



MANAGEMENT'S DISCUSSION & ANALYSIS



Quarter ended March 31, 2022
(First Quarter)

MANAGEMENT'S DISCUSSION AND ANALYSIS

QUARTER ENDED MARCH 31, 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 period ended March 31, 2022. It includes a review of the Company's financial condition and review of operations for the three-month period ended March 31, 2022, as compared to the three-month period ended March 31, 2021.

This MD&A complements the condensed interim consolidated financial statements for the three-month period ended March 31, 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 March 31, 2022 and related notes thereto.

The condensed interim consolidated financial statements for the three-month period ended March 31, 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 March 31, 2022. On July 6, 2022, the Board of Directors approved, for issuance, the condensed interim consolidated financial statements for the three-month period ended March 31, 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 July 6, 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE MONTHS ENDED MARCH 31, 2022

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE MONTHS ENDED MARCH 31, 2022

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

➤ NI 43-101 Resource Estimate for Santander Magistral and Pipe Deposits

On January 25, 2022, the Company announced the results of a Mineral Resource estimate for the Santander Project Magistral and Pipe deposits, in Huaral, Department of Lima, Peru, prepared in accordance with Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Definition Standards for Mineral Resources and Mineral Reserves, adopted by the CIM Council on May 10, 2014.

The Technical Report entitled "Cerro de Pasco Resources - NI 43-101 and Resource Estimate Updates for Santander Mine Magistral and Pipe, Peru" is dated January 24, 2022, and supports the disclosure made by the Corporation in its November 8, 2021 press release. The NI 43-101 was completed by DRA AMERICAS PERU a subsidiary of DRA Global Limited (ASX: DRA | JSE: DRA), a diversified global engineering, project delivery and operations management group.

The Mineral Resources for the Magistral (Santander Mine) and Santander Pipe deposits as of the 31st of December of 2021:

Magistral Deposits:

Category	Tonnes (000)	Zn (%)	Pb (%)	Ag (g/t)
Measured	1,013	3.92	0.92	36.1
Indicated	1,370	4.86	0.22	17.2
Measured + Indicated	2,383	4.46	0.51	25.2
Inferred	1,601	3.95	0.19	15.7

Santander Pipe Deposit:

Category	Tonnes (000)	Zn (%)	Cu (%)	Pb (%)	Ag (g/t)
Indicated	1,791	7.18	0.10	0.03	14.8
Inferred	3,189	5.07	0.15	0.004	7.9

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE MONTHS ENDED MARCH 31, 2022

1. All Mineral Resources have been estimated in accordance with the CIM Definition Standards. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. Numbers may not add up due to rounding.
2. This Technical Report is the current technical report in support of Mineral Resource Estimates for the Magistral and Santander Pipe deposits of the Santander property.
3. The Santander Magistral Underground Mine Mineral Resource estimate is reported based on net smelter return cut-off grade of \$40/tonne with metal prices of: US\$3,000/tonne for Zn, US\$2,200/tonne for Pb, and US\$25/Oz for Ag.
4. For Magistral: $NSR = (16.7 \times \%Zn) + (11.9 \times \%Pb) + (0.41 \times g/tAg)$, assuming recoveries of 90% for Zn, 75% for Pb and 55% for Ag.
5. The Santander Magistral Underground Mine Mineral Resource model has been prepared by the mine geology department. Qualified Person, Mr. Graeme Lyall (FAusIMM), an independent Resource geology consultant, has restated the resource with adjustments and depletion with an effective date of December 31, 2021,
6. The Santander Pipe Underground Deposit Mineral Resource estimate is reported based on net smelter return cut-off grade of \$40/tonne with metal prices of US\$3,000/tonne for Zn, US\$2,200/tonne for Pb, US\$9,300/tonne for Cu, and US\$25/Oz for Ag.
7. The Santander Pipe Underground Deposit Mineral Resource model has been prepared by the exploration geology department. Qualified Person, Mr. Graeme Lyall (FAusIMM), an independent Resource geology consultant, has restated the resource with adjustments with an effective date of December 31, 2021.
8. For Santander Pipe: $NSR = (17.5 \times \%Zn) + (11.1 \times \%Pb) + (40.8 \times \%Cu) + (0.37 \times g/tAg)$, assuming recoveries of 90% for Zn, 70% for Pb, 60% for Cu and 50% for Ag.

Magistral Deposits

The current mineral resource figures for the Magistral Deposits, effective from December 31, 2021, differ from those stated in CDRP's November 8, 2021, press release due to a revised depletion that has excluded Mineral Resources mined during 2021, and assumptions relating to the NSR cut-off calculation.

