) due mainly to the operations of Santander. The accumulated deficit of $43,164,649 of September 30, 2022 ($32,570,898 as at December 31, 2021 attributed to the continuing investment made in the EL Metalurgista Project) was attributed to all operation sectors, the increase of $10,593,751 was generated primarily attributed to first operating unit of the Santander operations purchased on December 3, 2021. As of September 30, 2022, the Company had a negative working capital of $15,988,859 (working capital of $4,735,854 as of December 31, 2021) consisting of cash and cash equivalents of $2,938,902 ($12,633,042 as of December 31, 2021) and restricted cash of $7,449,313 ($1,387,795 as of December 31, 2021). Management believes that while these funds may be adequate to operate the Santander mine it may not be sufficient to meet the obligations and commitments of the Company as a whole. These uncertainties cast significant doubt regarding the Company's ability to continue as a going concern; unless any funding shortfall may be met in the future in a number of ways, including but not limited to, the issuance of new equity instruments. In the year ended December 31, 2021, the Company raised $2,998,295 from private placements consisting of common shares to fund exploration works and working capital ($19,025,757 net cash achieved in the acquisition of the Santander mining operations). While management has been successful in raising financing in the past, there is no assurance that it will succeed in obtaining additional financing in the future operations. The recovery of the cost of exploration and evaluation assets as well as other tangible and intangible assets, is subject to certain conditions: the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to continue the exploration, evaluation, development, construction and ultimately disposal of these assets.

Capital management policies and procedures

The Company's capital management objectives are to ensure its ability to continue as a going concern and to maximize the return of its shareholders. The Company's definition of capital includes all components of equity. Capital for the reporting periods under review is summarized in Note 30 and in the consolidated statements of changes in equity of the audited annual consolidated statements for the year ended December 31, 2021. In order to meet its objectives, the Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The Company finances its exploration and evaluation activities principally by raising additional capital either through private placements or public offerings. When financing conditions are not optimal, the Company may enter into option agreements or other solutions to continue its exploration and evaluation activities or may slow its activities until conditions improve. No changes were made in the objectives, policies and processes for managing capital during the reporting periods.

Outstanding Share Data

The following selected financial information is derived from our audited financial statements.

	Number of shares outstanding (diluted)
Outstanding as of November 30, 2022	287,850,934
Shares reserved for issuance pursuant to share purchase options	12,008,500
Shares reserved for issuance pursuant to warrants	27,854,222
Convertible debentures	4,800,000
Total	332,513,656

The following table reflects the share purchase options issued and outstanding as at the date of this MD&A:

Expiry date	Number of granted share options	Number of exercisable share options	Exercise price	Remaining life
			$	(years)
December 31, 2022	218,500	218,500	0.40	0.1
March 10, 2023	200,000	200,000	0.40	0.3
August 19, 2023	200,000	200,000	0.40	0.7
August 28, 2023	200,000	200,000	0.40	0.7
March 7, 2024	5,400,000	50,000	0.40	1.3
March 29, 2024	50,000	5,400,000	0.40	1.3
May 6, 2024	200,000	200,000	0.50	1.4
September 16, 2024	200,000	200,000	0.40	1.8
August 28, 2025	4,300,000	4,300,000	0.40	2.7
March 2, 2027	1,040,000	1,040,000	0.40	4.3
	12,008,500	12,008,500	0.40	2.0

The following table reflects the share purchase warrants issued and outstanding as at the date of this MD&A:

Expiry date	Number of outstanding warrants	Exercise price	Remaining life
		$	(years)
February 28, 2023	12,474,938	0.50	0.2
February 28, 2023	53,150	0.65	0.2
April 8, 2023	1,697,500	0.50	0.4
April 22, 2023	1,511,063	0.50	0.4
April 30, 2023	532,214	0.50	0.4
May 27, 2023	542,500	0.50	0.5
June 15, 2023	1,857,143	0.50	0.5
December 20, 2023	785,714	0.50	1.1
November 8, 2024	3,000,000	0.25	1.9
November 26, 2024	3,000,000	0.50	2.0
July 18, 2025	500,000	0.50	2.6
July 26, 2025	500,000	0.50	2.7
August 26, 2025	500,000	0.50	2.7
September 26, 2025	500,000	0.50	2.8
October 26, 2025	400,000	0.25	2.9
	27,854,222	0.47	0.9

