



CERRO DE PASCO RESOURCES INC.
(FORMERLY GENIUS PROPERTIES LTD.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

Three-month and nine-month periods ended

September 30, 2019

(Third Quarter)

MANAGEMENT'S DISCUSSION AND ANALYSIS

This management discussion and analysis ("MD&A") of Cerro de Pasco Resources Inc., ("Cerro de Pasco Resources" or "CDPR" or the "Company") (formerly known as Genius Properties Ltd.) 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, 2019. It includes a review of the Company's financial condition and a review of operations for the three-month and nine-month periods ended September 30, 2019 as compared to the three-month and nine-month periods ended September 30, 2018.

This MD&A complements the condensed interim consolidated financial statements for the three-month and nine-month periods ended September 30, 2019 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, 2019 and related notes thereto as well as the audited consolidated financial statements, accompanying notes and Management's Discussion and Analysis for the year ended December 31, 2018.

The condensed interim consolidated financial statements for the three-month and nine-month periods ended September 30, 2019 and 2018 have been prepared in accordance with the International Financial Reporting Standards ("IFRS") applicable to the preparation of condensed interim consolidated financial statements. The accounting policies applied in the financial statements are based on IFRS issued and effective as at September 30, 2019. On November 29, 2019, the Board of Directors approved, for issuance, the condensed interim consolidated financial statements.

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 29, 2019.

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.

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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.

NATURE OF ACTIVITIES

Cerro de Pasco Resources Inc. and its subsidiaries (hereafter the “Company” or “Cerro de Pasco Resources” or “CDPR”) is a resource management company attuned 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 minerals 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 the Company will be on developing the El Metalurgista mining concession using world class geo-resource and industrial development solutions in order to secure long-term economic operational sustainability in harmony with a healthy and prosperous local population. The plan of the Company is to reprocess tailings and stockpiles at the Quiulacocha and Cerro de Pasco sites and also to revive and modernize all existing installations at the mining complex the “Project” or “Quiulacocha Project”

BUSINESS DEVELOPMENT HIGHLIGHTS

There were no financial business highlights during the three-month period ended September 30, 2019.

BUSINESS DEVELOPMENT SUBSEQUENT EVENTS

- **Community Relations**

On October 17, 2019, the Company signed a Definitive Agreement with the Quiulacocha Rural Community.

The Agreement provides CDPR with rights of use over 77.54 ha. held by the Quiulacocha Rural Community for developing the Quiulacocha Project, and the “social license” to develop exploration and reuse activities within the Quiulacocha tailings, located within and beyond the El Metalurgista concession. In addition, the Community will help CDPR to attain all the necessary authorizations from the mining authority for developing the Quiulacocha Project.

Furthermore, the Agreement sets out guidelines under which the Community and CDPR will join forces to take forward the environmental remediation measures which will apply once the Quiulacocha Project starts.

Benefits include an increase of local employment, special royalties for the Community and a new source of revenue for the Central, Regional and Local governments, which can be reinvested in works that benefit the entire population.

- **Transaction with Volcan Compañía Minera S.A.A.**

On November 27, 2019, the Company has executed a definitive share purchase agreement with Volcan Compañía Minera S.A.A. and its subsidiaries (collectively, “Volcan”), whereby CDPR will acquire all of the issued shares of Oxidos de Pasco S.A.C. (“Oxidos”), Empresa Administradora de Cerro S.A.C (“Cerro SAC”) and Remediadora Ambiental S.A.C. (together the “Target Companies”). The arm’s length transaction (the “Transaction”) will provide CDPR ownership and operation of all mining and processing assets in Cerro de Pasco, Central Peru.

Under the terms of the Agreement, 100% of the Target Companies’ issued and outstanding common shares will be acquired by CDPR for a total cash consideration of USD 30 million, a variable consideration and a net smelter royalty over the concessions, as outlined in the Transaction details below.

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Transaction Highlights

CDPR will acquire the Target Companies as a going concern, including all their permits, licenses and concessions. The Target Companies' properties are located at the Cerro de Pasco mining complex and consist of the following:

- The Oxidos precious metals leach processing facility, permitted at 2,500tpd;
- The Paragsha base and precious metals concentrator, permitted at 17,500tpd;
- The San Expedito base and precious metals concentrator, permitted at 1,800tpd;
- The Santa Rosa oxide open pit that hosts mineral for processing through the Oxidos plant;
- The Raul Rojas sulphide open pit;
- The Lourdes and Excelsior Underground shafts;
- All associated surface infrastructure including the Ocroyoc tailings storage facility, offices, workshops, staff accommodations; and
- Over 12,000 hectares of exploitation and exploration concessions that host existing skarn and porphyry exploration potential. As of Dec 31, 2017 Volcan reported JORC compliant mineral resources as follows:

| Class | Total Cerro de Pasco JORC- Compliant Mineral Resources (Dec 31, 2017) | | | | | | | | |
|-----------|---|---------|---------|---------|------------|-----------------|------------|------------|-----------|
| | Tonnes (M) | Grade | | | | Contained metal | | | |
| | | Zn % | Pb % | Cu % | Ag oz/t | Zn Mlbs | Pb Mlbs | Cu Mlbs | Ag Moz |
| Measured | 30.8 | 2.62 | 0.95 | 0.06 | 1.86 | 1,780 | 643 | 39 | 57 |
| Indicated | 84.6 | 2.24 | 0.83 | 0.10 | 2.46 | 4,186 | 1,554 | 184 | 208 |
| Inferred | 25.5 | 1.28 | 0.52 | 0.12 | 3.63 | 720 | 292 | 65 | 92 |

Neither CDPR nor their technical QP have fully audited the mineral resources. CDPR plans to issue new resource statements in 2020 and these resource estimates are historical in nature and should not be relied upon.

CDPR has already acquired the mineral rights on the Excelsior mineral pile and the Quiulacocha tailings on the El Metalurgista mining concession and plans to complete a 43-101 resource calculation in a near future.

Transaction Details

Under the terms of the Agreement, 100% of the Target Companies' issued and outstanding common shares will be acquired based on the following components:

- A cash payment of USD 30 million, comprised as follows;
 - USD 15 million on the closing date of the Transaction (the "Closing Date") and an additional USD 15 million on the first anniversary of the Closing Date.
- In respect of the silver and gold doré production from the Oxidos precious metals leach processing facility during the Initial Term ending on or prior to 31 December 2026:
 - CDPR will pay Volcan 100% of the price difference between the average monthly spot silver price and USD 9.00/oz (the "**Base Silver Price**") and where average monthly spot silver price is above USD 18.00/oz, CDPR would share 50% of the difference in price;
 - The Minimum Silver Amount to be produced during the Initial Term is 17,677,264 ounces plus a prorata amount of 3,687,535 ounces in 2020 to be adjusted based on actual Closing Date.