Santander Pipe Project

The current mineral resource figures for the Santander Pipe Project, effective as from December 31, 2021, differ from those stated in CDPR's November 8, 2021, press release, due to revisions on the classification of Mineral Resources and assumptions relating to the NSR cut-off calculation. DRA is of the opinion that a significant portion of the deeper Inferred Mineral Resources could be upgraded to Indicated following a more detailed revision of the model for this part of the deposit (DRA QP, Mr. Graeme Lyall (FAusIMM)).

➤ Fatality at Santander Mine

On January 31, 2022, a fatal accident claimed the life of a miner, working for the Company's mine contractor in the South zone of the Magistral mine. Upon knowledge of the tragic accident, all mining activities were suspended immediately, and authorities notified.

On February 1, 2022, the Company reported that it had been informed by its mining contractor that a fatality occurred in underground preparation and development activities at the Santander Mine in Peru

Following the regrettable, fatal accident that occurred at the Santander Mine on January 31, 2022, all statutory reports have been satisfactory submitted to the local authorities. The Company completed a full safety review on all work fronts in development and production, to ensure that existing conditions are safe in areas where activities are taking place. The mine resumed operations on the 18 February 2022.

➤ Subsidiary H2-SPHERE GMBH signs contract with German Aerospace Center to develop green hydrogen production process using its own tailings and stockpiles at Cerro de Pasco.

On March 2, 2022, the Company announced that its subsidiary H2-Sphere GmbH, formed in December 2021 in partnership with Prof Dr. Bernhard Dold, has signed an exclusive agreement with German Aerospace Centre (DLR), to jointly develop techniques for converting mining waste into green hydrogen

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE MONTHS ENDED MARCH 31, 2022

and other by-products. In the first stage (6 months), DLR will produce an Investigation Report and in the second stage the entity will perform laboratory testing, culminating in a template for industrial-scale production,

DLR – Global Technology Leader

DLR is the Federal Republic of Germany's research center for aeronautics and space. It conducts research and development activities in the fields of aeronautics, space, energy, transport, security and digitalisation. DLR uses the expertise of its 55 research institutes and facilities to develop solutions. With 10,000 employees, the entity's stated mission is to explore Earth and space and develop technologies for a sustainable future.

Research with H2-SPHERE will be 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.

Double-green Hydrogen

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".

Industrially Scalable Resource

Up to half of CDPR's Quiulacocha Tailings and the Excelsior Stockpile, together amounting to approximately 180Mt, can potentially be reprocessed using the techniques now under development under the DLR – H₂-SPHERE agreement. Beyond CDPR, 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.

Catch the Wave

The H2-SPHERE initiative coincides with the imminent start of exploratory drilling at CDPR's El Metalurgista concession with a focus on the Quiulacocha Tailings. It also coincides with the first major global move towards H₂, with important initiatives developing at a national level in Peru, Chile and Colombia.

➤ **Appointment of Chief Operating Officer**

On March 10, 2022, the Company announced the appointment of Mr. Jorge Lozano as Chief Operating Officer effective April 15, 2022. Mr. Lozano is a Mine Engineer with a diverse background and 20 years of experience in mining operations and engineering experience in managing operations and projects in the US, Latin America, and Asia. Jorge's management experience ranges across all aspects of mine operations and processing facilities. He is a Qualified Person (QP) under the Mining and Metallurgy Society of America. Jorge is also a Six Sigma Black Belt (techniques and tools for process improvement) and Project Management certified, with experience in LEAN process systems, behavior-based safety, and change management.

Previously, Jorge has worked as Director of Mining for Alio Gold, Senior Operations Manager for Cobre del Mayo, Mercator Minerals, and MPI, as well as Senior Consultant and Project Management with JDS Mining, Proudfoot, Certitude, Accenture, Unison and independently, in both open pit and underground operations. Mr. Lozano is a graduate of the University of Idaho with B.S. in Mining.

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE MONTHS ENDED MARCH 31, 2022

➤ **Warrant Extension**

On February 9, 2022, the Company announced that is exceptionally amended the terms of common share purchase warrants issued as part of non-brokered private placements closed between February 2, 2020 and August 28, 2020.

The Company issued 2,343,500 common share purchase warrants pursuant to private placement offerings of the Corporation closed on February 28, 2020 and March 6, 2020. Each such Warrant entitles its holder to purchase one common share of the Corporation at an exercise price is \$0.65 for a period of two years.

The Company also issued 10,184,588 common share purchase warrants (the “**Other Warrants**”) pursuant to private placement offerings of the Corporation closed on June 15, 2020, June 16, 2020, July 2, 2020, August 21, 2020 and August 28, 2020. Each such Other Warrant entitles its holder to purchase one common share of the Corporation at an exercise price is \$0.50 for a period of two years.