FINANCIAL RISK MANAGEMENT

Liquidity risk is the risk that the Company will be unable to satisfy financial obligations as they fall due. The Company manages its liquidity risk by optimizing its cash holdings, forecasting cash flows required by operations and anticipated investing and financing activities. The Company's operating cash flows are very sensitive to variations in the price of zinc and lead, foreign exchange rates and ore grades, and any cash flow outlook provided may vary significantly to actual results. Spending and capital investment plans may be adjusted in response to changes in operating cash flow expectations. An increase in average zinc and lead prices from current levels may result in an increase in planned expenditures and, conversely, weaker average zinc and lead prices could result in a reduction of planned expenditures

RISK AND UNCERTAINTIES

The mining industry involves many risks which are inherent to the nature of the business, global economic trends and economic, environmental and social conditions in the geographical areas of operation. As a result, the Company is subject to a number of risks and uncertainties, each of which could have an adverse effect on our operating results, business prospects or financial position. The Company continuously assesses and evaluate these risks and attempts to mitigate them by implementing operating standards and processes to identify, assess, report and monitor risks across our organization.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in accordance with IFRS requires significant assumptions and judgments about the future and other sources of estimation uncertainty that management has made at the end of the reporting year, which could result in a material adjustment to the carrying amounts of assets and liabilities within the next twelve months, in the event that actual results differ from assumptions made. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

- **COVID-19 Economic Uncertainty**

  In March 2020, the World Health Organization declared a global pandemic related to COVID-19. To date there has been significant volatility in commodity and foreign exchange markets, restrictions on the conduct of business in many jurisdictions and disruption in stock markets while the global movement of people and some goods has become restricted. There is significant ongoing uncertainty surrounding COVID-19 and the extent and duration of the impacts that it may have on the demand and the price of zinc and lead, suppliers, employees and on global financial markets. The Company continues to follow published guidance from governments and public health authorities to protect the safety and health of our employees, contractors and the communities in which we operate, while closely monitoring any potential impact on the Company's operations that may include the operating plans and production, supply chain or maintenance activities.

- **Assessment of impairment and Impairment Reversal Indicators**

  Judgment is required in assessing whether certain factors would be considered an indicator of impairment or impairment reversal. Both internal and external information are considered when determining whether there is an indicator of impairment or impairment reversal present and, accordingly, whether impairment testing is required. The information considered in assessing whether there is an indicator of impairment or impairment reversal includes, but is not limited to, market transactions for similar assets, commodity prices, interest rates, inflation rates, market capitalization, reserves and resources, mine plans and operating results.

- **Impairment testing**

  Impairment assessments require the use of estimates and assumptions such as future zinc, lead and silver metal prices (considering current and historical prices, price trends and related factors), operating and capital costs, discount rates, foreign exchange rates, closure and rehabilitation costs, estimated life-of-mines, mineral reserves and resources including exploration potential and operating performance (which includes production and sales volumes). These estimates and assumptions are subject to risk and uncertainty.

  There is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of assets and/or cost generating units ("CGUs"). Such circumstances may give rise to an impairment or a reversal of previous impairments with the impact recognized in the statement of operations.

  For the nine months ended September 30, 2022, no impairment was identified.

- **Income taxes**

  Judgment is required to determine which arrangements are considered to be a tax on income as opposed to an operating cost. Judgment is also required to determine whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require the Company to assess the likelihood that it will generate sufficient taxable earnings in future periods, in order to utilize recognized deferred tax assets. Judgment is also required in respect of the application of existing tax laws in each jurisdiction.

  Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These estimates of future taxable income are based on forecast cash flows from operations (which are impacted by production and sales volumes, commodity prices, reserves, operating costs, closure and rehabilitation costs, capital expenditure, and other capital management transactions). To the extent that future cash flows and taxable income differ significantly from estimates, the Company may have the ability to realize deferred tax assets not recorded at the reporting date.

- **Reclamation and rehabilitation provisions**

  The ultimate costs for reclamation and rehabilitation are uncertain, and cost estimates can vary in response to many factors, including estimates of the nature, extent and timing of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to inflation rates, the risk-free interest rate for discounting future cash flows, foreign exchange rates, and estimates of the underlying currencies in which the provisions will ultimately be settled. The Company estimates its costs based on studies using current restoration standards and techniques, and the provision at the reporting date represents management's best estimate of the present value of the future rehabilitation costs required.