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- CDPR will pay Volcan 100% of the price difference between the average monthly spot gold price and USD 950.00/oz (the “**Base Gold Price**”), and where average monthly spot gold price is above USD 1,400.00/oz, CDPR will share 50% of the difference in price;
- The Base Silver Price and Base Gold Price shall increase by a percentage equal to the increase in the Consumer Price Index over the previous twelve-month period on each anniversary of the Closing;
 - The Minimum Gold Amount to be produced during the Initial Term is 202,054 ounces plus a prorata amount of 18,767 ounces in 2020 to be adjusted based on actual Closing Date.
- The Silver and Gold Oxide Resource as estimated by Cerro S.A.C.(June 2019) is shown below. Neither CDPR nor their technical QP have revised this estimate and should be considered historic in nature and not be relied upon.

| Resource - Insitu Oxides - Santa Rosa (June 2019) | | | | | |
|--|------------------|-------------|-------------|-------------------|----------------|
| Class | Tonnes | Grades | | Contained metal | |
| | | Oz Ag | g/t Au | Oz Ag | Oz Au |
| Indicated | 5,590,019 | 4.75 | 1.43 | 26,552,590 | 257,008 |
| Inferred | 1,154,673 | 3.81 | 1.34 | 4,399,304 | 49,746 |
| | 6,744,692 | 4.59 | 1.41 | 30,958,136 | 305,759 |

Volcan will receive a royalty of 2% of the net smelter return as provided under a net smelter return royalty deed to be entered into between Cerro SAC, CDPR and Volcan (the “NSR Royalty Deed”) on all metal production from all the concessions owned by Cerro SAC, other than material processed through the Oxidos facilities.

In addition and in accordance with the terms of an offtake agreement to be entered into between Cerro SAC and Volcan (the “Off-take Agreement”), Volcan will have an offtake in respect of 100% of all zinc and lead concentrates from ore resources owned by Cerro SAC as at the Closing Date, as well as a right of first refusal to purchase all concentrates produced from CDPR’s El Metalurgista concessions.

Post-closing of the Transaction, CDPR will adopt a health, safety, environment and community work plan (the “HSEC Work Plan”) based on Volcan’s existing HSEC Work Plan prior to entering into this transaction. The HSEC Work Plan will have an agreed budget to be financed from Cerro SAC’s and Oxidos’ future cash flows. As CDPR will take over the operations and the assets, it intends to maintain Volcan’s commitments with regards to mitigating the impact of the operations.

All flows and assets will remain held in trust until such time as provided under a security trust agreement to be entered into between Volcan, CDPR, the Target Companies and a Peruvian trustee.

Closing

The closing of the Transaction is expected to occur within four months of the date of the signature purchase agreement.

The closing of the Transaction is subject to standard closing conditions as well as certain specific closing conditions such as provided under the SPA agreement.

PROJECT DEVELOPMENT HIGHLIGHTS

During the three-month period ended September 30, 2019, the Company continued to focus its efforts on developing its Project. These efforts were focused on the following area of importance:

MANAGEMENT'S DISCUSSION AND ANALYSIS

- **Community relations**

The Company continued to spend a significant amount of time communicating the opportunities of the El Metalurgista Project to the two adjacent local communities, Quiulacocha and Excelsior. Community support is integral for the success of any project in Peru. The Company continued to spend capital and time effort in communicating all the benefits of the proposed project to the members of the community. This was achieved by production of materials highlighting those benefits, distribution of those materials to the local communities, one on one communication with relevant stakeholders of the communities and general assembly meetings with the community population at large. The Company also hosted several cultural activities, participated in several sponsorship opportunities, and donated miscellaneous items to the children attending school.

In September 2019, the Quiulacocha Community has voted decisively in favor of CDPR's tailings reprocessing plan. This represents a crucial step towards achieving the required social license and key permits. Perhaps more important than any legal authorization, the landmark vote reinforces the Company's partnership with the communities. It enables CDPR to remove and reprocess mining waste at the famous Cerro de Pasco mine, and in doing so would provide an effective and practical environmental remediation solution with long -term economic and social benefits.

The decisive result was achieved on the 15th of September, 2019 at the General Assembly of the Community chaired by Mr. Miguel Baldeon Hermitaño and ratified on the 19th of September, 2019. Ninety Eight percent (98%) of the community members attending the event voted in favor of the CDPR's initiative. According to the count made by community officials, the ratification of the "Agreement to Support the Reprocessing Project of Mining Tailings" was approved by one hundred three (103) votes in favor, only three (3) against and zero (0) abstentions.

The community has agreed to assist CDPR, in the remediation of contamination specifically found in old tailings within the historical El Metalurgista Concession, through its removal & reuse. The Community of Quiulacocha owns an area of approximately 40 km² located in the area of influence of the El Metalurgista project.

- **Government relations**

The Company continued to spend a time and capital communicating the opportunities of the El Metalurgista Project to the local and national government of Peru. The company employed various consultants to produce technical materials, related to health, safety, environment and communities. The materials highlighted the opportunities of the project and the potential positive impact it will have on Cerro De Pasco.

- **Environmental Impact Declaration**

On July 26, 2019 the Company presented an Environmental Impact Declaration (Declaración Impacto Ambiental) (the "DIA") for the Quiulacocha tailings deposit before the Peruvian Ministry of Energy and Mines for evaluation and approval.

The DIA provides the details and coordinates for the 40-hole Drilling Program that CDPR intends to carry out on its El Metalurgista Concession located within the Quiulacocha tailings deposit. The Quiulacocha tailings deposit covers 115 hectares and is estimated to hold approximately 70 million tonnes of tailings which contain recoverable metals such as silver, zinc, lead, copper, gold and other strategic metals.

- **Formal Proposal to Peruvian Ministry of Energy and Mines**

Since the start of 2019, the Company has been in discussions with the legal department of the Peruvian Ministry of Energy and Mines (the "MINEM") with regards to finding the best legal mechanism for the State of Peru to grant the company with the tailings areas which surround the El Metalurgista concession. On July 26th, 2019 the Company provided MINEM with a formal proposal and legal remedy for the State to grant the Company rights to the entire tailings area for the Company to conduct a comprehensive analysis and develop an effective retreatment and remediation plan. In this regard the Company has proposed to provide MINEM with an irrevocable performance guarantee with respect to the activities the Company plans to carry out on the surround tailings.

