FORM 2A

LISTING STATEMENT

ROYALTIES INC.

April 11, 2023

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1. <u>Introduction</u>

This Listing Statement ("**Listing Statement**") is furnished by and on behalf of the management of Royalties Inc., formerly Xtierra Inc. (the "**Issuer**") in connection with a change of business and provides up to date information as of March 21, 2023. When used herein, unless specified otherwise, the term Issuer refers to Royalties Inc., after completion of the Change of Business (as hereinafter defined).

1.1 Glossary

"**Act**" means the *Business Corporations Act* (Ontario), as amended from time to time, and includes any regulations thereto;

"**Audit Committee**" means the audit committee of the Issuer;

"**Board**" means the board of directors of the Issuer;

"**Change of Business**" means a "change of business" as such term is defined in Policy 8 of the CSE;

"**Common Shares**" means the Common Shares of the Issuer;

"**Escrow Agreement**" has the meaning given to such term under "*Escrowed Securities*";

"**Exchange**" means the Canadian Securities Exchange;

"**Issuer**" means Royalties Inc., a corporation incorporated pursuant to the laws of the Province of Ontario;

"**Listing Statement**" means this listing statement, prepared in accordance with CSE Form 2A;

"**MI 61-101**" means Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*;

"**MRI**" means Music Royalties Inc., a private corporation incorporated under the laws of the Province of Ontario;

"**NI 52-110**" means National Instrument 52-110 *Audit Committees*, adopted by the Canadian Securities Administrators;

"**NP 46-201**" means National Policy 46-201 *Escrow for Initial Public Offerings*, adopted by the Canadian Securities Administrators;

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval, at www.sedar.com;

"**Subsidiaries**" means the subsidiaries of the Issuer named in section 2.3 of this Listing Statement, and "**Subsidiary**' refers to any one such subsidiary; and

"**TSXV**" means the TSX Venture Exchange.

1.2 Forward-Looking Statements

This Listing Statement contains information and projections based on current expectations. Certain statements herein may constitute "forward-looking" statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Issuer, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this Listing Statement, such statements use such words as “will”, “may”, “could”, “intends”, “potential”, “plans”, “believes”, “expects”, “projects”, “estimates”, “anticipates”, “continue”, “potential”, “predicts” or “should” and other similar terminology. These statements reflect expectations regarding future events and performance but speak only as of the date of this Listing Statement.

Forward-looking statements including in this Listing Statement include, among others, statements regarding:

- the Issuer’s opportunities, strategies, expected activities and expenditures as the Issuer pursues its business plan following the Change of Business;
- planned acquisitions, dispositions strategic partnerships or other transactions not yet concluded;
- the competitive conditions of the industry in which the Issuer operates;
- general market conditions;
- the adequacy of the Issuer’s available cash resources;
- the ability to secure funding on proposed terms or at all;
- the expected timing and completion of the Issuer’s near term objectives;
- the ability to contract outside service providers and the reliability of those outside service providers in delivering services in a satisfactory and timely manner; and
- the ability to obtain regulatory and other approvals.

These statements should not be read as guarantees of future performance or results. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from those implied by such statements.

There can be no assurance that any intended or proposed activity or transaction will occur or that, if any such action or transaction is undertaken, it will be completed on terms currently intended by the Issuer. The Issuer assumes no responsibility to update or revise forward-looking information to reflect new events or circumstances unless required by law.

Although the Issuer believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because the Issuer can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. The forward-looking statements herein speak only as of the date hereof. Actual results could differ materially from those anticipated due to a number of factors and risks including those described under “*Risk Factors*” in section 17 hereof.

2. Corporate Structure

2.1 Corporate Name and Head and Registered Office

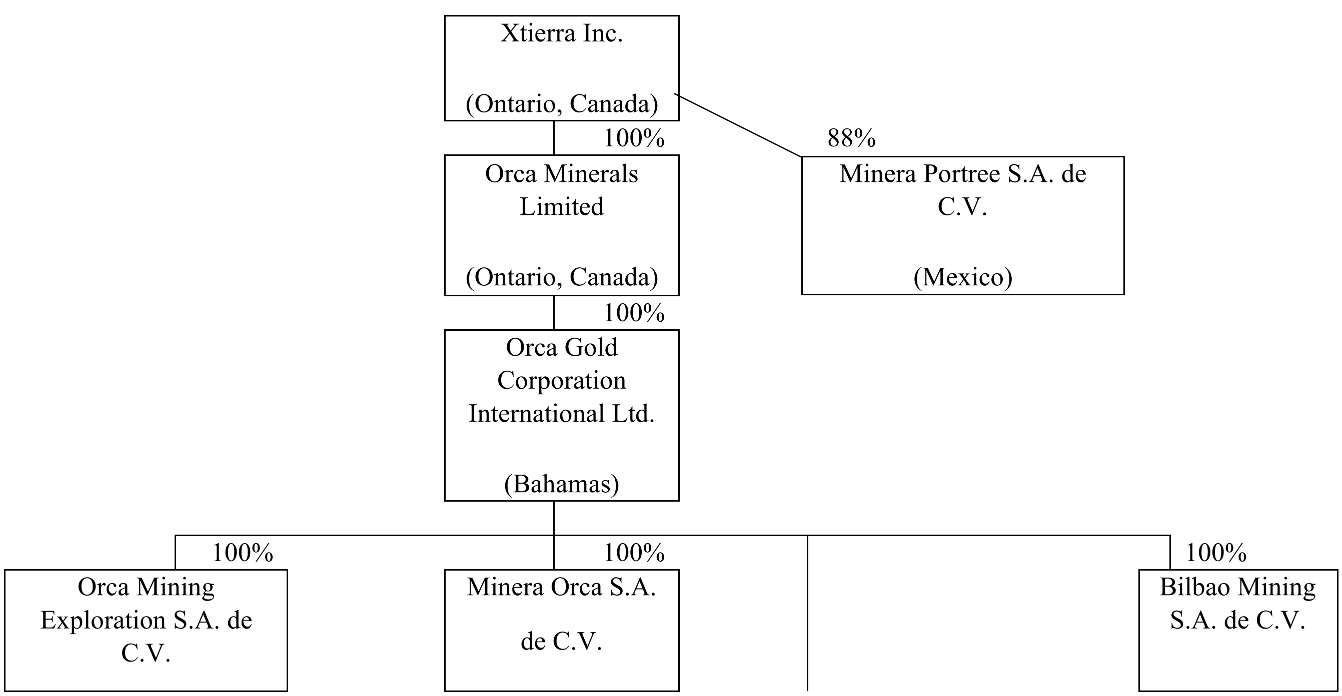
The full corporate name of the Issuer is "Royalties Inc.". The Issuer's head office and registered office is located at 7 Scholfield Avenue, Toronto, Ontario, M4W 2Y2.

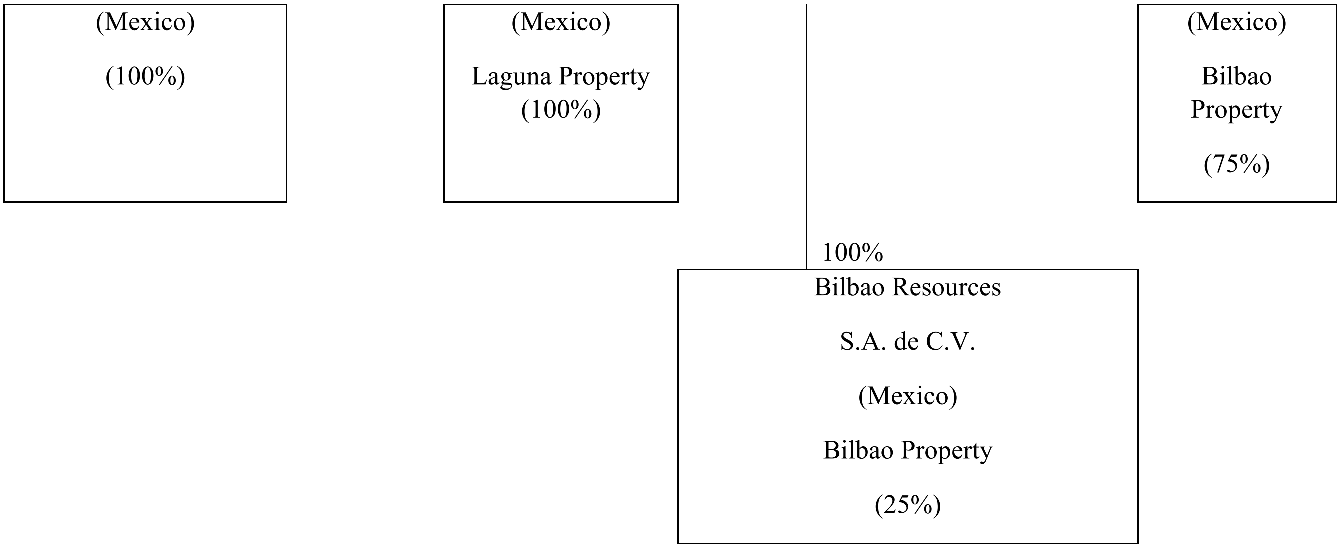
2.2 Jurisdiction of Incorporation

The Issuer was incorporated under the laws of the Province of British Columbia as a "capital pool company" on March 28, 2007 and in 2008 changed its to name "Xtierra Inc". On February 27, 2023, the Issuer changed its name to "Royalties Inc." in connection with the Change of Business. The Issuer is a "reporting issuer" (as such term is defined under applicable securities laws) in the Provinces of Ontario (currently the Issuer's principal regulator), British Columbia and Alberta. The Issuer's common shares (the "**Common Shares**") are currently listed on the TSXV under the trading symbol "XAG", and were halted from trading on the TSXV on September 23, 2022 pending the announcement of the Change of Business. The Issuer has applied to list the Common Shares on the Exchange and will contemporaneously delist from the TSXV upon listing on the Exchange.

2.3 Intercorporate Relationships

Set out below is the corporate structure of the Issuer and its material Subsidiaries, including the corporate jurisdiction and the percentage of shares of the Subsidiary owned, controlled or directed by its parent. The corporate structure of the Issuer will not change as a result of the Change of Business.