The Company extended the term of the Warrants and Other Warrants to February 28, 2023, and to reduce the exercise price of the Warrants, except for 53,150 Warrants held by insiders of the Corporation, from \$0.65 to \$0.50, with all other terms and conditions of the Warrants and Other Warrants remaining the same.

➤ **Issuance of Shares and Options**

On January 24, 2022, the Company issued to a service provider 60,000 common shares valued at \$15,000 for business development consultancy and consulting fees.

On February 17, 2022, the Company issued to two service providers a total of 30,000 common shares valued at \$7,500 for business development consultancy and consulting fees.

On March 28, 2022, the Company issued to a service provider 303,797 common shares valued at \$79,949 for business development consultancy and consulting fees.

On March 28, 2022, the Company issued to a service provider 303,797 common shares valued at \$79,949 as a senior advisor of H2 Sphere for business development consultancy and consulting fees. In addition, the Company issued under this consultancy agreement dated January 1, 2022, options to purchase an aggregate of 340,000 common shares of its capital stock, at \$0.40 per share, for a period of five years, as long as he remains employed by H2 Sphere.

On March 28, 2022, the Company issued 342,857 common shares valued at \$85,714 to the CEO of H2 Sphere as compensation for services under an employment agreement dated January 1, 2022. In addition, the Company issued under this employment agreement options to purchase an aggregate of 700,000 common shares of its capital stock, at \$0.40 per share, for a period of five years, as long as he remains employee of H2 Sphere.

BUSINESS DEVELOPMENT HIGHLIGHTS SUBSEQUENT EVENTS

Changes in Board of Directors and Management

On April 26, 2022, the Company announced the appointment of Eduardo Loret de Mola as Non-Executive Director. Mr. Loret de Mola is a Mining Engineer with a master's degree in Mining Economy. A Peruvian national, he brings a wealth of experience in operations, planning and commissioning of mining projects in Peru and abroad, in multinational and national mining companies.

On April 26, 2022, the Company announced the retirement of Neil Ringdahl (as President and Director) and David Shaw from the Board of Directors. Mr. Ringdahl and Mr. Shaw remain as senior advisors of the Company.

On April 26, 2022, Mr. Manuel Rodriguez Mariátegui, Executive Director, was appointed to the role of President and Director of the Company. This change follows the recent appointment of Jorge Lozano as COO of CDP. R.

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE MONTHS ENDED MARCH 31, 2022

➤ **Drilling Program at Santander**

On April 26, 2022, the Company announced that it has started a 30,750m exploration and infill drilling campaign at the Santander Mine with the purpose of increasing Mineral Resources and Reserves.

On April 27, 2022, the Company announced the results of its first 4,247m of its 30,750m drilling program at Santander.

➤ **Appointment of New Chief Financial Officer**

On, April 29, 2022, the Company announced the appointment of James Cardwell as Chief Financial Officer, Mr. Cardwell has over 16 years of experience as Chief financial officer and Chief Operating Officer. Mr. Cardwell has served as Chief financial officer for several entities including but not limited to NanoVibronix, Inc. (NASDAQ: NAOV), a medical device company, from June 2019 to October 2020; Esports Entertainment Group (NASDAQ: GMBL), an esports and online gambling company, from February 2020 to June 2020; Stemtech Corporation (OTC:GNTW), a nutrition supplement company, since May 2020; Ehave, Inc. (EHVVF), a health data platform company since October 2020; Artemis Acquisition Corporation, a SPAC in the Healthcare Industry June 2021 to December 2021; NewGioco Group Inc., a gaming technology company, from August 2018 to December 2018; and VerifyMe Inc., a company that provides comprehensive brand protection and customer engagement solutions, from January 2018 to May 2018. Mr. Cardwell started his public accounting career at Arthur Andersen & Co. (St. Louis) and worked as a Tax Accountant from 1981 to 1985, with clients including General Dynamics, Anheuser-Bush, May Department Stores and others. Mr. Cardwell has extensive experience in corporate structure, financial reporting and modelling, mergers and acquisition, quality of earnings and business analysis, SEC reporting, tax and compliance. He currently serves as the Trustee of John Street United Methodist Church and John Street Trust Fund Society. He is also the Treasurer and Director of Southold Historical Museum.