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- **The Company's Commitments to Internationally-Accepted Industry Practices for Environmental, Community, Safety, Anti-Corruption, and Corporate Social Responsibility (CSR) Matters**

In the second quarter of 2019, the Company board of directors approved several policies related to Environment, Community, Safety, Anti-Corruption, and Corporate Social responsibility (CSR).

CDPR's key focus is the environmental remediation through the extraction of remaining valuable minerals from the stockpiles and deposits generated by previous local mining activities. CDPR endorses and conducts responsible mining practices. CDPR will utilize up-to-date technology and industrial development solutions to secure long-term economic sustainability and a healthy and prosperous local population at Cerro de Pasco.

CDPR clearly recognizes that the communities and the environments in which it operates in are inter-dependent and that it may be held accountable for any effects and potential consequences. The proper management of these inter-connecting activities is essential to the economic well-being of CDPR. Therefore, CDPR is totally committed to having first-rate programs for: protection of the environment; providing safe workplaces for its employees and contractors; responsibly and ethically managing our relationships with its Project stakeholders and in the local communities where it operates; and, ensuring that CDPR is one that readily accepts and promotes itself as following the principles of corporate social responsibility or CSR.

CDPR has a rigorous commitment to the principles of corporate social responsibility, anti-corruption ethics, sound environmental practices, safe working conditions for our employees, and positive community involvement in its Projects. To that end, CDPR has strong, formal policies on these matters, which conform to generally-accepted international standards, that have been formally adopted by the CDPR Board.

CDPR's development of the Cerro de Pasco Project will be guided by internationally-accepted core principles and strategic goals. As such, CDPR will be driven by the Principles of Performance (listed below) of the International Council on Mining and Metals (ICMM), a well-respected international organization dedicated to a safe, fair, and sustainable mining and metals industry. The ICMM is comprised of 26 of the world's leading mining and metals companies and 35 regional and commodities associations.

1. Apply ethical business practices and sound systems of corporate governance and transparency to support sustainable development;
2. Integrate sustainable development in corporate strategy and decision-making processes;
3. Respect human rights and the interests, cultures, customs and values of employees and communities affected by our activities;
4. Implement effective risk-management strategies and systems based on sound science and which account for stakeholder perceptions of risks;
5. Pursue continual improvement in health and safety performance with the ultimate goal of zero harm;
6. Pursue continual improvement in environmental performance issues, such as water stewardship, energy use and climate change;
7. Contribute to the conservation of biodiversity and integrated approaches to land-use planning;
8. Facilitate and support the knowledge-base and systems for responsible design, use, re-use, recycling and disposal of products containing metals and minerals;
9. Pursue continual improvement in social performance and contribute to the social, economic and institutional development of host countries and communities; and
10. Proactively engage key stakeholders on sustainable development challenges and opportunities in an open and transparent manner. Effectively report and independently verify progress and performance.

Code of Business Conduct and Ethics

On November 15, 2019 the Company adopted a Code of Business Conduct and Ethics embodies our commitment to conduct our business according to the highest ethical standards.

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CDPR success is built on a commitment to high standards of corporate governance, business conduct, and professional integrity. We conduct our business around the world in an ethical, honest and accountable manner and in accordance with applicable laws, rules and regulations. We value, and are committed to, transparency in our business practices, consistent with good commercial confidentiality. Our company is committed to the principles of Responsible Mining.

The CDPR Corporate Code of Business Conduct and Ethics outlines our obligations regarding: business integrity, labor practices, security, human rights, transparency, public disclosure, cultural heritage, avoiding conflicts of interest, avoiding insider trading, anti-fraud, and anti- corruption & anti-bribery, among others.

CORPORATE OBJECTIVES FOR 2019 & 2020

- On completion of the transaction with Volcan, continue to operate the mine and processing plants as a going concern at steady state, according to the operating and environmental permits.
- Execute an agreement with the Ministry of Energy and Mines to expand operations subject to confirmation of mineral resource and completion of studies.
- Complete environmental impact assessment study.
- Conduct metallurgical testing and bulk-sampling.
- Complete internal engineering studies for the comprehensive surface rehabilitation and development of remaining in site resource
- Complete adequate financing for the acquisition and development of the Cerro de Pasco mining complex.

CURRENT PROJECTS

Cerro De Pasco

- Cerro de Pasco was one of the oldest and largest polymetallic mines in the world, operating for almost 400 years.
- The Quiulacocha tailings facility contains approximately **79MT of processable mineral**, from the Cerro de Pasco mining complex.
- The Excelsior Stockpile, likewise, from the mine, contains **104MT with an estimated 43Mt** of mineral that could be processed at nearby concentrators Paragsha and San Expedito.
- Currently, these facilities are working well below installed capacity and efficiency and, therefore the possibility exists for either a tolling agreement or an acquisition of all processing facilities at Cerro de Pasco



The Excelsior Mineral Pile and Quiulacocha Tailings

The Excelsior property consists of the Excelsior Mineral Pile (“EMP”) and Quiulacocha Tailings (“QT”) which are residues generated by the processing of the Cerro de Pasco Mine Pb-Zn-Ag-Cu ore located 310 km from Lima, in east-central Peru.

The Cerro de Pasco mine became one of the world's richest silver producing regions after base and precious metals were discovered in 1630. The EMP left from the mine operations contains an estimated 104Mt of which an estimated 43Mt can be economically processed and the QT contains 79Mt of which an estimated 79Mt could be economically processed. Cerro de Pasco Resources Inc. through its Peruvian Branch, Cerro de Pasco Resources Sucursal del Peru, owns 100% of the mineral rights of the El Metalurgista Concession, where the EMP and QT are located.

The Excelsior stockpile has been extensively explored by RC drilling, trenching and tested through metallurgical test work programs.

The EMP occupies an area of 94 ha and contains 26,400,000 m³ of fragmentary rocks forming terraces composed of sulfide-rich rocks, sericitized volcanic and carbonate (dolomitic) rocks. Metal-bearing minerals consist of sphalerite (Zn), tennantite (Cu), cerussite (Pb), enargite (Cu) and galena (Pb, Ag-rich). The more reliable Historical Resources Estimate generated 42.89 Mt @ 0.09 wt. % Cu (85.1 M lb), 0.73 wt. % Pb (690.3 M lb), 1.59 wt. % Zn (1696.1 M lb) and 66.1 g/t Ag (91.1 M oz) with Pb+Zn= 2.33 wt. %*.