2.4 Fundamental Change and MRI Acquisition of Common Shares

The Issuer is undertaking a change of business (the "**Change of Business**") to refocus its business operations from a mineral resource exploration company to an investment company focused on seeking cash flowing royalty opportunities in various industries. While there are no other acquisitions being contemplated other than the MRI shares acquired on September 30, 2022, the Board will review cash flowing royalty opportunities on an ongoing basis.

3. <u>General Development of the Business</u>

3.1 General Business

The Issuer was incorporated in British Columbia on March 28, 2007 as a "capital pool company", listed on the TSXV on September 3, 2008 as Xtierra Inc. and transferred its corporate registration to Ontario on March 31, 2009.

Since the time of incorporation, the principal business carried on by the Issuer has been mineral exploration. The Issuer holds mineral exploration properties located in the Central Silver Belt of Mexico in the State of Zacatecas, and has also historically pursued other new opportunities, including mineral exploration and development projects, and the potential acquisition of mineral and other royalties.

The Issuer, through its Mexican subsidiaries, holds a 100% interest in the Bilbao zinc-silver-lead-copper project in the southeastern part of the State of Zacatecas.

Mineral Properties and Royalty Interests

On July 19, 2019, the Issuer acquired (indirectly through a wholly-owned subsidiary) a 1.5% net smelter royalty and all legal interests of the vendors and Minera Portree de Zacatecas, S.A. de C.V. in the four mining concessions comprising the bulk of the Bilbao property, previously held by four individuals, for consideration of $100,000, which consisted of $51,000 paid in cash and the issuance of 980,000 Common Shares.

On August 13, 2019, the Issuer signed a letter of intent to acquire Minera Portree de Zacatecas, S.A. de C.V. ("**Minera Portree**"), subject to due diligence and agreement on final terms. On April 22, 2020, the Issuer entered into a definitive agreement to acquire 88% of the shares of Minera Portree for consideration of $56,000 in cash and the issuance of 2,000,000 Common Shares.

Minera Portree holds an asserted claim to a 2% net smelter royalty on six mining concessions located adjacent to the Cozamin Mine in Zacatecas operated by Capstone Copper Corp. ("**Capstone**"), five of which were acquired by Capstone from a third party in 2017 and 2019. The transfer of three of these mining concessions to Capstone are pending registration with the Public Registry of Mining since August 2019. The third party had acquired the six mining concessions from Minera Portree in 2002, subject to a 2% net smelter royalty retained by Minera Portree. The entitlement of Minera Portree to the royalty are contested by the third party and Capstone. Minera Portree initiated civil and criminal lawsuits in the State of Zacatecas which are ongoing, so the timing and resolution cannot be determined. The outcome of the lawsuit is not detrimental to the issuer's pursuit of its business activities.

The Issuer holds a 100% interest (through its Mexican subsidiaries) in the Bilbao property. The most recent technical report on the Bilbao property was prepared in 2014 and is available on the Issuer's SEDAR profile page. The Issuer continues to maintain the Bilbao mineral concessions and title to the property in good standing while at the same time examining strategic alternatives for the property. Specifically, the Issuer has invested over US$23 million into the property and would like to monetize this asset into a cash flowing royalty and enable the Issuer to focus on royalty acquisitions in order to maximize shareholder value.

Given that mineral exploration and development is risky and requires significant financial and human resources, the Issuer's strategy has more recently focused on seeking ways to maximize shareholder value through seeking opportunities to acquire cash flowing royalties. While the Issuer's initial focus has been to seek opportunities to convert its current mining assets into royalty opportunities, through the Change of Business, the Issuer intends to expand the scope of royalty opportunities that it will pursue.

Common Share Exchange with MRI

Further, the Issuer has acquired two million common shares (the "**MRI Shares**") of Music Royalties Inc. ("**MRI**") in exchange for 20 million Common Shares at an issuance price of $0.05 per Common Shares. The MRI Shares were acquired from Timothy Gallagher pursuant to an acquisition agreement dated September 30, 2022. The transaction was approved by the independent members of the Board. MRI is a Canadian-based private investment firm that acquires passive music royalties from rightsholders (including but not limited to artists, producers and songwriters) and currently holds a portfolio of approximately 24 cash-flowing music royalties, which are protected by long-term copyrights, typically based on Life of Author plus 70 years.

The MRI Shares have a value of $1,000,000 and yield approximately $5,000 of dividends per month. The issuer has already received $25,000 in dividends from MRI, the first revenue in the Issuer's history. Presently this is the sole source of revenue of the Issuer. MRI is considered to be a related party of the Issuer for the purposes of MI 61-101 as Timothy Gallagher, the President and Chief Executive Officer and a director of the Issuer, is also the Chairman and Chief Executive Officer and a director of MRI, and Andrew Robertson is a director of both the Issuer and MRI. Prior to the acquisition, Mr. Gallagher owned 10.775 million Common Shares and Options exercisable to acquire 3.6 million Common Shares. As a result of the acquisition, and the exercise of 3.6 million Options in December 2022, Mr. Gallagher beneficially owns and controls 34.375 million Common Shares representing approximately 17.1% of the issued and outstanding Common Shares on a non-diluted basis.

Trading Halt

On September 23, 2022, trading in the Common Shares was halted on the TSXV pending the announcement of the Change of Business. The Issuer intends to delist the Common Shares from the TSXV and has applied to list the Common Shares on the Exchange. The Issuer will contemporaneously delist from the TSXV upon listing on the Exchange.

3.2 Acquisitions or Dispositions under National Instrument 41-101

Not applicable.

3.3 Trends, Commitments, Events or Uncertainties

The Issuer's business will be subject to the trends and uncertainties that are inherent in the industries within which the assets it generates royalties from are situated in. There are significant risks associated with the business of the Issuer, as described under the heading "*Risk Factors*". Readers are strongly encouraged to carefully read all of the risks contained under the heading "*Risk Factors*". In addition, please see the disclosure relating to forward-looking statements contained under the heading "*Forward-Looking Statements*".

4. Narrative Description of the Business

4.1 General

Overview

The Issuer has determined to refocus its business operations from a mineral resource exploration company to a company focused on seeking cash flowing royalty opportunities in various industries. The Issuer believes that the experience of its management and Board members will enable it to identify and capitalize upon royalty opportunities. In particular, the Issuer will focus initially on resource royalties, media entertainment royalties (such as music, film and television), and green royalty industries, but may determine to expand the scope of the industries it will focus on in the future. In connection with this business strategy, the Issuer intends to pay out dividends, likely on a monthly basis, to its shareholders and to continue to acquire a diversified portfolio of royalties.

Mineral Property Royalties

In the mining context, a royalty is a non-dilutive asset level perpetual interest in the underlying project that, when in production, provides topline cash relative to the percentage of the royalty. Depending on the nature of a royalty interest and the laws applicable to it and the project, the royalty holder is generally not responsible for, and has no obligation to contribute to, operating or capital costs or environmental liabilities. A net smelter return royalty, for instance, is generally based on the value of production or net proceeds received by an operator from a smelter or refinery for the minerals sold.

Management of the Issuer believes that there are certain advantages to investing in mining royalties rather than engaging directly in the operation of mineral properties. In particular:

- Owning a royalty does not involve any operating or capital expenditure commitments, and royalties are far less management intensive than running a mining project directly.
- Royalties are non-dilutable because they are typically tied directly to production or revenue.
- Royalties tend to be linked to gross revenue so as long as the mine can survive a downturn the royalty will continue to be paid.
- Royalties can be diversified by operator, commodity and country, which can provide some protection from commercial, political, geological and political risks.

The Issuer currently holds mining interests in Mexico, and is actively seeking arrangements to convert these interests into royalty cash flow generating opportunities for the Issuer. However, at this time, the Issuer has not entered into any definitive arrangements to do so. Further, even if the Issuer were to enter into any royalty arrangements with respect to its current property interests, generating royalty income from those properties would be dependent upon the actual commercialization potential of those properties which is unknown at this time due to their early stage of exploration. Due to this uncertainty, the Issuer has determined to pursue other royalty opportunities both within the mining industry and in other industries beyond mining.

Media Entertainment Industry Royalties

Drawing on the expertise of its existing management team with media entertainment-based royalties, the Issuer intends to seek to generate royalty revenue within the entertainment industry. It is anticipated that the Issuer will initially acquire passive music royalties from rightsholders (including artists, producers, songwriters and other copyright holders). Management believes that music royalties have stable, "utility-like" cash flow characteristics (i.e., diverse and uncorrelated cash flows generated from thousands of top songs and millions of digital streams). Management believes that there are certain benefits to the acquisition of music royalties, including the following:

- There has been significant growth in paid global music streaming services, with numerous platforms increasingly becoming part of consumers' "utility bill", as well as incremental upside from live performances, films, TV shows and more recently with online social media platforms (i.e., Facebook, Instagram, Peloton, TikTok, etc.).
- Positive regulatory developments have driven and protected monetization rates.
- Income streams from music royalties are uncorrelated with economic cycles, equity markets or commodity price movements.

- Ability to draw on the resurgence and internationalization of iconic and "classic" music catalogues with increased global accessibility.
- Smartphone adoption and affordable smartphone subscription plans have led to significant international growth in legal and recurrent music consumption.
- Increasing collaboration between various artists, particularly given digitization of creative and recording process.
- Repurposing of music between genres, languages, etc. (i.e., covers, collaborations, etc.).

It is anticipated that music royalties will be acquired from sources such as www.Royalty Exchange.com and the existing network of the Issuer.

In January 2023, the issuer acquired Alert Tone royalties paid by Apple for US$137,900 which generated approximated US$21,000 in 2022 (paid monthly), funded by MRI. These royalties are from consumer downloads of alert tones (415 tracks) on the iTunes ringtone store. Alert Tones are short message-based ringtones that can be purchased on iPhones. For example, the top-earning alert tone "New Message Alert" is available in the mobile store under "Professionals and Business Text Tones".