➤ **Sonic Drilling Campaign on Quiulacocha Tailings**

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE MONTHS ENDED MARCH 31, 2022

SANTANDER MINE, PERU

Production Results

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

			Q1 2022
Production			
Ore Mined	t		92,602
Ore Milled	t		94,918
Zn Head Grade	%		4.3%
Pb Head Grade	%		0.2%
Ag Head Grade	oz/t		0.56
Zn Recovery	%		95.3%
Pb Recovery	%		75.1%
Ag recovery	%		50.3%
Zn Payable Production	Mlbs		7.2
Pb Payable Production	Mlbs		0.3
Ag Payable Production	Moz		0.02
Zn Head Grade	%		48.7%
Pb Head Grade	%		48.5%
Sales			
Zn Payable sold	Mlbs		7.5
Pb Payable sold	Mlbs		0.2
Ag Payable sold	Moz		0.02
C1 Cash Cost ¹	US\$/lb		1.6
AISC ¹	US\$/lb		1.6
Finance			
Revenues, net	(000)s US\$		14,581
Cost of Goods Sold	(000)s US\$		10,046
Adjusted EBITDA ¹	(000)s US\$		4,535
Impairment	(000)s US\$		0
Other expenses (income)	(000)s US\$		(18.2)
EBITDA ¹	(000)s US\$		4,517
Depreciation	(000)s US\$		262
EBIT ¹	(000)s US\$		4,255

¹ See "Use of Non-IFRS Financial Performance Measures.

			Q1 2022
Mine Operating Expenses	(000)s US\$		9,517
Smelting and refining	(000)s US\$		2,459
Distribution	(000)s US\$		217
Royalties	(000)s US\$		27
Less: By-product revenues	(000)s US\$		(678)
C1 total costs	(000)s US\$		11,542
Sustaining CAPEX	(000)s US\$		198
Lease Payments	(000)s US\$		0
AISC total costs	(000)s US\$		11,741
Pounds of zinc payable produced	Mlbs		7.2
C1 Cash Cost per pound	\$US		1.6
All-in Sustaining Cost per pound	\$US		1.6

¹ See "Use of Non-IFRS Financial Performance Measures

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE MONTHS ENDED MARCH 31, 2022

- Payable zinc production was 7.2 million pounds for three-month period ended March 31, 2022, due to the head grade of the production plan related to Magistral Sur.
- Adjusted EBITDA¹ for the three-month period ended March 31, 2022, was better than forecasted due to higher Zn Prices.
- The Company did not record a non-cash impairment charge of the property, plant and equipment at Santander in 2021.
- Production for the three-month period ended March 31, 2022 was greatly reduced, due to a 19-day stoppage in production due to an unfortunate fatal incident on January 31st and the change of mining contractor.

2022 Santander Production Guidance

	Units	Guidance 2022		
Payable production of ZnEq	(000)s lbs	46,066	-	58,260
Payable production of Zinc	(000)s lbs	40,854	-	51,669
Payable production of Lead	(000)s lbs	2,701	-	3,415
Payable production of Silver	(000)s oz	233	-	295
C1 Cost	US\$/ lb	1.00	-	1.27
AISC Cost	US\$/ lb	1.20	-	1.52

The Company acquired Santander with the objective of extending the operating life of the Magistral orebody over the previous plan which was to wind down operations ending in Q1 2022 (see press release dated Nov 8, 2021). Per the Company's guidance, a short-term plan through 2022 and into Q1 2023 has been finalized on immediately available and near-term mineralization close to existing workings. Additionally, the new infill drilling program has highlighted several months of mineralized material in lateral, footwall and hanging wall extensions of the Magistral ore body that will be included into the short-term plan with minimum development. The Company is currently focussed on recouping development meters and ramping up production to a steady state of 2,000 tpd through Q2 and Q3.

Upon completion of the 30,750-meter drilling campaign, the company plans to complete an industry compliant Technical Report with a new LOM Plan including the Santander Pipe and other relevant satellite but ore bodies to Magistral.

The Company is also focusing on optimization of the mine dewatering system, critical for operating continuity and overall efficiency of the mining operation; the enhancement of the power supply system and peak-power management efficiencies; bolstering the site leadership and supervisor teams at the site; increasing tailings dam capacity and working on management systems to optimize overall runtime for mining operations and reduce associated costs.

Santander Development and Exploration

Since purchase of the Santander Property from Trevali Peru, CDPR has commenced simultaneous exploration and infill drilling programs. The exploration drill program consists of 20,020 m (53 drill holes) along with an additional 10,730 m (81 holes) of underground resource infill drilling.

CDPR has allocated US\$3.5 M for the 2022 exploration and infill drilling programs. The drilling programs are designed to increase Resource and Reserves in the existing Magistral deposit and drill test targets to the North and South of the known Magistral orebodies to extend life of mine.

To date, 4,247.60 m (10 drill holes) of surface exploration and 1,679.30 m (17 drill holes) of underground infill drilling has been completed. CDPR contracted DRA to do PEA study on The Pipe-1, target late Q4-2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE MONTHS ENDED MARCH 31, 2022

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



MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE MONTHS ENDED MARCH 31, 2022

➤ **EI Metalurgista – Quiulacochoa TSF**

- 100% interest in the EI Metalurgista mining concession (95.74 ha) incorporating mineral rights covering 57 ha of the Quiulacochoa 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 Quiulacochoa 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 Quiulacochoa 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 Quiulacochoa TSF has potential to increase significantly if CDPR can acquire government owned surface rights that surround the EI Metalurgista concession.