The QT cover a surface of 114 ha and contain approximately 79 Mt of pyrite-bearing tailings of two different types: Cu-rich and Zn-Pb-rich sulphides. The best Historical Resources Estimate generated a total of 2.94 Mt @ 43.1 g/t Ag (4.1 M oz), 418 ppm Cu, 0.79 wt. % Pb (51.2 M lb) and 1.43 wt. % Zn (92.7 M lb)*.

Satellite view of the Cerro de Pasco area showing the ancient Raul Rojas open pit and the Quiulacocha Tailing (QT) and Excelsior Mineral Pile (EMP).

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* The estimates presented above are treated as historic information and have not been verified or relied upon for economic evaluation by the Issuer or the writer. These are considered historical Mineral Resources and do not refer to any category of sections 1.2 and 1.3 of the NI-43-101 Instrument such as Mineral Resources or Mineral Reserves as stated in the 2010 CIM Definition Standards on Mineral Resources and Mineral Reserves. The explanation lies in the inability by the authors to verify the data acquired by the various historical drilling campaigns and other sampling works. The authors have read the documents pertaining to the description of the different methods used in the historical evaluation of the Mineral Resources. The Issuer has not done sufficient work yet to classify the historical estimates as current Mineral Resources or Mineral Reserves. Therefore, the Issuer is in the opinion that the above quoted resources for the EMP and QT cannot be relied upon.

Our Business Plan

The plan of the Company is to reprocess tailings and stockpiles at Cerro de Pasco and to use these to revive and modernise all existing installations at the mining complex.

The pit still holds significant reserves and resources. The current political, social and economic climate in Peru creates a positive platform from which the Company can execute its vision for a fully integrated and multi-dimensional economic rehabilitation of all of the current and legacy minerals assets around the city of Cerro de Pasco. Cerro de Pasco Resources continues to advance a dialogue with leading experts on mineral waste recycling and site remediation with the aim of achieving an ambitious “zero waste” solution and the creation of a Circular Economy for the city of Cerro de Pasco. The Company has received encouraging signals from multiple levels of the Peruvian Ministry of Energy and Mines beckoning an intensive exploration and development phase starting in 2019.

Our Concept Proposal

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

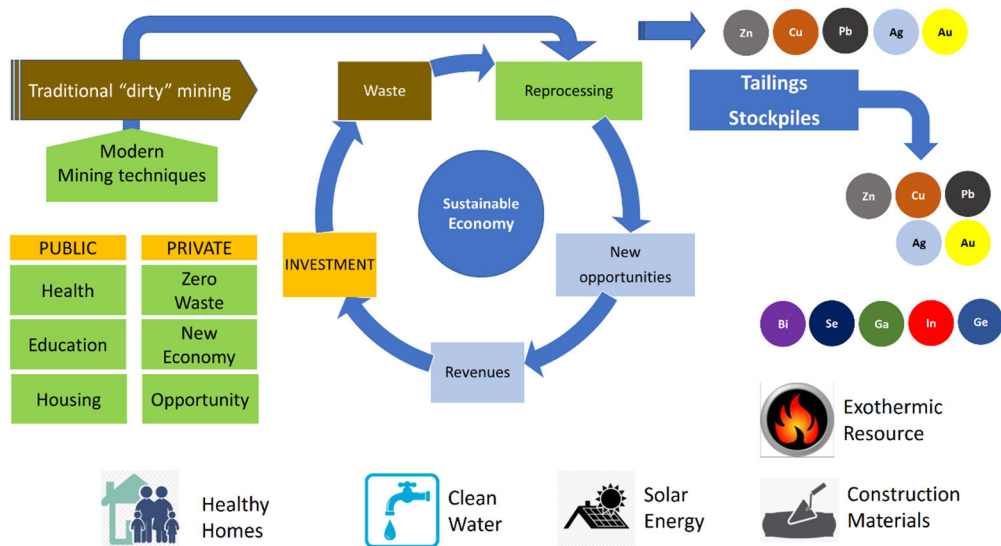
The future of Cerro de Pasco will depend on the application of the latest science in geo-resource and industrial development. The town's history has, until now depended entirely on conventional “dirty” mining of commodity metals. However, new science can secure long-term economic sustainability in harmony with a healthy and prosperous local population. The initial objective of this project will be to drive the productive utilization of all material resources available at Cerro de Pasco and new industrial activities that will further perpetuate prosperity into the future. To achieve a series of objectives, Cerro De Pasco will need to start by integrating all its resources and introducing techniques to reprocess all tailings and stockpiles contained within the entire complex.

The Concept starts with a complete exploration of the potential of the resources present at Cerro de Pasco and their current impact on the environment (to include a Baseline study of the entire Cerro de Pasco Watershed). It also includes the development of a sustainable inline extraction process towards the elimination of all waste. This implies a search for and separation of critical elements like Rare Earth Elements (REE), Platinum Group Elements (PGE) and other strategic elements (Ge, In, Ga) as well research and innovation to use of the main volume of the known waste material (pyrite, carbonates, and silicates). An example is the innovative exploitation of the heat capacity of pyrite for home heating systems for the population of Cerro de Pasco. Additionally, a new concept for the sustainable urban development of Cerro de Pasco will be created to strengthen the social impact by providing better living conditions for the whole population of Cerro de Pasco. This implies the attraction of secondary industries drawing benefit from the entire range of geo-resources present at Cerro de Pasco (including classical commodities (Pb, Zn, Ag, Bi, Cu, Au) as well as innovative commodities (including pyrite, carbonate, silicates).

The positive impacts 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. Under the initial plan, households will be relocated from the most heavily contaminated

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areas. Cerro De Pasco Resources can therefore become the nucleus for sustainable growth, renewing the site's ageing infrastructure and plant and employing the latest technologies to create an emblematic project.



Exploration outlook

As part of the next steps in the development of the project, the Company will first need to update the historical Mineral Resource Estimates performed on the QT and EMP to render them compliant with the NI43-101 and CIMM norms. Regarding the EMP Resource Estimate, re-sampling of the 2009 RC drill holes (if retrievable) and pits, and sinking of twin holes will be necessary. The upgrading to Indicated or Measured Mineral Resources may also require additional RC drill holes to tighten the spacing which currently sits at 30 to 50 m. Note the QT Mineral Resource Estimates concerns about 225,000 m² of tailings area; less than half of the total surface. The Company is evaluating a sonic drilling program to expand the QT resources.