See https://auctions.royaltyexchange.com/orderbook/asset-detail/4695?utm_source=sendgrid&utm_medium=email&utm_campaign=listings&utm_content=counteroffer

Further, the Issuer has acquired two million common shares (the "**MRI Shares**") of Music Royalties Inc. ("**MRI**") in exchange for 20 million Common Shares at an issuance price of $0.05 per Common Shares. The MRI Shares were acquired from Timothy Gallagher pursuant to an acquisition agreement dated September 30, 2022. The transaction was approved by the independent members of the Board. MRI is a Canadian-based private investment firm that acquires passive music royalties from rightsholders (including but not limited to artists, producers and songwriters) and currently holds a portfolio of approximately 24 cash-flowing music royalties, which are protected by long-term copyrights, typically based on Life of Author plus 70 years.

The MRI Shares have a value of $1,000,000 and yield approximately $5,000 of dividends per month. The issuer has already received $25,000 in dividends from MRI, the first revenue in the Issuer's history. The issuer also received its first monthly revenue from Alert Tones of US$2,572 in January 2023.

Available Funds

As at September 30, 2022, the cash balance of the Issuer was $4,000. Following completion of the Change of Business and listing on the Exchange, the Issuer's estimated working capital is expected to be approximately $309,000, after taking into account the anticipated expenses required in order to complete the Change of Business and the listing. The Issuer anticipates the exercise of certain Options and the potential completion of a financing prior to or concurrent to listing on the Exchange, which are reflected in the table below.

The anticipated uses of the Issuer's estimated available funds available over the next 12 months, as well as the anticipated timelines for achieving certain business objectives in respect of such activities (where applicable), are set out in the table below:

Principal Purposes:	
Cash available at September 30, 2022	$0
(1) Stock option exercise of 5.6 million shares for $280,000 in December 2022 and a $400,000 financing at $0.05 per Common Share ($70,000 in subscriptions were previously received and included in Accounts Payable/Current Liabilities at September 30, 2022	$680,000
(2) MRI dividends and Alert Tones Royalties Revenue in 2023	$94,000
Less: Repayment of Buchans loan December2022	$280,000
Less: US$137,900 Acquisition of Alert Tones January 2023	$185,000
Total Funds Available:	**$309,000**
Operating expenses for 12 months(3)	$115,000
Unallocated working capital(4)	$194,000
Estimated Total Funds Used:	**$309,000**

Notes

1. Stock option exercise and financing at $0.05 per Common Share.
2. Music Royalties Inc. dividends for 12 months at $5,000 per month plus estimated increase and $28,000 from Alert Tones royalties.
3. Estimated operating expenses for the next 12 months include the following: accounting fees ($10,000), transfer agent fees ($5,000), SEDAR filing fees ($5,000), exchange fees ($15,000), legal fees ($30,000) and Mexico expenses ($50,000).
4. This amount will be used in part for acquisition of cash flowing royalties expected to generate approximately $30,000.
5. See 5.1 re the $2 million figure which is considered a "contingent liability" of a Mexican subsidiary to a defunct entity which will never be paid therefore not an actual obligation of the Canadian company which is Royalties Inc. The Issuer expects this figure will be removed with the sale of the Mexican assets.

The Issuer's intentions to spend the available funds as set forth above are based on the current expectations of management. However, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary. Any such reallocation will be determined at the discretion of the Issuer's management, and there can be no assurance as of the date of this Listing Statement as to how those funds may be reallocated. The Issuer may require additional funds in order to fulfill all of the Issuer's expenditure requirements to meet its objectives, in which case the Issuer expects to either issuer additional Common Shares or incur indebtedness. There is no assurance that additional funding would be available on commercially reasonable terms, or at all, if required. However, it is anticipated that the currently available funds would be able to satisfy the Issuer's objectives over the next 12 months.

Business Objective

Following the Change of Business, the Issuer's primary business objective is to generate royalty revenue sufficient to cover operating expenses, and then to pay dividends to the shareholders of the Issuer.

Objective	**Timeline and Estimated Cost**		
	Month 1-2	Month 3-5	Month 6-12
Fees for listing on the Exchange	$15,000	$5,000	$10,000
Operating expenses	$10,000	$15,000	$60,000
Total	$25,000	$20,000	$70,000

4.2 Companies with Mineral Projects

This section is not applicable to the Issuer. While the Issuer currently holds an interest in a mineral property in Mexico, it intends to either divest itself of this asset or convert it into a royalty-generating opportunity, rather than conduct further exploration directly.

4.3 Companies with Oil and Gas Operations

Not applicable. The Issuer does not have oil and gas operations.

5. Selected Consolidated Financial Information

5.1 Annual Information

The following table summarizes financial information of the Issuer for the years ended December 31, 2020 and December 31, 2021. This summary financial information should only be read in conjunction with the Issuer's financial statements and the notes thereto, which are attached to this Listing Statement and filed publicly under the Issuer's SEDAR profile.

US$	**Year-end December 31, 2021 (audited)**	**Year-end December 31, 2020 (audited)**
Total revenue	$ nil	$ nil
Operating (loss)	$ (398,231)	$ (270,605)
Net income (loss) in total	$ (660,790)	$ (563,338)
Basic and diluted income (loss) per Common Share	$ (0.004)	$ (0.004)
Total assets	$227,127	$765,277
Current liabilities *	$2,288,759	$2,939,645

* *Current liabilities* of $2,288,759 consists of a note payable to Buchans Resources, the Issuer's largest shareholder which was extinguished by December 31, 2022 through the exercise of 5.6 million in stock options at $0.05 per share for C$280,000 or US$205,673. Also, included is C$70,000 or US$55,259 of funds received from an investor as Subscription Receipts pending closing of a financing at $0.05 per share.

The Financial Statements refer to *"Other liability of subsidiary"* of US$2,000,000 which references Note 15 and explains that Xtierra acquired Orca Minerals Limited on August 29, 2008, but did not assume or guarantee, on a corporate non-consolidated basis, the payments or obligations of Orca Gold. Xtierra has no direct liability for any payments that may become due to Shoshone Silver (a defunct Idaho company), however, under IFRS 9 Financial Instruments, upon consolidation, the Company is required to recognise this potential payment as a financial liability even though the asset has been written off. The Issuer considers the $2 million figure a "contingent liability" of a Mexican subsidiary to a defunct entity which will never be paid therefore not an actual obligation of the Canadian company which is Royalties Inc. The Issuer expects this figure will be removed with the sale of the Mexican assets.

5.2 Quarterly Information

The following tables summarize the financial results for each of the Issuer's eight most recently completed quarters. This financial data has been prepared in accordance with IFRS and all figures are stated in thousands of US dollars.

US$ (000s)	**September 30, 2022**	**June 30, 2022**	**March 31, 2022**	**December 31, 2021**	**September 30, 2021**	**June 30, 2021**	**March 31, 2021**	**December 31, 2020**
Total assets	$916	$249	$269	$227	$245	$287	$439	$765
Working Capital*	$(2,334)	$(2,275)	$(2,265)	$(2,249)	$(2,232)	$(2,187)	$(2,648)	$(2,362)
Net income (loss)	($59)	$(10)	$(16)	$(4)	$(46)	$(282)	$(329)	$(182)
Basic and diluted income (loss) per Common Share	$0.00	$0.00	$0.00	$0.00	$0.00	$0.002	$0.002	$0.001

**See explanation of Current and Contingent Liabilities in Section 5.1*

5.3 Dividends

To date the Issuer has not declared dividends. The future payment of dividends will be determined by the Board and will be dependent upon the financial requirements of the Issuer to fund further growth, the financial condition of the Issuer and other factors which the Board may consider in the circumstances. While the Issuer intends to ultimately declare dividends following the Change of Business, the timing and frequency of any such dividends is uncertain at this time, and there is no assurance that dividends will be paid in the immediate or foreseeable future or at all.

5.4 Foreign GAAP

Not applicable. The Issuer's financial statements are prepared in accordance with International Financial Reporting Standards.

6. Management's Discussion and Analysis

The Issuer's management's discussion and analysis ("**MD&A**") for the fiscal year ended December 31, 2021 and the interim period ended September 30, 2022 is attached to this Listing Statement and can also be found on the Issuer's SEDAR profile, and should be read in conjunction with the Issuer's financial statements and the notes thereto for the corresponding time periods.

7. Market for Securities

The Issuer's Common Shares have been listed and posted for trading on the TSXV since September 3, 2008. Trading of the Common Shares was halted on the TSXV on September 23, 2022 as a result of the announcement of the Change of Business. The Issuer has applied to list the Common Shares on the Exchange. The Issuer will contemporaneously delist from the TSXV upon listing on the Exchange.

8. Consolidated Capitalization

The following table sets forth share capital of the Issuer as at the date of this Listing Statement.

Description of Security	Amount Authorized	Outstanding as at the Date of this Listing Statement
Common Shares	Unlimited	201,293,057
Warrants	N/A	5,000,000
Options	N/A	5,000,000

Notes:

(1) All outstanding warrants were issued on April 27, 2021. Each warrant entitles the holder thereof to purchase one Common Share at an exercise price of $0.10 until April 27, 2023.

(2) 6.8 million Options had an exercise price of $0.05 and expired on January 29, 2023. The balance of 5 million Options have an exercise price of $0.06 and expire on June 4, 2025.

9. Options to Purchase Securities

The Issuer has adopted an incentive stock option plan (the "**Stock Option Plan**"), pursuant to which the Board may from time to time, in its discretion and in accordance with the terms of the Stock Option Plan and with Exchange and other regulatory requirements, grant to directors, officers, employees and consultants (together, "**service providers**") options to purchase Common Shares ("**Options**"). The purpose of the Stock Option Plan is to assist the Issuer in attracting, retaining and motivating service providers of the Issuer and of its affiliates and to closely align the personal interests of such service providers with the interests of the Issuer and its shareholders.

The Stock Option Plan provides that, subject to the requirements of the Exchange, the aggregate number of Common Shares reserved for issuance pursuant to Options granted under the Stock Option Plan will not exceed 10% of the number of Common Shares of the Issuer that are issued and outstanding from time to time.

The Stock Option Plan is administered by the board of directors of the Issuer, which has full and final authority with respect to the granting of all Options thereunder subject to express provisions of the Stock Option Plan.