- **Useful lives of mineral properties, plant and equipment**

  Estimated mineral resources are used in determining the depreciation of certain assets. This results in depreciation expense proportional to the depletion of the anticipated remaining life-of-mine production. The estimate of the remaining lives of the Company's producing mineral properties is based on a combination of quantitative and qualitative factors including historical production and financial results, mineral resources reported under NI 43-101, estimates of ore mineral feed production from areas not included in the NI 43-101 reports, and management's intent to operate the property. The estimated remaining lives of the producing mineral properties are used to calculate amortization and depletion expense, forecast the timing of the payment of reclamation and remediation costs and perform impairment or impairment reversal testing to review the carrying value of asset and/or CGUs.

  There are numerous uncertainties inherent in estimating the remaining lives of the producing mineral properties, and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, or production costs may change the economic status of the mineral resources, estimates of production from areas not included in the NI 43-101 reports, and management's intent to operate the property, and may ultimately have a material impact on the estimated remaining lives of the properties.

- **Exploration and evaluation assets and expenditures**

  Judgment is required in evaluating whether expenditures meet the criteria to be capitalized, including the probability that future economic benefits will be generated. Determination of probable future economic benefit is based on management's evaluation of the technical feasibility and commercial viability of the geological properties of a given ore body based on information obtained through evaluation activities, including metallurgical testing, mineral resource and reserve estimates and the economic assessment of whether the ore body can be mined economically.

- **Political and country risk**

  The principal mineral property interests of the Corporation are located in Peru. The Corporation believes that Peruvian government supports the development of its natural resources by national and foreign companies as equals. However, there is no assurance that future political and economic conditions in Peru will not result in the government adopting different policies regarding foreign ownership of mineral resources, tax regime, exchanges rates, environmental protection, labour relations and the repatriation of capital and earnings. The possibility that the current or a future government may adopt extreme policies such as expropriation of assets, cannot be ruled out. The Corporation's current and future mineral exploration and processing activities could be impacted by widespread civil unrest and rebellion. Country risk refers to the risk of investing in a country, dependent on changes in the business environment that may adversely affect operating profits or the value of assets in a specific country. For example, financial factors such as currency controls, devaluation or regulatory changes, nationalization, or social stability factors such as mass riots, civil war and other potential events contribute to increase companies' operational risks. It is important to point out that since its operation began in Peru, the Corporation has not suffered from any of these risks. In addition, mining and tax regimes in foreign jurisdictions are subject to different interpretations and constant changes and revisions in the ordinary course. For example, our interpretation and the interpretation of our tax advisors or tax experts, applied in accordance to the law to our transactions and activities, may not coincide with the interpretation of the tax authorities. As a result, transactions have been and may, in the future, be challenged by the tax authorities and could result in significant taxes, penalties and interest.

ACCOUNTING CHANGES

There have been no changes in accounting policy or new standards and interpretations adopted during 2022 that had a significant impact on the Company's consolidated financial statements. Certain pronouncements have been issued by the International Accounting Standards Board that are mandatory for accounting periods after December 31, 2021. There are currently no such pronouncements that are expected to have a significant impact on the Company's consolidated financial statements upon adoption.

CERTIFICATION OF ANNUAL FILINGS

The President and Chief Executive Officer and the Chief Financial Officer have signed the Basic Certifications of Annual Filings as required by National Instrument 52-109 for venture issuer, thus confirming, the review, the absence of misrepresentations and the fair presentation of the annual filings.

- The President and Chief Executive Officer and the Chief Financial Officer confirm to have reviewed the annual financial statements and the annual MD&A (together, the "annual filings") of the Company for the year ended December 31, 2021.
- Based on their knowledge, having exercised reasonable diligence, the President and Chief Executive Officer and the Chief Financial Officer confirm that the annual filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the annual filings.
- Based on their knowledge, having exercised reasonable diligence, the President and Chief Executive Officer and the Chief Financial Officer confirm that the annual financial statements together with the other financial information included in the annual filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the period presented in the annual filings.