Thereafter the company will endeavor to complete a detailed feasibility study for the reprocessing of either the Tailings and or Stockpile.

MINING PROPERTIES & EXPLORATION AND EVALUATION ASSETS

Mining properties and exploration and evaluation assets for the three-month period ended September 30, 2019.

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CERRO DE PASCO RESOURCES INC.

Mining properties

For the three-month period ended September 30, 2019

| PERU | | |
|-------------------------------------|---|-----------|
| | Quiulacocha tailings and Excelsior Stockpile | Total |
| | \$ | \$ |
| Mining properties | | |
| Mining rights | - | - |
| Exchange loss | 12,709 | 12,709 |
| | 12,709 | 12,709 |
| Balance, beginning of period | 1,066,201 | 1,066,201 |
| Balance, end of period | 1,078,910 | 1,078,910 |

Mining properties

For the three-month period ended September 30, 2018

| PERU | | |
|-------------------------------------|---|-----------|
| | Quiulacocha tailings and Excelsior Stockpile | Total |
| | \$ | \$ |
| Mining properties | | |
| Mining rights | - | - |
| Exchange gain | (18,959) | (18,959) |
| | (18,959) | (18,959) |
| Balance, beginning of period | 1,079,142 | 1,079,142 |
| Balance, end of period | 1,060,183 | 1,060,183 |

Exploration and evaluation assets

For the three-month period ended September 30, 2019

| PERU | | |
|--|---|---------|
| | Quiulacocha tailings and Excelsior Stockpile | Total |
| | \$ | \$ |
| Exploration and evaluation assets | | |
| Installation pre-operative expenses | - | - |
| Exchange loss | 2,248 | 2,248 |
| | 2,248 | 2,248 |
| Balance, beginning of period | 188,598 | 188,598 |
| Balance, end of period | 190,846 | 190,846 |

Exploration and evaluation assets

For the three-month period ended September 30, 2018

| PERU | | |
|--|---|---------|
| | Quiulacocha tailings and Excelsior Stockpile | Total |
| | \$ | \$ |
| Exploration and evaluation assets | | |
| Installation pre-operative expenses | - | - |
| Exchange gain | (3,353) | (3,353) |
| | (3,353) | (3,353) |
| Balance, beginning of period | 190,887 | 190,887 |
| Balance, end of period | 187,534 | 187,534 |

Mining properties and exploration and evaluation assets for the nine-month period ended September 30, 2019.

CERRO DE PASCO RESOURCES INC.

Mining properties

For the nine-month period ended September 30, 2019

| PERU | | |
|-------------------------------------|---|-----------|
| | Quiulacocha tailings and Excelsior Stockpile | Total |
| | \$ | \$ |
| Mining properties | | |
| Mining rights | - | - |
| Exchange loss | (31,433) | (31,433) |
| | (31,433) | (31,433) |
| Balance, beginning of period | 1,110,343 | 1,110,343 |
| Balance, end of period | 1,078,910 | 1,078,910 |

Mining properties

For the nine-month period ended September 30, 2018

| PERU | | |
|-------------------------------------|---|-----------|
| | Quiulacocha tailings and Excelsior Stockpile | Total |
| | \$ | \$ |
| Mining properties | | |
| Mining rights | 246,815 | 246,815 |
| Exchange gain | 40,864 | 40,864 |
| | 287,679 | 287,679 |
| Balance, beginning of period | 772,684 | 772,684 |
| Balance, end of period | 1,060,363 | 1,060,363 |

Exploration and evaluation assets

For the nine-month period ended September 30, 2019

| PERU | | |
|--|---|---------|
| | Quiulacocha tailings and Excelsior Stockpile | Total |
| | \$ | \$ |
| Exploration and evaluation assets | | |
| Installation pre-operative expenses | - | - |
| Exchange loss | (5,560) | (5,560) |
| | (5,560) | (5,560) |
| Balance, beginning of period | 196,406 | 196,406 |
| Balance, end of period | 190,846 | 190,846 |

Exploration and evaluation assets

For the nine-month period ended September 30, 2018

| PERU | | |
|--|---|---------|
| | Quiulacocha tailings and Excelsior Stockpile | Total |
| | \$ | \$ |
| Exploration and evaluation assets | | |
| Installation pre-operative expenses | - | - |
| Exchange gain | 6,822 | 6,822 |
| | 6,822 | 6,822 |
| Balance, beginning of period | 180,712 | 180,712 |
| Balance, end of period | 187,534 | 187,534 |

MANAGEMENT'S DISCUSSION AND ANALYSIS

QUALIFIED PERSON

Dr. Michel Boily P. Geo, is the qualified person under NI 43-101 who has reviewed and approved the technical information contained in this document for the Canadian and Peruvian properties.

FINANCIAL INFORMATION

Functional and presentation currency

These selected 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, 2018.

Use of estimates and judgements

Please refer to Note 3.5 of the 2018 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

The Company's changes to accounting policies are disclosed in Note 4.1 in the condensed interim consolidated financial statements for the three-month and nine-month periods ended September 30, 2019.

New standards and interpretations that have not yet been adopted

The information is provided in Note 4.2 of the condensed interim consolidated financial statements for the three-month and nine-month periods ended September 30, 2019.

Reverse takeover

The information is provided in Note 6 in consolidated financial statements for the year ended December 31, 2018.