Options may be granted under the Stock Option Plan to such directors, employees, consultants or management company employees of the Issuer and its subsidiaries, if any, as the board of directors may from time to time designate. The exercise prices are determined by the board of directors, but shall, in no event, be less than the closing market price of the listed security on the Exchange on the trading day prior to the earlier of dissemination of a news release disclosing the issuance of the convertible security or the posting of notice of the proposed issuance of the convertible security with the Exchange. The Stock Option Plan complies with National Instrument 45-106 *Prospectus Exemptions*. Moreover, the Issuer cannot issue Options to related persons if in the aggregate their Options would, on a fully diluted basis, exceed 10% of the issued and outstanding Common Shares of the Issuer.

As at the date of this Listing Statement, there are 5,000,000 Options issued and outstanding.

Following the Change of Business, the Stock Option Plan as described above will remain in effect. If the Issuer adopts a new stock option plan following the Change of Business, that stock option plan will be subject to all necessary approvals prior to coming into effect.

10. Description of the Issuer's Securities

10.1 Common Shares

The authorized share capital of the Issuer consists of Unlimited Common Shares without par value and without special rights or restrictions attached. As of the date of this Listing Statement, 201,293,057 Common Shares are issued and outstanding.

Holders of Common Shares are entitled to receive notice of, to attend and to cast one vote per share at any meeting of the shareholders of the Issuer, to receive, on a pro rata basis dividends, if any, as and when declared by the Board at its discretion and to receive , on a pro rata basis the net assets of the Issuer, after payment of debts other liabilities, and subordinate to senior ranking securityholders, upon liquidation. The Common Shares are non-assessable, do not carry any pre-emptive, subscription, redemption, or conversion rights, nor do they contain any sinking fund or purchase fund provisions.

10.2 Warrants

As at the date of this Listing Statement, the Issuer has 5,000,000 common share purchase warrants outstanding, each entitling the holder thereof to purchase one Common Share at an exercise price of $0.10 until April 27, 2023.

10.3 Stock Options

As of the date of this Listing Statement, there are 5,000,000 Options issued and outstanding. Further details regarding the Options and the Stock Option Plan are described above under the heading "*Options to Purchase Securities*".

10.4 Debt Securities

As of the date of this Listing Statement, there are no debt securities issued and outstanding.

10.5 Prior Sales

The following table sets out details regarding all prior sales of securities of the Issuer within the 12 months preceding this Listing Statement:

Date of Issue	Type of Security	Number of Securities	Issue or Exercise Price per Security	Reason for Issue
September 30, 2022	Common Shares	20,000,000	$0.05	Acquisition of shares in MRI

10.6 Stock Exchange Price

The Common Shares became listed on the TSXV for trading on September 3, 2008 and are currently listed for trading under the symbol, "XAG". Trading of the Common Shares was halted on September 23, 2022. The Issuer has applied to list the Common Shares on the Exchange. The Issuer will contemporaneously delist from the TSXV upon listing on the Exchange.

The following table sets out the price ranges and volume traded on the TSXV for the Issuer's Common Shares for the 12-month period prior to the date of this Listing Statement.

	Price Range		
Date Range	**High ($)**	**Low ($)**	**Volume**
September 1, 2021 - September 30, 2021	0.060	0.040	874,170
October 1, 2021 - October 31, 2021	0.050	0.040	736,036
November 1, 2021 - November 30, 2021	0.065	0.040	696,464
December 1, 2021 - December 31, 2021	0.045	0.035	881,471
January 1, 2022 - January 31, 2022	0.045	0.035	401,678

February 1, 2022 - February 28, 2022	0.045	0.035	412,000
March 1, 2022 - March 31, 2022	0.045	0.035	456,300
April 1, 2022 - April 30, 2022	0.045	0.035	468,309
May 1, 2022 - May 31, 2022	0.035	0.025	509,901
June 1, 2022 - June 30, 2022	0.035	0.020	190,312
July 1, 2022 - July 31, 2022	0.030	0.020	117,600
August 1, 2022 - August 31, 2022	0.030	0.030	274,246
September 1, 2022 - September 23, 2022	0.035	0.025	167,500
			6,185,987

11. Escrowed Securities

Not applicable.

12. Principal Shareholders

There is no person or entity who holds 10% or more of the issued and outstanding Common Shares of the Issuer other than Buchans Resources Limited which holds, as at the date of this Listing Statement 43,000,003 Common Shares (plus 5,000,000 warrants, each warrant being exercisable for one Common Share at an exercise price of $0.10 until April 27, 2023), comprising 21.4% of the issued and outstanding Common Shares and Timothy Gallagher who beneficially owns and controls 34,375,000 Common Shares representing approximately 17.1% of the issued and outstanding Common Shares on a non-diluted basis.

13. Directors and Officers

13.1 Particulars of Directors and Officers

The following table sets out the names, municipalities of residence, the number of voting securities beneficially owned, directly or indirectly, or over which each exercises control or direction, and the offices held in the Issuer and the principal occupation of the directors and executive officers during the past five years. Each director will hold office until his or her successor is duly elected or appointed unless his or her office is earlier vacated in accordance with the by-laws of the Issuer.

Name and Municipality of Residence and Position	Principal Occupation and Positions Held During the Last Five Years	Term of Office	Number and Percentage of Common Shares[(1)] Beneficially Owned or Controlled Directly or Indirectly as of the Date of this
Timothy Gallagher[(2)] Toronto, Ontario President, Chief Executive Officer and Director	Financial Executive Chairman and Chief Executive Officer of Music Royalties Inc.	August 14, 2008	Common Shares: 34,375,000 Percentage: 17.1%

Gerald Gauthier(2)(3) Ahmic Harbour, Ontario Director	Professional Mining Engineer (retired) Director of Labrador Iron Mines Holdings Limited	August 24, 2017	Common Shares: 33,000 Percentage: 0.0002%
Andrew Robertson(2)(3) Toronto, Ontario Director	Retired Financial Executive Director of Music Royalties Inc.	June 20, 2022	Common Shares: 2,411,000 Percentage: 1.2%
Paul O'Brien(2)(3) Toronto, Ontario Director	Senior Mining Analyst, Velocity Trade Group President of Anthem Capital Group Inc.	June 28, 2021	Nil
Jacqueline Logan Keswick, Ontario Chief Financial Officer	Jaqi Logan Financial Services Inc.	June 20, 2022	Nil

Notes:
(1) Based upon 201,293,057 issued and outstanding Common Shares.
(2) Member of the Audit Committee.
(3) Independent Director

13.2 Directors and Officers Common Share Ownership

The current directors and executive officers of the Issuer as a group, directly or indirectly, beneficially own or exercise control or director over an aggregate of 36,819,000 Common Shares of the Issuer, representing approximately 18.3% of the issued and outstanding Common Shares of the Issuer.

13.3 Board Committees of the Issuer

The Issuer is required to have an audit committee (the "**Audit Committee**"). The audit committee is currently comprised of Tim Gallagher (not independent), and three independent Directors, Gerald Gauthier, Paul O'Brien and Andrew Robertson (Chair). The Issuer does not currently have any other board committees.

The Issuer's Board will adopt a written charter setting forth the responsibilities, powers and operations of the Audit Committee, consistent with NI 52-110. The principal duties and responsibilities of the Audit Committee will be to assist the Issuer's Board in discharging the oversight of:

- the integrity of the Issuer's consolidated financial statements and accounting and financial processes and the audits of the Issuer's consolidated financial statements;
- the Issuer's compliance with legal and regulatory requirements;
- the Issuer's external auditors' qualifications and independence;
- the work and performance of the Issuer's financial management and its external auditors;

- the Issuer's system of disclosure controls and procedures and system of internal controls regarding finance, accounting, legal compliance and risk management established by management and the Issuer's Board.

It is anticipated that the Audit Committee will have access to all books, records, facilities, and personnel and may request any information about the Issuer as it may deem appropriate. It will also have the authority to retain and compensate special legal, accounting, financial and other consultants, or advisors to advise the Audit Committee. The Audit Committee is also expected to review and approve all related-party transactions and prepare reports for the Issuer's Board on such related-party transactions as well as be responsible for the pre-approval of all non-audit services to be provided by our auditors.

The Issuer is a "venture issuer" as defined in NI 52-110 and is relying upon the exemption in section 6.1 of NI 52-110 in respect of the composition of its Audit Committee and in respect of its reporting obligations under NI 52-110.

13.4 Cease Trade Orders or Bankruptcies

To the knowledge of the Issuer, no current director, officer, or a security holder anticipated to hold sufficient securities of the Issuer to affect materially the control of the Issuer is, or within 10 years before the date hereof, has been, a director or officer of any other company that, while that person was acting in that capacity:

(a) was the subject of a CTO or similar order, or an order that denied the other company access to any exemptions under Ontario securities law, that was issued at the time such person was acting in the capacity as director or officer, for a period of more than 30 consecutive days;

(b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a CTO or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;

(c) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(d) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

To the knowledge of the Issuer, no director, officer or security holder anticipated to hold sufficient securities of the Issuer to affect materially the control of the Issuer has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

13.5 Penalties or Sanctions

To the knowledge of the Issuer, no director, officer, or a security holder anticipated to hold sufficient securities of the Issuer to affect materially the control of the Issuer is, or within 10 years before the date hereof, has been, a director or officer of any other Issuer that, while that person was acting in that capacity, has:

(a) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or

(b) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

13.6 Personal Bankruptcies

No director or officer of the Issuer is, or has, within the 10 years prior to the date hereof, been declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

13.7 Conflicts of Interest

To the best of the Issuer's knowledge, and other than disclosed herein, there are no known existing or potential conflicts of interest among the Issuer, its directors and officers or other members of management of the Issuer or of any director, officer or other member of management as a result of their outside business interests except that certain of the directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Issuer and their duties as a director or officer of such other companies. However, the directors of the Issuer are bound by the provisions of the *Business Corporations Act* (Ontario to act honestly and in good faith with a view to the best interests of the Issuer and to disclose any interests which they may have in any project or opportunity of the Issuer. 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.