Development Highlights

On May 25, 2022, the Company announced that it will carry out a sonic drilling campaign on its Quiulacochoa Tailings in Cerro de Pasco, in the third quarter of 2022.

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

- the social license granted by the Quiulacochoa Rural Community (*Comunidad Campesina de Quiulacochoa*, "CCQ") in October 2019;
 - an environmental impact declaration (*Declaración de Impacto Ambiental*, "DIA") for the Quiulacochoa tailings exploration project by the Peruvian Ministry of Energy and Mines (the "MINEM") approved in August 2021; and
 - the technical approval from the National Water Authority ("ANA") obtained in July 2021.
-
- Following several recent meetings with government officials, CDPR announced that official documents to start its sonic drilling campaign have been submitted on May 23, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE MONTHS ENDED MARCH 31, 2022

➤ **EI Metalurgista – Excelsior Stockpile**

- 100% interest in the EI 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 EI 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 EI 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

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE MONTHS ENDED MARCH 31, 2022

➤ 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.
- Now, with little availability of primary reserves, we will devote ourselves to re-exploiting tailings and discarded ore, extracting the remaining resources that include not only from the original minerals, but also the opportunity to exploit 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 will be 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”.

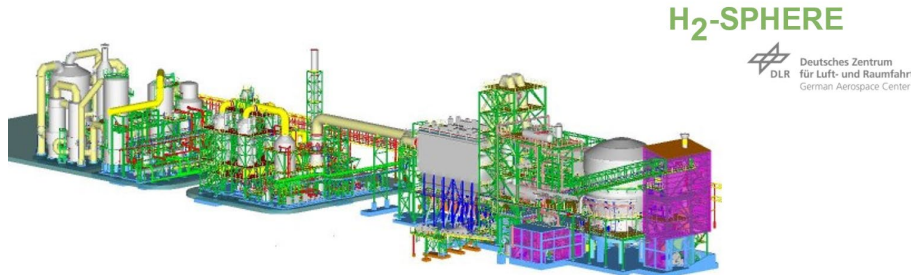
- First Stage study to complete in September 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE MONTHS ENDED MARCH 31, 2022

- Second stage will culminate in a template for industrial scale production

SUSTAINABLE MINING – PRODUCING GREEN HYDROGEN



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 disadvantaged 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 its 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE MONTHS ENDED MARCH 31, 2022

CORPORATE OBJECTIVES FOR 2022

- Complete Sonic Drilling Campaign for Quiulaocha Tailings Project
- 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 responsibility to restore and remediate the entire area of the Quiulaocha Tailings and Excelsior stockpile.
- Evaluate potential Transactions for the acquisition of operating mines and or complimentary infrastructure within Peru
- Bring Santander back to steady-state operations with improved practices and safety
- 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 Research and Development on converting mine waste into green hydrogen and other by-products

QUALIFIED PERSON

Mr. Shane Whitty has reviewed and approved the scientific and technical information regarding the technical information. Mr. Whitty is a qualified Person within the meaning of the NI 43-101 and is also the Vice President, Exploration for CDPR.

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE MONTHS ENDED MARCH 31, 2022

BUSINESS DEVELOPMENT HIGHLIGHTS

MINING PROPERTIES & EXPLORATION AND EVALUATION ASSETS

Mining properties and exploration and evaluation assets for the three-month period ended March 31, 2022 and 2021.

Mining properties

For the three-months ending March 31, 2022

	PERU	PERU	
	Quiulacocha tailings and Excelsior stockpile	Santander	Total
Mining Properties	\$	\$	\$
Mining rights	-	-	-
Exchange gain	(22,880)	-	(22,880)
	(22,880)	-	(22,880)
Balance, beginning of period	1,600,005	-	1,600,005
Balance, end of period	1,577,125	-	1,577,125

Mining properties

For the three-months ending March 31, 2021

	PERU	
	Quiulacocha tailings and Excelsior stockpile	Total
Mining Properties	\$	\$
Mining rights	-	-
Exchange gain	(16,801)	(16,801)
	(16,801)	(16,801)
Balance, beginning of period	1,362,449	1,362,449
Balance, end of period	1,345,648	1,345,648