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 highly 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

| | 2019 | | 2018 | | 2017 | | | |
|---|-----------------|-----------------|------------------|-------------------|----------------|-----------------|----------------|----------------|
| | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | Q4 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS | | | | | | | | |
| Operating expenses | | | | | | | | |
| General and administrative expenses | 646,745 | 851,507 | 2,314,869 | 770,569 | 474,702 | 359,534 | 160,883 | 543,287 |
| | 646,745 | 851,507 | 2,314,869 | 770,569 | 474,702 | 359,534 | 160,883 | 543,287 |
| Other expenses (revenues) | | | | | | | | |
| Finance expense | 2,271 | 2,639 | 2,460 | 1,816 | 1,342 | 1,408 | 830 | 19,609 |
| Exchange loss (gain) | 65,813 | 61,063 | 5,627 | (75,100) | 3 | (632) | (40,136) | (3,199) |
| Non-receivable sales taxes | - | 29,011 | 7,540 | 11,030 | 15,487 | 15,678 | 9,217 | 5,069 |
| Gain on settlement of payables | - | - | - | (76,961) | - | - | - | - |
| Non cash listing costs related to the reverse takeover ("RTO") ⁽¹⁾ | - | - | - | 13,754,103 | - | - | - | - |
| | 68,084 | 92,713 | 15,627 | 13,614,888 | 16,832 | 16,454 | (30,089) | 21,479 |
| Income tax | - | - | - | - | - | - | - | - |
| Net loss | 714,829 | 944,220 | 2,330,496 | 14,385,457 | 491,534 | 375,988 | 130,794 | 564,766 |
| Other comprehensive loss (income) | | | | | | | | |
| Currency translation adjustment | (64,556) | (18,662) | 22,894 | (3,814) | (6,283) | (73,736) | 29,693 | 6,753 |
| Other comprehensive loss (income) net of tax | (64,556) | (18,662) | 22,894 | (3,814) | (6,283) | (73,736) | 29,693 | 6,753 |
| Net loss and comprehensive loss (income) | 650,273 | 925,558 | 2,353,390 | 14,381,643 | 485,251 | 302,252 | 160,487 | 571,519 |
| Net loss attributable to: | | | | | | | | |
| Shareholders of Cerro de Pasco Resources Inc. | 650,273 | 925,558 | 2,353,390 | 14,381,643 | 485,251 | 302,252 | 160,487 | 571,519 |
| Non-controlling interests | - | - | - | - | - | - | - | - |
| Other comprehensive loss (income) attributable to: | | | | | | | | |
| Shareholders of Cerro de Pasco Resources Inc. | (64,556) | (18,662) | 22,894 | (3,814) | (6,283) | (73,736) | 29,693 | 6,753 |
| Non-controlling interests | - | - | - | - | - | - | - | - |
| Basic and diluted loss per share: | 0.00 | 0.00 | 0.01 | 0.06 | 0.00 | 0.00 | 0.00 | 0.01 |

⁽¹⁾ See Note 6 in consolidated financial statements for the year ended December 31, 2018.

| | 2019 | | 2018 | | 2017 | | | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | Q4 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| CONSOLIDATED STATEMENTS OF FINANCIAL POSITION | | | | | | | | |
| Cash and cash equivalents | 1,147,065 | 2,107,619 | 630,800 | 1,364,140 | 135,624 | 181,698 | 96,218 | 38,441 |
| Property and equipment | 60,636 | 21,529 | 21,071 | 22,886 | 1,045 | 1,086 | 1,058 | 1,028 |
| Mining properties | 1,078,910 | 1,066,201 | 1,088,687 | 1,110,343 | 1,060,183 | 1,079,142 | 1,051,026 | 722,684 |
| Exploration and evaluation assets | 190,846 | 188,598 | 192,576 | 196,406 | 187,534 | 190,887 | 185,914 | 180,712 |
| Total assets | 2,883,841 | 3,694,929 | 2,154,280 | 2,954,032 | 1,534,143 | 1,636,829 | 1,456,299 | 1,111,031 |
| Total current liabilities | 286,272 | 448,851 | 565,295 | 560,512 | 239,159 | 295,148 | 1,595,612 | 1,461,206 |
| Equity | 2,594,318 | 3,244,592 | 1,584,629 | 2,391,302 | (442,292) | 42,959 | (965,123) | (901,603) |

The net loss of \$714,829 for Q3-2019 is attributable to general and administrative expenses of \$646,745.

The net loss of \$944,219 for Q2-2019 is attributable to general and administrative expenses of \$851,506.

The net loss of \$2,330,496 for Q1-2019 is mostly attributable to the grant of 5,450,000 share options to directors, officers, consultants and an employee which the fair value was estimated at \$1,337,905.

The net loss of \$14,385,457 for Q4-2018 is attributable to listing costs expenses of \$13,754,103 related to the RTO of October 5, 2018.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The net loss of \$491,534 for Q3-2018 is attributable to general and administrative expenses of \$474,702.

The net loss of \$375,988 for Q2-2018 is attributable to general and administrative expenses of \$359,534.

The net loss of \$564,766 for Q4-2017 is attributable to general and administrative expenses of \$543,287.

Results of operations for the three-month period ended September 30, 2019

Net loss

The basic and diluted loss per share for the three-month period ended September 30, 2019 is \$0.00 as compared to \$0.00 for the three-month period ended September 30, 2018.

During the three-month period ended September 30, 2019, the Company realized a net loss of \$714,829 as compared to a net loss of \$491,534 for the three-month period ended September 30, 2018.

The increase of \$223,295 for the three-month period ended September 30, 2019 in net loss as compared to 2018 is due to an increase in the volume of operating activities. The increase in net loss is mostly attributable to an increase of \$172,043 in operating expenses (\$646,745 in Q3-2019 as compared to \$474,702 in Q3-2018).

Operating expenses

During the three-month period ended September 30, 2019, operating expenses were \$646,745 as compared to \$474,702 for the three-month period ended September 30, 2018.

The increase of \$172,043 for the three-month period ended September 30, 2019 as compared to 2018 in operating expenses is attributable to an increase in the volume of operating activities. The increase in operating activities is mostly attributable to an increase of \$75,346 in management and consulting fees (\$285,306 in Q3-2019 as compared to \$209,960 in Q3-2018) combined with an increase of \$47,087 in business development (\$53,351 in Q3-2019 as compared to \$6,264 in Q3-2018) and an increase of \$42,198 in salaries and employee benefit expense (\$121,715 in Q3-2019 as compared to \$79,517 in Q3-2018).

Other expenses (revenues)

During the three-month period ended September 30, 2019, the other expenses were \$68,084 as compared to other expenses of \$16,832 for the three-month period ended September 30, 2018.

The increase of \$51,252 for the three-month period ended September 30, 2019 in other expenses as compared to 2018 is attributable to an increase in exchange loss of \$65,810 (\$65,813 in exchange loss in Q3-2019 as compared to \$3 in exchange loss in Q3-2018).

Results of operations for the nine-month period ended September 30, 2019

Net loss

The basic and diluted loss per share for the nine-month period ended September 30, 2019 is \$0.02 as compared to \$0.01 for the nine-month period ended September 30, 2018.

During the nine-month period ended September 30, 2019, the Company realized a net loss of \$3,989,545 as compared to a net loss of \$998,316 for the nine-month period ended September 30, 2018.