13.8 Management

Timothy Gallagher
President, Chief Executive Officer and Director, Age 62

Mr. Gallagher expects to spend approximately 20% of his time in order to complete his duties and responsibilities as the President and Chief Executive Officer of the Issuer. Mr. Gallagher has not entered into a non-competition and non-disclosure agreement with the Issuer.

Mr. Gallagher has been the President and Chief Executive Officer of the Issuer since 2018 and a Director since 2008. He is also the Chairman and Chief Executive Officer of Music Royalties Inc. and Green Royalties Inc., and the former Chairman and Chief Executive Officer of Metalla Royalty & Streaming Ltd. (previously Excalibur Resources Ltd listed on the CSE), having held that role from 2009 until 2017.

Mr. Gallagher is a former Founder and Director of several TSX Venture Exchange companies. He has invested in, financed, managed and assisted in the growth of numerous companies in the royalty, resource, clean tech and technology sectors primarily by taking them public via the capital pool company program since 1997. Mr. Gallagher received his B.Comm from McMaster University, an MBA from York University and is a CFA Charter holder.

Jaqueline Logan
Chief Financial Officer, Age 59

Ms. Logan expects to spend approximately 10% of her time in order to complete her duties and responsibilities as the Chief Financial Officer of the Issuer. Ms. Logan has not entered into a non-competition and non-disclosure agreement with the Issuer.

Ms. Logan is an entrepreneur with over 30 years of experience in corporate finance across a wide range of industries both in the private and public realms. As president of Jaqi Logan Financial Services, Inc., a company which she founded in 1991 and incorporated in 2011, Ms. Logan's expertise spans from record-keeping and tax preparation to providing financial management services for both private and public companies.

Since 2003, Ms. Logan has been a consultant in the role of Controller for Kure Technologies, Inc. (formerly Unique Broadband Systems, Inc.) (KUR.H), a company that held a 51% ownership of Look Communications Inc. ("**Look**"). She also managed the books and records for Look from 2010 until it completed a change of business in 2013. In 2018, Ms. Logan expanded her management and investment portfolios to include Capital Pool Companies ("**CPCs**"). In her role as the Controller for a number of CPCs, Ms. Logan has assisted Cuspis Capital Ltd, Mithrandir Capital Corp., Stormcrow Holdings Corp., and Pivotal Financial Corp. from start-up to the closing of their "Qualifying Transactions". She currently is Controller for Cuspis Capital II Ltd. (CCII.P), Cuspis Capital III Ltd. (CIII.P), and Haviland Enviro Corp., also CPCs.

Ms. Logan currently provides financial services to a number of private companies, including Music Royalties Inc., Maintech Group of Industries Inc., Fresh Home and Garden, The Metherall Group Real Estate, CFE Financial Services Inc., Keswick Marina Services Inc., Lotus Marine Inc., Ontario Cooling Tower Services, along with a number of smaller companies.

From 1983 to 1987, Ms. Logan attended York University in the Psychology program while simultaneously working full-time at Atkinson College. She left the University in 1987 to embark on world travels. Ms. Logan gained much of her financial training in London, England while working for Blenheim Exhibitions Group PLC intermittently from 1988 to 1991. She assisted with the business expansion and computerization of Blenheim's accounting systems by first learning Sun Accounting software and then training a staff of 88 on its use, playing a key part in the company's growth to becoming the largest independent trade show and conference group in Europe by 1990. When Ms. Logan returned to Canada in 1991, she started her own bookkeeping and financial services company, growing her business to where it is today. Most of her initial clients remain in her current portfolio.

Gerald Gauthier
Independent Director, Age 76

Mr. Gauthier is a professional mining engineer with over 40 years of experience in Canada, Africa, the United States and Mexico. He was the Chief Operating Officer of the Issuer from 2008 to 2017. Prior to June 2008 he was the Chief Operating Officer of Nevsun Resources Inc. and was formerly Vice-President Mining of Glencairn Gold Inc. From 1987-1994, Mr. Gauthier was Senior Vice President North American Operations for Lac Minerals Ltd. and from 1979 to 1987 was employed by Lac Minerals Ltd. as Manager of various Canadian mines, including General Manager of the Page Williams gold mine at Hemlo, Ontario. Mr. Gauthier holds a B.Sc. in mining engineering from Queen's University.

Andrew Robertson
Independent Director, Age 64

Mr. Robertson has over 30 years of experience in buy-side fixed and floating income analysis and syndication, most recently as Managing Director at a Canadian life insurance company's private debt group. Prior to that, he worked as a venture capitalist and was a Director of Excalibur Resources Ltd. He is currently a Director of Music Royalties Inc. Mr. Robertson holds a Bachelor of Commerce degree from Carleton University and an MBA from the University of Toronto.

Paul O'Brien
Independent Director, Age 52

Mr. O'Brien has over 20 years of experience in mining capital markets, including more than eight years of award-winning gold equity research covering developing companies to senior producers, as well as precious metals commodity forecasting, primarily for pension, mutual and hedge funds. Mr. O'Brien has over 15 years of experience in corporate advisory and investment banking, primarily focused on the mining industry with global capital markets experience, having been based in various global mining centres (Toronto, Vancouver, Sydney and Perth) as a member of bank-owned capital markets groups and VP and Partner at various firms. He serves as a board member on publicly listed exploration companies. Mr. O'Brien received his B.Comm from McMaster University and is a CFA Charter holder.

14. Capitalization

Issued Capital

	Number of Securities (non-diluted)	**Number of Securities (fully-diluted)**	**% of Issued (non-diluted)**	**% of Issued (fully diluted)**
Public Float	109,474,054	114,074,054	54%	54%
Total outstanding (A)	201,293,057	211,293,057		
Held by Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B)	91,819,003	97,219,003	46%	46%
Total Public Float (A-B)	109,474,054	114,074,054	54%	54%
Freely-Tradeable Float				
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)	0	0	0%	0%

Total Tradeable Float (A-C)	109,474,054	114,074,054	54%	54%

Public Securityholders (Registered)

Size of Holding	**Number of holders**	**Total number of securities**
1 – 99 securities		
100 – 499 securities		
500 – 999 securities		
1,000 – 1,999 securities		
2,000 – 2,999 securities		
3,000 – 3,999 securities		
4,000 – 4,999 securities		
5,000 or more securities	9	15,341,765
	9	15,341,765

Public Securityholders (**NOBO Beneficial**)

Size of Holding	**Number of holders**	**Total number of securities**
1 – 99 securities	6	192
100 – 499 securities	11	2,475
500 – 999 securities	16	9,871
1,000 – 1,999 securities	21	25,237
2,000 – 2,999 securities	15	36,095
3,000 – 3,999 securities	12	38,498
4,000 – 4,999 securities	15	62,298
5,000 or more securities	166	97,169,866
Total	262	97,344,532

Public Securityholders (OBO Beneficial/Foreign)

Total		45,606,757
Total CDS List	As at Feb 16, 2023	**142,951,289**

Non-Public Securityholders (Registered)

Size of Holding	**Number of holders**	**Total number of securities**
5,000 or more securities	2 (Buchans/Minco)	43,000,003
TOTAL	**273**	**201,293,057**

14.1 Securities convertible or exchangeable into any class of listed securities

Description of Security (include conversion/exercise terms, including conversion / exercise price)	Number of convertible / exchangeable securities outstanding	Number of listed securities issuable upon conversion / exercise
Warrants $0.10	N/A	5,000,000
Options $0.06	N/A	5,000,000
Total		**10,000,000**

15. Executive Compensation

Introduction

Pursuant to the requirements of Form 51-102F6V *Statement of Executive Compensation – Venture Issuers*, all direct and indirect compensation provided to certain executive officers, and directors for, or in connection with, services they have provided to the Issuer or a subsidiary of the Issuer must be disclosed in this form. The Issuer is required to disclose annual and long-term compensation for services in all capacities to the Issuer and its subsidiaries for the two most recently completed financial years in respect of the individuals comprised of the Chief Executive Officer ("**CEO**"), the Chief Financial Officer ("**CFO**") and the most highly compensated executive officers of the Issuer whose individual total compensation for the most recently completed financial year exceeds $150,000, and any individual who would have satisfied these criteria but for the fact that the individual was not serving as an officer at the end of the most recently completed financial year (the "**Named Executive Officers**" or "**NEOs**").

Director and NEO compensation has been disclosed based on the requirements of Form 51-102F6V under the tables below as follows:

(1) Table of compensation excluding compensation securities;

(2) Stock options and other compensation securities; and

(3) Exercise of compensation securities by directors and NEOs.

Named Executive Officers of the Issuer for the Year Ended November 30, 2021

During the fiscal year ended December 31, 2021, the Issuer had two NEOs: (i) Timothy Gallagher, President and Chief Executive Officer; and (ii) Danesh Varma, Chief Financial Officer.

Director and Named Executive Officer Compensation

The following table (and notes thereto) states the name of each NEO and director and his or her annual compensation, consisting of salary, consulting fees, bonus and other annual compensation, excluding compensation securities, for each of the Issuer's two most recently completed financial years.

Table of compensation excluding compensation securities							
Name and position	Year	Salary, consulting fee, retainer or commission ($)	Bonus ($)	Committee or Meeting Fees ($)	Value of perquisites ($)	Value of other compensation ($)	Total compensation ($)
Timothy Gallagher CEO and Director	2021	Nil	Nil	Nil	Nil	Nil	Nil
	2020	Nil	Nil	Nil	Nil	Nil	Nil
Danesh Varma CFO[(1)]	2021	Nil	Nil	Nil	Nil	Nil	Nil
	2020	Nil	Nil	Nil	Nil	Nil	Nil
Gerald Gauthier Director	2021	Nil	Nil	Nil	Nil	Nil	Nil
	2020	Nil	Nil	Nil	Nil	Nil	Nil
Paul O’Brien Director	2021	Nil	Nil	Nil	Nil	Nil	Nil
	2020	Nil	Nil	Nil	Nil	Nil	Nil
Stephen Stewart Director[(1)]	2021	Nil	Nil	Nil	Nil	Nil	Nil
	2020	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

1) Retired effective June 20, 2022.

Stock Options and Other Compensation Securities

During the year ended December 31, 2021, there were no incentive-based awards granted or issued to any director or Named Executive Officer. The Issuer does not award any compensation securities other than Options under the Stock Option Plan.