Exploration and evaluation assets

For the three-months ending March 31, 2022

	PERU	PERU	
	Quiulacocha tailings and Excelsior stockpile	Santander	Total
Exploration and evaluation assets	\$	\$	\$
Acquisition	-	-	-
Exploration costs	-	958,911	958,911
Exchange gain	(2,623)	(234,043)	(236,666)
	(2,623)	724,867	722,245
Balance, beginning of period	182,704	6,720,689	6,903,393
Balance, end of period	180,081	7,445,556	7,625,638

Exploration and evaluation assets

For the three-months ending March 31, 2021

	PERU	
	Quiulacocha tailings and Excelsior stockpile	Total
Exploration and evaluation assets	\$	\$
Acquisition	-	-
Exploration costs	-	-
Exchange gain	(2,662)	(2,662)
	(2,662)	(2,662)
Balance, beginning of period	183,482	183,482
Balance, end of period	180,820	180,820

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE MONTHS ENDED MARCH 31, 2022

FINANCIAL INFORMATION

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 period ended March 31, 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE MONTHS ENDED MARCH 31, 2022

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.

	2022				2021			2020
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
	\$	\$	\$	\$	\$	\$	\$	\$
CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)								
Sales	18,220,165	9,111,188	-	-	-	-	-	-
Cost of Sales	12,152,274	5,787,674	-	-	-	-	-	-
Gross Profit	6,067,891	3,323,514	-	-	-	-	-	-
Expenses:								
Selling Expenses	928,215	177,988	-	-	-	-	-	-
Costs related to the acquisition of a mining company	-	683,158	-	-	-	-	-	-
Research and development expenses	177,350							
General and administrative expenses	1,946,154	1,673,364	881,389	1,006,983	1,182,888	2,440,979	2,552,884	1,039,564
Operating income (loss) before other revenues (expenses) and income tax	3,016,172	789,004	(881,389)	(1,006,983)	(1,182,888)	(2,440,979)	(2,552,884)	(1,039,564)
Other revenues (expenses)								
Financial income	-	66,484	-	-	-	66,484	-	-
Finance expense	(415,806)	(224,066)	(93,009)	(150,820)	(82,734)	(67,426)	(14,663)	(21,151)
Non-recoverable sales taxes	-	(62,269)	(7,633)	(10,330)	2,473	(18,893)	(18,184)	(3,630)
Change in fair value of								
marketable securities in a quoted company	-	(53,905)	17,968	10,782	(7,188)	(7,187)	-	25,156
warrants and embedded derivative on convertible debenture	-	15,754	26,973	46,686	29,622	17,976	-	-
Gain on settlement of payables	-	-	-	94,685	-	-	-	-
Gain on convertible debenture refinancing	-	-	-	8,879	-	-	-	-
Gain on bargain purchase	-	713,080	-	-	-	-	-	-
Government assistance	-	-	-	12,170	-	-	-	-
Gain on Covid-19 related rent concessions	-	-	-	-	-	39,862	-	-
Exchange gain (loss)	(47,433)	(100,195)	271,721	(5,080)	(33,847)	(260,413)	(115,963)	(160,202)
Total others revenue (expense)	(463,239)	354,883	216,020	6,972	(91,674)	(229,597)	(148,810)	(159,827)
Income and mining taxes	(255,180)	(817,195)	-	-	-	33,257	-	-
Net income (loss)	2,297,753	326,692	(665,369)	(1,000,011)	(1,274,562)	(2,703,833)	(2,701,694)	(1,199,391)
Other comprehensive income (loss)								
Currency translation adjustment	24,229	(88,714)	(192,247)	88,323	74,018	219,640	81,522	152,658
Other comprehensive income (loss) net of tax	24,229	(88,714)	(192,247)	88,323	74,018	219,640	81,522	152,658
Net comprehensive income (loss)	2,321,982	237,978	(857,616)	(911,688)	(1,200,544)	(2,484,193)	(2,620,172)	(1,046,733)
Net income (loss) loss attributable to:								
Shareholders of Cerro de Pasco Resources Inc	2,262,161	326,692	(665,369)	(1,000,011)	(1,274,562)	(2,703,833)	(2,701,694)	(1,199,391)
Non-controlling interests	35,592							
Other comprehensive income (loss) attributable to:								
Shareholders of Cerro de Pasco Resources Inc	23,665	(88,714)	(192,247)	88,323	74,018	219,640	81,522	152,658
Non-controlling interests	(564)							
Basic and diluted income (loss) per share:	0.01	0.00	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE MONTHS ENDED MARCH 31, 2022