The increase of \$2,991,229 for the nine-month period ended September 30, 2019 in net loss as compared to 2018 is due to an increase in the volume of operating activities. The increase in net loss is mostly attributable

MANAGEMENT'S DISCUSSION AND ANALYSIS

to an increase of \$2,818,002 in operating expenses (\$3,813,121 for the nine-month period ended September 30, 2019 as compared to \$995,119 for the nine-month period ended September 30, 2018).

Operating expenses

During the nine-month period ended September 30, 2019, operating expenses were \$3,813,121 as compared to \$995,119 for the nine-month period ended September 30, 2018.

The increase of \$2,818,002 for the nine-month period ended September 30, 2019 as compared to 2018 in operating expenses is attributable to an increase in the volume of operating activities. The increase in operating activities is mostly attributable to an increase of \$623,738 in management and consulting fees (\$977,051 for the nine-month period ended September 30, 2019 as compared to \$353,313 for the nine-month period ended September 30, 2018) combined with an increase of \$278,768 in professional fees (\$498,204 for the nine-month period ended September 30, 2019 as compared to \$219,436 for the nine-month period ended September 30, 2018), an increase of \$397,590 in business development expenses (\$441,567 for the nine-month period ended September 30, 2019 as compared to \$43,977 for the nine-month period ended September 30, 2018), and an increase in share-based compensation expense of \$1,337,905 (\$1,337,905 for the nine-month period ended September 30, 2019 as compared to \$Nil for the nine-month period ended September 30, 2018).

Other expenses (revenues)

During the nine-month period ended September 30, 2019, the other expenses were \$176,424 as compared to other expenses of \$3,197 for the nine-month period ended September 30, 2018.

The increase of \$173,227 for the nine-month period ended September 30, 2019 in other expenses as compared to 2018 is attributable to an increase in exchange loss of \$173,268 (\$132,503 in exchange loss for the nine-month period ended September 30, 2019 as compared to \$40,765 in exchange gain for the nine-month period ended September 30, 2018).

CASH FLOWS

Cash flows used for operating activities

Cash flows used for operating activities were \$2,914,735 during the nine-month period ended September 30, 2019, an increase of \$2,088,732 as compared to cash flows of \$826,003 from operating activities during the nine-month period ended September 30, 2018. The increase of \$2,088,732 in cash flows used for operating activities is mostly explained by an increase of \$1,480,097 in general and administrative expenses excluding the share-based compensation of \$1,337,905 (\$2,475,216 for the nine-month period ended September 30, 2019 excluding the share-based compensation of \$1,337,905 as compared to \$995,119 for the nine-month period ended September 30, 2018).

Cash flows from financing activities

Cash flows from financing activities were \$2,646,240 during the nine-month period ended September 30, 2019, an increase of \$1,493,560 as compared to cash flows of \$1,152,680 from financing activities during the nine-month period ended September 30, 2018. The increase of \$1,493,560 is mostly attributable to an increase of \$2,618,332 of the proceeds from warrants exercised (\$2,618,332 for the nine-month period ended September 30, 2019 as compared to \$Nil for the nine-month period ended September 30, 2018).

Cash flows used for investing activities

Cash flows used for investing activities were \$45,632 (acquisition of equipment) during the nine-month period ended September 30, 2019, a decrease of \$211,961 as compared to cash flows of \$255,593 used for investing

MANAGEMENT'S DISCUSSION AND ANALYSIS

activities during the nine-month period ended September 30, 2018 for the acquisition of rights to a mining property.

OTHER FINANCIAL DISCLOSURES

Related party transactions

Please refer to Note 12 of the condensed interim consolidated financial statements for the three-month and nine-month periods ended September 30, 2019, for a summary of the Company's transactions with related parties.

Commitments and contingency

Please refer to Note 16 of the condensed interim consolidated financial statements for the three-month and nine-month periods ended September 30, 2019, for a summary of the Company's commitments and contingencies.

Subsequent events

Please refer to Note 17 of the condensed interim consolidated financial statements for the three-month and nine-month periods ended September 30, 2019, for a summary of the Company's subsequent events.

Off-financial position arrangements

As at September 30, 2019, the Company had no off-financial position arrangements.

Going concern assumption

The accompanying consolidated financial statements have been prepared on the basis of the on going concern assumption meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of business. 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, 12 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 significant 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 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.

For the nine-month period ended September 30, 2019, the Company recorded a net loss of \$714,829 (\$491,534 in 2018) and has an accumulated deficit of \$21,402,853 as at September 30, 2019 (\$17,413,308 as at December 31, 2018). Besides the usual needs for working capital, the Company must obtain funds to enable it to meet the timelines of its exploration programs and to pay its overhead and administrative costs. As at September 30, 2019, the Company had a working capital of \$1,264,795 (a working capital of \$1,063,885 as at December 31, 2018) consisting of cash and cash equivalents of \$1,147,065 (\$1,364,140 as at December 31, 2018). Management believes that these funds will not be sufficient to meet the obligations and liabilities of the Company. These uncertainties cast significant doubt regarding the Company's ability to continue as a going concern. 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. Given that the Company has not yet determined whether its mineral properties contain mineral deposits that are economically recoverable, the Company has not yet generated income nor cash flows from its 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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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. During the nine-month period ended September 30, 2019, the Company has raised \$2,668,332 from warrants exercised and private placements consisting of common shares to fund exploration works and working capital. 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.

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 14 and condensed interim consolidated statement of changes in equity in the condensed interim consolidated financial statements for the three-month and nine-month periods ended September 30, 2019. 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.

Disclosure of outstanding share data

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

CERRO DE PASCO RESOURCES INC.

Disclosure of outstanding share data (as at November 29, 2019)

| | | | | | |
|-----------------------------------|-------------|--------------------|------------------|-----------------------|-----------------------|
| Outstanding common shares: | 253,272,206 | | | | |
| Outstanding share options: | 5,450,000 | | | | |
| Average exercise price of: | \$0.400 | | | | |
| Average remaining life of: | 4.27 years | | | | |
| | | Expiry date | Number | Exercise price | Remaining life |
| | | | | \$ | (years) |
| | | March 7, 2024 | 5,400,000 | 0.40 | 4.27 |
| | | March 29, 2024 | 50,000 | 0.40 | 4.33 |
| | | | <u>5,450,000</u> | | |
| Outstanding warrants: | 6,633,640 | | | | |
| Average exercise price of: | \$0.400 | | | | |
| Average remaining life of: | 1.06 years | | | | |
| | | Expiry date | Number | Exercise price | Remaining life |
| | | | | \$ | (years) |
| | | December 17, 2020 | 716,000 | 0.40 | 1.05 |
| | | December 21, 2020 | 5,917,640 | 0.40 | 1.06 |
| | | | <u>6,633,640</u> | | |

MANAGEMENT'S DISCUSSION AND ANALYSIS

RISK AND UNCERTAINTIES

Cerro de Pasco Resources is subject to a variety of risks, some of which are described below. If any of the following risks occur, the business, results of operations or financial condition could be adversely affected in a material manner.