External Management Companies

Management functions of the Issuer are not, to any substantial degree, performed by a person other than the directors and executive officers of the Issuer.

Stock Option Plans and Other Incentive Plans

The Stock Option Plan was approved by the Board. As at the date of this Listing Statement, the Issuer is authorized to grant up to 20,129,305 Options, being 10% of the issued and outstanding Common Shares. As of the date of this Listing Statement, there are 5,000,000 Options issued and outstanding.

For more information regarding the Stock Option Plan, please see the disclosure above under the heading "*Options to Purchase Securities*".

Employment, Consulting and Management Agreements

Except as otherwise disclosed herein, there are no agreements or arrangements under which compensation was provided during the most recently completed financial year or is payable in respect of services provided to the Issuer or any of its subsidiaries that were: (a) performed by a director or NEO; or (b) performed by any other party but are services typically provided by a director or a NEO.

Oversight and Description of Director and Named Executive Officer Compensation

The main objective of the Issuer's executive compensation program is to attract, retain, and engage high-quality, high-performance executives who have the experience and ability to successfully execute the Issuer's strategy and deliver value to our shareholders.

The objectives of the Issuer's executive compensation program are as follows:

i. compensate executives competitively for the leadership, skills, knowledge, and experience necessary to perform their duties;

ii. align the actions and economic interests of executives with the interests of shareholders; and

iii. encourage retention of executives.

The Board as a whole is responsible for determining the final compensation (including long-term incentives in the form of Options) to be granted to the Issuer's executive officers and directors to ensure that such arrangements reflect the responsibilities and risks associated with each position. Directors who are also members of management are required to abstain from voting in respect of their own compensation, thereby providing the independent members of the Board with considerable input as to executive compensation.

The Issuer's executive compensation program has focused primarily on rewarding the efforts of its executives in increasing shareholder value and meeting the goals and objectives established by the Board for the Issuer as a whole and each executive on an individual basis. Currently, executive compensation is overseen by the Board, and the Board is solely responsible for reviewing executive compensation with respect to the achievement of these goals on an annual basis. In doing so, the Board recognizes the importance of ensuring that overall compensation for Named Executive Officers is not only internally equitable, but also competitive within the industry in which the Issuer operates. Specifically, the Board's review and evaluation of executive compensation includes measurement of, among others, the following areas: (a) the achievement of corporate objectives, such as financings, royalty acquisitions, joint ventures and other business development, in particular having regard to the budgetary constraints and other challenges facing the Issuer; (b) the Issuer's financial condition; and (c) the Issuer's share price, market capitalization and shareholder returns. The Board also takes into consideration the value of similar incentive awards to executive officers at comparable companies and the awards given to executive officers in the past.

Given the stage of development of the Issuer and scale of its operations, the Issuer has not paid any salary to its Chief Executive Officer or Chief Financial Officer during the last financial year. It is expected that any future compensation would align with the principles and approach set out above, and that the overall objectives of such compensation will be to provide total compensation packages to senior executive officers to ensure senior management is appropriately engaged and retained and to provide a level of base compensation that is competitive within the North American marketplace and that will attract and retain individuals with the experience and qualifications necessary for the management of the Issuer following the Change of Business.

The Issuer does not currently have a formal incentive bonus plan in place. Any award of a bonus to a Named Executive Officer would be at the discretion of the Board, and would take into account the individual performance and efforts of the individual, the progress made by the Issuer in furthering its business plans and the overall financial position of the Issuer.

Pension Disclosure

As at the year ended December 31, 2021, the Issuer did not provide a pension to any director or NEO.

16. Indebtedness of Directors and Executive Officers

None of the executive officers, directors or employees or any former executive officers, directors or employees of the Issuer or any proposed nominee for election as a director of the Issuer or any of their respective associates is or has been indebted to the Issuer or has been indebted to any other entity where that indebtedness was the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Issuer.

17. Risk Factors

The Issuer has identified the following risks relevant to its business and operations, which could materially affect the Issuer's operating results, financial performance and the value of the Common Shares. Prospective investors should carefully consider their personal circumstances and consult their broker, lawyer, accountant or other professional adviser before making an investment decision. The information below does not purport to be an exhaustive summary of the risks affecting the Issuer and additional risks and uncertainties not currently known to the officers or directors of the Issuer or not currently perceived as being material may have an adverse effect on the business of the Issuer.

Risks Relating to the Business and Operations of the Issuer

No Control over Exploration, Development, Production or other Operations at Mineral Properties

The Issuer may acquire royalties relating to mineral properties. The Issuer will not be directly involved in the exploration, development, production or operation at any of the mineral properties in which it holds a royalty interest. The revenue the Issuer may derive from its portfolio of royalty interests in the mining industry is based entirely on the exploration, development, production and operations of third parties. The Issuer expects to hold its interests through contractual agreements of which it expects to receive payments under based on certain milestones, including, but not limited to, production from certain mineral properties, however the Issuer will not have a direct interest in the exploration, development, production or operation of those mineral properties. The owners and operators generally will have the power to determine the manner in which the properties are exploited, including decisions to expand, continue or reduce, suspend or discontinue production from a property, decisions about the marketing of products extracted from the property and decisions to advance exploration efforts and conduct development of non-producing properties. The interests of third-party owners and operators and those of the Issuer in respect of a relevant project or property may not always be aligned. The inability of the Issuer to control the operations for the properties in which it has a royalty or other interest may result in a material adverse effect on the profitability of Issuer, the results of operations of Issuer and its financial condition.

Operations at mineral properties in respect of which the Issuer holds a royalty interest may be in the exploration stage and may not commence commercial production and there can be no assurance that if such operations do commence production that they will achieve profitable and continued production levels. In addition, the owners or operators may take action contrary to policies or objectives of the Issuer; be unable or unwilling to fulfill their obligations under their agreements with the Issuer; have difficulty obtaining or be unable to obtain the financing necessary to move projects forward; or experience financial, operational or other difficulties, including insolvency, which could limit the owner or operator's ability to perform its obligations under arrangements with the Issuer. The Issuer is also subject to the risk that a specific mineral property in which it has an interest may be put on care and maintenance or have its operations suspended, on both a temporary or permanent basis. The owners or operators of the projects or properties in which the

Issuer may hold a royalty interest may from time to time announce transactions, including the sale or transfer of the projects or of the operator itself, over which the Issuer has little or no control. If such transactions are completed it may result in a new operator controlling the project, who may or may not operate the project in a similar manner to the current operator which may positively or negatively impact the Issuer. If any such transaction is announced, there is no certainty that any such transaction will be completed, or completed as announced, and any consequences of such non-completion on the Issuer may be difficult or impossible to predict.

The Issuer is subject to the risk that operations at the mineral properties in which it holds any interest may shut down on a temporary or permanent basis due to issues including but not limited to economic conditions, lack of financial capital, flooding, fire, weather related events, mechanical malfunctions, community or social related issues, social unrest, the failure to receive permits or having existing permits revoked, collapse of mining infrastructure including tailings ponds, expropriation and other risks. These issues are common in the mining industry and can occur frequently.

The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the operations at these mineral properties becoming uneconomic resulting in their shutdown and closure.

Risks in the Mining Sector

To the extent that it derives revenues from royalties on assets in the mining industry, the Issuer is indirectly exposed to a high degree of risk inherent in the mining sector. Risks which may occur during the development of mineral deposits include environmental hazards, industrial accidents, equipment failure, import/customs delays, shortage or delays in installing and commissioning plant and equipment, metallurgical and other processing problems, seismic activity, unusual or unexpected formations, formation pressures, rock bursts, wall failure, cave ins or slides, burst dam banks, flooding, fires, explosions, power outages, opposition with respect to mining activities from individuals, communities, governmental agencies and non-governmental organizations, interruption to or the increase in costs of services, cave-ins and interruption due to inclement or hazardous weather conditions. Such occurrences could cause damage to, or destruction of properties, personal injury or death, environmental damage, pollution, delays, increased production costs, monetary losses and potential legal liabilities. Moreover, these factors may result in a mineral deposit, which has been mined profitably in the past to be-come unprofitable, causing the termination of production. They are also applicable to sites not yet in production and to expanded operations. Successful mining operations will be reliant upon the availability of processing and refining facilities and secure transportation infrastructure at the rate of duty over which the Issuer may have limited or no control.

Negative Cash Flow from Operations

The Issuer has positive pro-forma working capital (excluding the US$2 million contingent liability of a Mexican subsidiary) as the Buchans loan was repaid through the exercise of $280,000 in stock options but negative historical cash flow from operating activities. The acquisition of MRI shares generating $66,000 in estimated dividends, the Alert Tones acquisition generating $28,000 in royalties plus planned acquisitions generating a further $30,000 in royalty cash flow in 2023, is expected to cover estimated expenses of $115,000. Ongoing operations may be dependent on the Issuer's ability to obtain equity financing by the issuance of capital and to generate profitable operations in the future. Significant amounts of capital expenditures are required in order for the Issuer to execute its business plan and there are no assurances that the Issuer will have sufficient funds for this purpose.

Although the Issuer anticipates it will have positive cash flow from operating activities in future periods, to the extent that the Issuer has negative cash flow in any future period(s), it will need to raise additional funds to cover this shortfall.

Title to Properties and other Assets

The Issuer has no control over the steps taken by the ultimately holders of the assets from which it holds a royalty interest in to ensure that proper title to such assets is maintained. There can be no guarantee that the interest of the ultimate holders of such properties or assets is free from title or other ownership defects, and there can be no assurance that such rights and title interests will not be challenged or impugned by third parties.