	2022		2021				2020	
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
	\$	\$	\$	\$	\$	\$	\$	\$
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS								
Sales	18,220,165	9,111,188	-	-	-	-	-	-
Cost of Sales	12,152,274	5,787,674	-	-	-	-	-	-
Gross Profit	6,067,891	3,323,514	-	-	-	-	-	-
Expenses:								
Selling Expenses	928,215	177,988	-	-	-	-	-	-
Costs related to the acquisition of a mining company	-	683,158	-	-	-	-	-	-
Research and development expenses	177,350							
General and administrative expenses	1,946,154	1,673,364	881,389	1,006,983	1,182,888	2,440,979	2,552,884	1,039,564
Operating income (loss) before other revenues (expenses) and income tax	3,016,172	789,004	(881,389)	(1,006,983)	(1,182,888)	(2,440,979)	(2,552,884)	(1,039,564)
Other revenues (expenses)								
Financial income	-	66,484	-	-	-	66,484	-	-
Finance expense	(415,806)	(224,066)	(93,009)	(150,820)	(82,734)	(67,426)	(14,663)	(21,151)
Non-recoverable sales taxes	-	(62,269)	(7,633)	(10,330)	2,473	(18,893)	(18,184)	(3,630)
Change in fair value of								
marketable securities in a quoted company	-	(53,905)	17,968	10,782	(7,188)	(7,187)	-	25,156
warrants and embedded derivative on convertible debenture	-	15,754	26,973	46,686	29,622	17,976	-	-
Gain on settlement of payables	-	-	-	94,685	-	-	-	-
Gain on convertible debenture refinancing	-	-	-	8,879	-	-	-	-
Gain on bargain purchase	-	713,080	-	-	-	-	-	-
Government assistance	-	-	-	12,170	-	-	-	-
Gain on Covid-19 related rent concessions	-	-	-	-	-	39,862	-	-
Exchange gain (loss)	(47,433)	(100,195)	271,721	(5,080)	(33,847)	(260,413)	(115,963)	(160,202)
Total others revenue (expense)	(463,239)	354,883	216,020	6,972	(91,674)	(229,597)	(148,810)	(159,827)
Income and mining taxes	(255,180)	(817,195)	-	-	-	33,257	-	-
Net income (loss)	2,297,753	326,692	(665,369)	(1,000,011)	(1,274,562)	(2,703,833)	(2,701,694)	(1,199,391)
Other comprehensive income (loss)								
Currency translation adjustment	24,229	(88,714)	(192,247)	88,323	74,018	219,640	81,522	152,658
Other comprehensive income (loss) net of tax	24,229	(88,714)	(192,247)	88,323	74,018	219,640	81,522	152,658
Net comprehensive income (loss)	2,321,982	237,978	(857,616)	(911,688)	(1,200,544)	(2,484,193)	(2,620,172)	(1,046,733)
Net income (loss) loss attributable to:								
Shareholders of Cerro de Pasco Resources Inc	2,262,161	326,692	(665,369)	(1,000,011)	(1,274,562)	(2,703,833)	(2,701,694)	(1,199,391)
Non-controlling interests	35,592							
Other comprehensive income (loss) attributable to:								
Shareholders of Cerro de Pasco Resources Inc	23,665	(88,714)	(192,247)	88,323	74,018	219,640	81,522	152,658
Non-controlling interests	(564)							
Basic and diluted income (loss) per share:	0.01	0.00	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)

The net income of \$2,475,713 for Q1-2022 is mainly attributable to profits from Santander mining operations.

The net income of \$326,693 for Q4-2021 is mainly attributable to profits from the Santander mining operations after its acquisition during the month of December.

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 \$2,770,317 for Q4-2020 is attributable to general and administrative expenses of \$2,440,979.

The net loss of \$2,682,395 for Q3-2020 is attributable to general and administrative expenses of \$2,552,884.

The net loss of \$1,199,391 for Q2-2020 is attributable to general and administrative expenses of \$1,039,564.

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE MONTHS ENDED MARCH 31, 2022

RESULTS OF OPERATIONS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022

Net loss

The basic and diluted gain per share for the three-month period ended March 31, 2022, is \$0.01 as compared to a loss of \$(0.01) for the three-month period ended March 31, 2021.

During the three-month period ended March 31, 2022, the Company realized a net income of \$2,475,713 as compared to a net loss of \$(1,182,888) for the three-month period ended March 31, 2021.

This increase in profits over losses of \$3,658,601 is attributed to the Santander mining operations.

Operating expenses

During the three-month period ended March 31, 2022, operating expenses were \$3,051,719 as compared to \$1,182,888 for the three-month period ended March 31, 2021.

The increase of \$1,690,871 for the three-month period ended March 31, 2022, as compared to Q1-2021 in operating expenses is mostly attributable to increases in selling expenses of \$928,215, research and development expenses of 177,350, and general and administrative expenses of \$763,266, primarily from increases in wages and management and consulting fees related to the operations of Santander.

Other revenue and expenses

During the three-month period ended March 31, 2022, other expenses were \$463,239 as compared to other expenses of \$91,674 for the three-month period ended March 31, 2021.