Financial instrument risks

Please refer to Note 15 of condensed interim consolidated financial statements for the three-month and nine-month periods ended September 30, 2019 for a summary of the Company's financial instruments risks.

Certain Risks associated with the Quiulacocha Tailings and Excelsior Stockpile

Cerro de Pasco Resources will be solely focused on the exploration and development of the Property. Cerro de Pasco has initiated negotiations with local stakeholders for gaining access to a portion of the surface lands that Cerro de Pasco Resources will require for processing the tailings, dumps and slag to which Cerro de Pasco's "El Metalurgista" concession entitles it to. It is the intention of Cerro de Pasco Resources to pursue the negotiations and reach an agreement with local stakeholders. There is however no guarantee that such an agreement will be reached. Unless Cerro de Pasco Resources acquires additional property interests, any adverse developments affecting the Property could have a material adverse effect upon Cerro de Pasco Resources and would materially and adversely affect any profitability, financial performance and results of operations of Cerro de Pasco Resources.

Exploration and mining risks

The Company is engaged in the business of acquiring and exploring mineral properties in the hope of locating economic deposits of minerals. The Company's property interests are in the exploration and evaluation stage only. The business of mineral exploration involves a high degree of risk. Few properties that are explored are ultimately developed into production. Currently, there are no known bodies of commercial ore on the mineral properties of which the Company owns an interest. Accordingly, there is little likelihood that the Company will realize any profits in the short to medium term. Any profitability in the future from the Company's business will be dependent upon locating an economic deposit of minerals. However, there can be no assurance, even if an economic deposit of minerals is located, that it can be commercially mined.

Unusual or unexpected formations, fires, power outages, labour disruptions, flooding, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the conduct of exploration programs.

The economics of developing mineral properties is affected by many factors including the cost of operations, variation of the grade of ore mined and fluctuations in the price of any minerals produced. There are no underground or surface plants or equipment on the Company's mineral properties, nor any known body of commercial ore. Programs conducted on the Company's mineral property would be an exploratory search for ore.

Titles to property

While the Company has diligently investigated title to the various properties in which it has interest, and to the best of its knowledge, title to those properties are in good standing, this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements or transfer, or native or government land claims, and title may be affected by undetected defects.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Permits and licenses

The Company's operations may require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects.

Metal prices

Even if the Company's exploration programs are successful, factors beyond the control of the Company may affect marketability of any minerals discovered. Metal prices have historically fluctuated widely and are affected by numerous factors beyond the Company's control, including international, economic and political trends, expectations for inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and worldwide production levels. The effect of these factors cannot accurately be predicted.

Competition

The mining industry is intensely competitive in all its phases. The Company competes with many companies possessing greater financial resources and technical facilities than itself for the acquisition of mineral interests as well as for recruitment and retention of qualified employees.

Environmental regulations

The Company's operations are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions of spills, release or emission of various substances produced in association with certain mining industry operations, such as seepage from tailing disposal areas, which could result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require submissions to and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. The Company intends to fully comply with all environmental regulations.

Conflicts of interest

Certain directors or proposed directors of the Company are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are 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 of interest 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 or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Stage of development

The Company's properties are in the exploration stage and to date none of them have a proven ore body. The Company does not have a history of earnings or providing a return on investment, and in future, there is no assurance that it will produce revenue, operate profitably or provide a return on investment.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Industry conditions

Mining and milling operations are subject to government regulations. Operations may be affected in varying degrees by government regulations such as restrictions on production, price controls, tax increases, expropriation of property, pollution controls or changes in conditions under which minerals may be mined, milled or marketed. The marketability of minerals may be affected by numerous factors beyond the control of the Company, such as government regulations. The effect of these factors cannot be accurately determined.

Uninsured risks

The Company's business is subject to a number of risks and hazards, including environmental conditions adverse, environmental regulations, political uncertainties, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to the Company's properties or the properties of others, delays in mining, monetary losses and possible legal liability.

Capital needs

The exploration and evaluation, development, mining and processing of the Company's properties may require substantial additional financing. The only current source of future funds available to the Company is the sale of additional equity capital and the borrowings of funds. There is no assurance that such funding will be available to the Company or that it will be obtained on terms favourable to the Company or will provide the Company with sufficient funds to meet its objectives, which may adversely affect the Company's business and financial position.

In addition, any future equity financings by the Company may result in a substantial dilution of the existing shareholders. Failure to obtain sufficient financing may result in delaying or indefinite postponement of further exploration and evaluation, development or production on any or all of the Company's properties or even a loss of property interest.

Key employees

Management of the Company rests on a few key officers and members of the Board of Directors, the loss of any of whom could have a detrimental effect on its operations. The development of the Company's business is and will continue to be dependent on its ability to attract and retain highly qualified management and mining personnel. The Company faces competition for personnel from other employers.

Canada Customs and Revenue Agency

No assurance can be made that Canada Customs and Revenue Agency will agree with the Company's characterization of expenditures as Canadian exploration expenses or Canadian development expenses or the eligibility of such expenses as Canadian exploration expenses under the *Income Tax Act* (Canada).

CERTIFICATION OF INTERIM FILINGS

The President and Chief Executive Officer and the Chief Financial Officer have signed the Basic Certifications of Interim 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 interim filings.

- The President and Chief Executive Officer and the Chief Financial Officer confirm to have reviewed the interim financial report and the interim MD&A (together, the "interim filings") of the Company for the three-month period ended September 30, 2019.

MANAGEMENT'S DISCUSSION AND ANALYSIS

- Based on their knowledge, having exercised reasonable diligence, the President and Chief Executive Officer and the Chief Financial Officer confirm that the interim 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 interim filings.
- Based on their knowledge, having exercised reasonable diligence, the President and Chief Executive Officer and the Chief Financial Officer confirm that the interim financial report together with the other financial information included in the interim 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 interim filings.