Impact of the COVID-19 pandemic

The Issuer's business, operations and financial condition could be materially and adversely affected by the outbreak of epidemics or pandemics or other health crises, including the recent outbreak of COVID-19. To date, there have been a large number of temporary business closures, quarantines and a general reduction in consumer activity in Canada and internationally. The outbreak has caused companies and various governmental bodies to impose travel, gathering and other public health restrictions. While these effects are expected to be temporary and businesses have been resuming operations, the duration of the various disruptions to businesses locally and internationally and the related financial impact cannot be reasonably estimated at this time. Similarly, the Issuer cannot estimate whether or to what extent this outbreak and the potential financial impact may extend. Such public health crises can result in volatility and disruptions in the supply and demand for metals and minerals, global supply chains and financial markets, as well as declining trade and market sentiment and reduced mobility of people, all of which could affect mineral prices, interest rates, credit ratings, credit risk, share prices and inflation. The risks to the Issuer of such public health crises also include slowdowns or temporary suspensions of operations in locations impacted by an outbreak, interruptions to supply chains and supplies on which the Issuer relies, restrictions that the Issuer and its contractors and subcontractors impose to ensure the safety of employees and others, increased labor costs, regulatory changes, political or economic instabilities or civil unrest.

In addition to the above-noted risks, the Issuer's proposed business is subject to the additional risk that the COVID-19 pandemic (or similar outbreaks or other public health crises) will have an impact on the industries in which the Issuer acquires royalties interests in, which can in turn have a material adverse impact on the Issuer's profitability, results of operations and financial conditions, and the market and trading price of the Issuer's securities.

Financing Risks

The Issuer will require additional financing in order to acquire future royalties and otherwise take advantage of opportunities and to grow its business. The ability of the Issuer to arrange such financing in the future will depend in part on prevailing capital market conditions, as well as upon the business of the Issuer. There can be no assurance that the Issuer will be successful in its effort to arrange additional financing on terms satisfactory to the Issuer. If additional financing is raised by the Issuance of Common Shares or other forms of convertible securities from treasury, control of the Issuer may change, and shareholders may suffer additional dilution. If adequate funds are not available, or are not available on acceptable terms, the Issuer may not be able to take advantage of opportunities, or otherwise respond to competitive pressures and remain in business. If the Issuer is unable to generate such revenues or obtain such additional financing, any investment in the Issuer may be lost.

Difficulty Implementing Business Strategy

The growth and expansion of the Issuer is heavily dependent upon the successful implementation of its business strategy following the Change of Business. There can be no assurance that the Issuer will be successful in the implementation of its business strategy.

Management of Growth

The Issuer may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Issuer to manage growth effectively will require it to implement and improve its operational and financial systems and to expand, train and manage its employee base, if any. The inability of the Issuer to deal with this growth may have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects.

Risks Inherent in Acquisitions

The Issuer may actively pursue the acquisition of royalty interests consistent with its acquisition and growth strategy. From time to time, the Issuer may also acquire securities of or other interests in companies with respect to which the Issuer may enter into acquisitions or other transactions. Acquisition transactions involve inherent risks, including but not limited to:

- accurately assessing the value, strengths, weaknesses, contingent and other liabilities and potential profitability of acquisition candidates;
- ability to achieve identified and anticipated operating and financial synergies;
- unanticipated costs;
- diversion of management attention from existing business;
- potential loss of its key employees or key employees of any business acquired;
- unanticipated changes in business, industry or general economic conditions that affect the assumptions underlying the acquisition; and
- decline in the value of acquired interests, properties, companies or securities.

Any one or more of these factors or other risks could cause the Issuer not to realize the anticipated benefits of an acquisition of properties or companies, and could have a material adverse effect on its financial condition.

Dilution

The Issuer may make future acquisitions or enter into financing or other transactions involving the issuance of securities of the Issuer which may be dilutive to the holdings of existing shareholders. Common Shares and rights, warrants, special warrants, subscription receipts and other securities to purchase, to convert into or to exchange into Common Shares, may be created, issued, sold and delivered on such terms and conditions and at such times as the Board may determine. The issuance of these Common Shares and convertible securities could result in dilution to holders of Common Shares.

Future Sales by Existing Shareholders Could Cause Common Share Price to Fall

Future sales of Common Shares by the Issuer or other shareholders could decrease the value of the Common Shares. The Issuer cannot predict the size of future sales by the Issuer or other shareholders, or the effect, if any, that such sales will have on the market price of the Common Shares. Sales of a substantial number of Common Shares, or the perception that such sales could occur, may adversely affect prevailing market prices for the Common Shares.

Loss of Entire Investment

A positive return on an investment in the Common Shares is not guaranteed. An investment in the Common Shares is speculative and may result in the loss of an investor's entire investment. Only potential investors who are experienced in high risk investments and who can afford to lose their entire investment should consider an investment in the Common Shares. An investment in the Common Shares involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment.

Profitability of the Issuer

There can be no assurance that the Issuer's business and strategy following the Change of Business will enable it to become profitable or sustain profitability in future periods. The Issuer's future operating results will depend on various factors, many of which are beyond the Issuer's direct control, including the Issuer's ability to successfully acquire royalties, its ability to control its costs and general economic conditions. If the Issuer is unable to generate profits in the future, the market price of the Common Shares could decline.

Insurance and Uninsured Risks

While the Issuer will obtain insurance to address certain risks in such amounts as it considers being reasonable, such insurance has limitations on liability that may not be able to cover all the potential liabilities and the insurance may not continue to be available or may not be adequate to cover any resulting liability. Moreover, such risks may not be insurable in all instances or, in certain instances, the Issuer may elect not to insure against certain risks because of high premiums associated with such insurance or other reasons. The payment of such uninsured liabilities would reduce the funds available to the Issuer and the occurrence of an event in which the Issuer is not fully insured against, could have a material adverse effect upon its business, operating results and financial condition.

The Issuer is Dependent on Information Technology Systems

The Issuer's operations depend, in part, upon information technology systems. The Issuer's information technology systems are subject to disruption, damage or failure from a number of sources, including, but not limited to, computer viruses, security breaches, natural disasters, power loss and defects in design. Although to date the Issuer has not experienced any material losses relating to information technology system disruptions, damage or failure, there can be no assurance that it will not incur such losses in future. Any of these and other events could result in information technology systems failures, operational delays, production downtimes, destruction or corruption of data, security breaches or other manipulation or improper use of the Issuer's systems and networks, any of which may result in a material adverse effect on the Issuer's business, financial condition, results of operations, cash flows or prospects.

Litigation

All industries are subject to legal claims, with and without merit. Legal proceedings may arise from time to time in the course of the Issuer's business. Such litigation may be brought from time to time in the future against the Issuer. Defense and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. The Issuer is not currently subject to material litigation nor has the Issuer received an indication that any material claims are forthcoming. However, due to the inherent uncertainty of the litigation process, the Issuer could become involved in material legal claims or other proceedings with other parties in the future. The results of litigation or any other proceedings cannot be predicted with certainty. The cost of defending such claims may take away from management's time and effort and if the Issuer is incapable of resolving such disputes favourably, the resultant litigation could have a material adverse impact on the Issuer's financial condition, cash flow and results from operation.

Dependence on Key Personnel

The Issuer's success depends to a large degree upon its ability to attract, retain and train key management personnel. If the Issuer is not successful in retaining or attracting such personnel, the Issuer's business may be adversely affected. Furthermore, the loss of the Issuer's key management personnel could materially and adversely affect the Issuer's business and operations. The number of persons skilled in the Issuer's industry is limited and competition for such persons is intense. As the Issuer's business activity grows, it will require additional key financial, administrative, and other personnel as well as additional operations staff. There is no assurance that it will be successful in attracting, training and retaining qualified personnel as competition for persons with these skill sets increases. If the Issuer is not successful in attracting, training and retaining qualified personnel, the efficiency of its operations could be impaired, which could have an adverse impact on its future cash flows, earnings, results of operations and financial condition.

The success of the Issuer is also currently largely dependent on the performance of its directors and officers. The loss of the services of any of these persons could have a materially adverse effect on the Issuer's business and prospects. There is no assurance the Issuer can maintain the services of its directors, officers or other qualified personnel required to operate its business

Risks Related to Possible Fluctuations in Revenues and Results

The Issuer may experience significant fluctuations in its quarterly and annual results of operations for a variety of reasons, many of which are outside of the Issuer's control. Any fluctuations may cause the Issuer's results of operations to fall below the expectations of securities analysts and investors, which may negatively impact the ability of a purchaser to dispose of the Common Shares or the market price of the Common Shares.

Stock Exchange Prices

There can be no assurance that an active trading market in the Common Shares will be established and sustained following the Change of Business. Further, the market price of a publicly traded stock is affected by many variables, including the availability and attractiveness of alternative investments and the breadth of public market for the stock. In recent years, the securities markets have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that such variations will not affect the price of the Common Shares in the future and that the price of the Common Shares will not decrease.

Risks Related to Worldwide Economic, Market, and Geopolitical Uncertainty

Economic and geopolitical uncertainty may negatively affect the business of the Issuer. Economic conditions globally are beyond the Issuer's control. In addition, acts of terrorism and the outbreak of hostilities and armed conflicts between countries can create geopolitical uncertainties that may affect both local and global economies. Downturns in the economy or geopolitical uncertainties may cause customers to delay or cancel projects, reduce their overall capital or operating budgets or reduce or cancel orders which could have a material adverse effect on the Issuer's business, results of operations and financial condition.

In addition, the financial markets can experience significant price and value fluctuations that can affect the market prices of equity securities of technology and other companies in ways that are unrelated to the operating performance of these companies. Broad market fluctuations, as well as economic conditions generally, may adversely affect the market price of the Common Shares.

Foreign Country and Political Risks

The Issuer currently holds property interests in Mexico. Any operations and/or assets of the Issuer in Mexico could be exposed to various political and other risks and uncertainties.

These risks and uncertainties could include, but are not limited to, corruption; crime; extreme fluctuations in foreign currency exchange rates; high rates of inflation; labour unrest; expropriation and nationalization; renegotiation or nullification of existing concessions, licenses, permits and contracts; absence of reliable rule of law, regulatory and judiciary processes; illegal mining; environmental policies; extreme weather conditions; changes in taxation or royalty policies; restrictions on foreign exchange and movements of capital; changing political conditions; inappropriate laws and regulations; and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction; the risks of war or civil unrest; terrorism; hostage taking or detainment of personnel; and military repression.