The increase of \$371,565 in other expenses for Q1-2022 as compared to Q1-2021 is attributable to increases in finance expenses of \$333,072 (\$415,806 in Q1-2022 for the three-month period ended March 31, 2022 as compared to \$82,734 in Q1-2021 for the three-month period ended March 31, 2021), and other items of \$38,493 (\$47,433 in Q1-2022 for the three-month period ended March 31, 2022 as compared to \$8,940 in Q1-2021 for the three-month period ended March 31, 2021)

CASH FLOWS

Cash flows used for operating activities

Cash flows used for operating activities were \$2,840,146 during the three months ended March 31, 2022, an increase of \$1,947,152 as compared to cash flows used for operating activities of \$892,994 during the three months ended March 31, 2021. The increase of \$1,947,152 in cash flows used for operating activities is mostly explained by the increase in change in working capital items (negative cash flows of \$5,996,260 for 2022 as compared to positive cash flows of \$269,540 for 2021) combined with a decrease of \$4,318,648 in cash flows used for operating activities before changes in working capital (positive cash flows of \$3,156,114 for 2022 as compared to negative cash flows of \$1,162,534 for 2020).

Cash flows used for financing activities

Cash flows used for financing activities were \$131,812 during the three months ended March 31, 2022, an increase of \$119,652 as compared to cash flows used of \$12,160 in financing activities during the three months ended March 31, 2021.

The increase of \$119,652 is mostly attributable to a repayment of a promissory note of \$131,812 (\$0 in 2021) partially offset by a decrease in lease related payments of \$12,160 in 2021 (\$0 in 2022).

Cash flows used for investing activities

Cash flows from investing activities were \$1,041,145 during the three months ended March 31, 2022, is primarily attributed the acquisition of exploration and evaluation assets of \$850,341 (\$37,104 in 2021) and the acquisition of property, plant and equipment of \$190,804 (\$0 in 2021).

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE MONTHS ENDED MARCH 31, 2022

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	
	March 31, 2022	March 31, 2021
	\$	\$
Management and consulting fees	943,758	368,088
Salaries and director's fees	44,420	22,792
Share-based compensation	256,964	-
	1,245,142	390,880

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 at March 31, 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 three-month period ended March 31, 2022, the Company recorded net income of \$2,297,753 (net loss of \$1,274,562 in 2021) due mainly to the continuing investment made in the EL Metalurgista Project that has generated and has an accumulated deficit of \$30,273,145 as at March 31, 2022 (\$32,570,898 as at December 31, 2021) due to the purchase, on December 3, 2021 of their first operating unit (Santander). As at March 31, 2022, the Company had a negative working capital of \$416,402 (positive working capital of \$4,735,855 as at December 31, 2021) consisting of cash and cash equivalents of \$8,619,939 (\$12,633,042 as at December 31, 2021). Management believes that while these funds will 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

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE MONTHS ENDED MARCH 31, 2022

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 has 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 July 6, 2022	287,810,934
Shares reserved for issuance pursuant to share purchase options	11,635,000
Shares reserved for issuance pursuant to warrants	22,704,222
Convertible debenture	3,086,646
Total	325,236,802

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)
March 10, 2023	200,000	200,000	0.40	0.7
August 19, 2023	200,000	200,000	0.40	1.1
August 28, 2023	200,000	200,000	0.40	1.2
March 7, 2024	5,400,000	5,400,000	0.40	1.7
March 29, 2024	50,000	50,000	0.40	1.8
May 6, 2024	200,000	200,000	0.50	1.9
September 16, 2024	200,000	200,000	0.40	2.2
August 28, 2025	4,145,000	4,145,000	0.40	3.2
March 28, 2027	340,000	340,000	0.40	4.8
March 28, 2027	700,000	700,000	0.40	4.8
	11,635,000	11,635,000	0.40	2.5

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE MONTHS ENDED MARCH 31, 2022

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)
August 28, 2022	250,000	0.365	0.2
February 28, 2023	53,150	0.65	0.7
February 28, 2023	12,474,938	0.50	0.7
April 8, 2023	1,697,500	0.50	0.8
April 22, 2023	1,511,063	0.50	0.8
April 30, 2023	532,214	0.50	0.8
May 27, 2023	542,500	0.50	0.9
June 15, 2023	1,857,143	0.50	1.0
December 20, 2023	785,714	0.50	1.5
November 26, 2024	3,000,000	0.50	2.4
	22,704,222	0.51	1.0

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE MONTHS ENDED MARCH 31, 2022

➤ 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 three months ended March 31, 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE MONTHS ENDED MARCH 31, 2022

➤ **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, exchange 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

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE MONTHS ENDED MARCH 31, 2022

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.