Any changes in mining or investment policies or shifts in political attitude in Mexico may have a material adverse impact on the Issuer's business, financial condition and results of operations. It is difficult to predict the future political, social and economic direction in Mexico and the impact government decisions could have on the Issuer. Any political or economic instability in Mexico could have a material adverse impact on the Issuer's business, financial condition and results of operations in the future. Furthermore, the consequences of factors such as pandemics and climate change may result in further political or economic instability in Mexico which in turn may adversely affect the Issuer as scarce resources may be redistributed.

In addition, authorities and court systems in Mexico may be unpredictable. Challenges to foreign asset ownership, operations and regulatory compliance may be brought by government authorities for reasons that cannot be predicted and that may not be motivated by substantive law. It is also not unusual, in the context of a dispute resolution, for a party some foreign jurisdictions to use the uncertainty of the legal environment as leverage in its business negotiations. Failure to comply with applicable laws, regulations and local practices relating to mineral right applications and tenure could result in loss, reduction or expropriation of entitlements.

While the risks described above relate specifically to the risk to the Issuer of holding property in Mexico, the Issuer may in the future acquire royalties or assets in other foreign jurisdictions and could be subject to additional risks relating to such foreign holdings in the future.

Investments Located Outside North America

The Issuer may invest in royalties that are based on assets or operations in foreign jurisdictions, which are subject to additional risks as the economic environment or the particular economic and political factors of the country or geographic region in which the foreign asset or operations are located may impact the value of the Common Shares. Certain foreign countries may have different accounting, auditing and financial reporting standards. In addition, there may be less information available publicly about a foreign entity or asset than about a Canadian or U.S. entity or asset, and the quality of the information may be less reliable. Further, political, regulatory and social instability, restrictions on movement of capital, differing legal systems and the threat of expropriation can affect the value of investments in foreign entities, assets or operations, particularly in countries that are less developed.

Enforcement of Legal Rights

If the Issuer holds assets or conducts operations in foreign jurisdictions, investors may have difficulty in effecting service of process within Canada and collecting from or enforcing against the Issuer, any judgments obtained by the Canadian courts or Canadian securities regulatory authorities and predicated on the civil liability provisions of Canadian securities legislation. Similarly, in the event a dispute arises from any future foreign operations of the Issuer, the Issuer may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdictions of courts in Canada.

Concentration of Royalty Interests

There are no restrictions on the proportion of the Issuer's funds and no limit on the amount of funds that may be allocated to any particular royalty investment, industry or sector. The Issuer may participate in a limited number of investments and, as a consequence, its financial results may be substantially adversely affected by the unfavourable performance of a single investment or sector.

Tax Consequences

The acquisition, ownership and disposition of the Common Shares may have tax consequences in Canada, or elsewhere, depending on each particular existing or prospective shareholder's specific circumstances. Such tax consequences are not described herein and existing and prospective shareholders should consult their own tax advisors with respect to any such tax considerations.

Potential Conflicts of Interest

Certain of the other directors and officers of the Issuer may now or in the future be directors or officers of, or have shareholdings in, other companies that operate in competition with or otherwise in the same industry as the Issuer, to the extent that such other companies may participate in ventures in which the Issuer may participate or may wish to participate, the directors of the Issuer may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. Other companies in which the directors and officers of the Issuer are involved may also compete with the Issuer for the acquisition of royalty interests. In the event that any such conflicts of interest as are described above arise, a director or officer who has such a conflict will disclose the conflict to a meeting of the directors of the Issuer and, if the conflict involves a director, the director will abstain from voting for or against the approval of such a participation or such terms. In appropriate cases, the Issuer will establish a special committee of independent directors to review a matter in which several directors, or management, may have a conflict.

Passive Foreign Investment Company

There is a risk that the Issuer is a passive foreign investment company ("**PFIC**"). If the Issuer is a passive foreign investment company, its shareholders in the U.S. are likely subject to adverse U.S. tax consequences. Under U.S. federal income tax laws, if a company is a PFIC for any year, it could have adverse U.S. federal income tax consequences to a U.S. shareholder with respect to its investment in the Common Shares. The Issuer expects to earn royalty revenue which may be treated as passive income unless the royalty revenue is derived in the active conduct of a trade or business. Assessing whether royalty revenue received by the Issuer is derived in the active conduct of a trade or business involves substantial factual and legal ambiguity. Therefore, whether the Issuer is a PFIC is unclear, and the Issuer believes there is a risk that the Issuer may be considered a PFIC in the future following the Change of Business. Even if the Issuer were to make determinations of its PFIC status, there can be no assurances that the U.S. Internal Revenue Service will agree with such determinations. Furthermore, because PFIC determinations are made annually, it is possible that the Issuer will meet the requirements to be treated as a PFIC in one or more years, but not meet such requirements in other years. U.S. shareholders should consult their own tax advisors regarding the potential adverse tax consequences to owning PFIC stock, and whether they are able to and should make any elections or take other actions to mitigate such potential adverse tax consequences

Delay Receiving or Failure to Receive Payments

With respect to certain royalty interests, the Issuer may be largely dependent upon the financial viability and operational effectiveness of owners and operators of the relevant assets underlying the Issuer's interests. Payments may be delayed by restrictions imposed by lenders, delays in the sale or delivery of products, recovery by the ultimate owners of the assets of expenses incurred in the operation of such assets, and the insolvency of the ultimate owner. It is possible that the Issuer's rights to payment under the agreements underlying its interests must be enforced by contract without the protection of the ability to liquidate a property. This would inhibit the Issuer's ability to collect amounts owing under these agreements upon a default. Additionally, some agreements may provide limited recourse in particular circumstances which may further inhibit the Issuer's ability to recover or obtain equitable relief in the event of a default under such agreements. In the event of a bankruptcy of an operator or owner, it is possible that an such entity or person may claim that the Issuer should be treated as an unsecured creditor and, therefore, have a limited prospect for full recovery of revenue and a possibility that a creditor or such person may claim that the agreement underlying the Issuer's interest should be terminated in the insolvency proceeding. Failure to receive payments from the owners of the relevant assets or termination of the Issuer's rights may result in a material and adverse effect on the Issuer's profitability, results of operations and financial condition.

Disclosure Regarding Operations

Some interests may be subject to confidentiality arrangements which govern the disclosure of information with regard to the interest and, as such, the Issuer may not be in a position to publicly disclose non-public information with respect to certain interests. The limited access to data and disclosure regarding the operations of the assets in which the Issuer has an interest, may restrict the ability of the Issuer to enhance its performance which may result in a material and adverse effect on the profitability of the Issuer, results of operations for the Issuer and financial condition. There can be no assurance that the Issuer will be successful in obtaining these rights when negotiating the acquisition of other interests.

Cash Flow Risk

The Issuer will not be directly involved in the operations of the assets in which it holds an interest. Such interests will be subject to most of the significant risks of the operating company. The Issuer's cash flow is dependent on the activities of third-parties which could create risk that those third-parties may have targets inconsistent to the Issuer's targets, take action contrary to the Issuer's goals, policies or objectives, be unwilling or unable to fulfill their contractual obligations owed to the Issuer, or experience financial, operational or other difficulties or setbacks, including bankruptcy or insolvency proceedings, which could limit a third-party's ability to perform under a specific third-party arrangement. A lack of access to capital could result in a third-party entering a bankruptcy proceeding, which would result in the Issuer being unable to realize any value for its royalty interest.

Force Majeure

The Issuer, directly or indirectly through the assets in which it derives royalties from, may now or in the future be adversely affected by risks outside the control of the Issuer, including but not limited to labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

Climate Change May Adversely Affect the Issuer

Governments are moving to enact climate change legislation and treaties at the international, national, state/provincial and local levels. Where legislation already exists, regulations relating to emission levels and energy efficiency are becoming more stringent. Some of the costs associated with meeting more stringent regulations can be offset by increased energy efficiency and technological innovation. However, if the current regulatory trend continues, meeting more stringent regulations is anticipated to result in increased costs.

Competition for Royalty Interests

The Issuer will compete with other companies for acquisitions and dispositions of royalties, as well as for the recruitment and retention of qualified employees and consultants. Other companies may have greater resources than the Issuer. If the Issuer has to compete with larger companies with substantial financial resources, the Issuer may be at a competitive disadvantage in acquiring royalty interests in the industries it is currently focused on and eventually, in other industries. Accordingly, there can be no assurance that the Issuer will be able to compete successfully against other larger companies in acquiring new royalty interests or ability to acquire royalties at a viable cost. The Issuer's inability to acquire additional royalties may result in a material adverse effect on the Issuer's profitability, results of operation and financial condition.

Information Systems and Cyber Security

The Issuer's information systems, and those of its counterparties that own and/or the assets in which the Issuer has an interest, are vulnerable to an increasing threat of continually evolving cybersecurity risks. Unauthorized parties may attempt to gain access to these systems or the Issuer's information through fraud or other means of deceiving the Issuer's counterparties. The Issuer's operations depend, in part, on how well the Issuer, as well as the counterparties to agreements under which the Issuer holds an interest, protect networks, equipment, information technology systems and software against damage from a number of threats. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact the Issuer's reputation and results of operations. Although to date the Issuer has not experienced any material losses relating to cyber-attacks or other information security breaches, there can be no assurance that the Issuer will not incur such losses in the future.

The Issuer's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access remain an area of attention.

Other Risks

The Issuer has sought to identify what it believes to be the most significant risks to its business, but it cannot predict whether, or to what extent, any of such risks may be realized nor can the Issuer guarantee that it has identified all possible risks that might arise. Investors should carefully consider all of such risk factors before making an investment decision with respect to the Common Shares.

18. Promoters

There are no promoters of the Issuer other than Timothy Gallagher, the President, Chief Executive Officer and a director of the Issuer, who took the initiative in reorganizing the business of the Issuer in connection with the Change of Business. Mr. Gallagher beneficially owns and controls 34.375 million Common Shares and holds Options exercisable for an additional 3.6 million Common Shares, representing approximately 17.1% of the issued and outstanding Common Shares on a non-diluted basis.

19. Legal Proceedings

There are no legal proceedings by or against the Issuer as of the date of this Listing Statement in Canada. In Mexico, through its 88% owned subsidiary Minera Portree de Zacatecas, S.A. de C.V. the Issuer is legally pursuing a 2% NSR on the six Cozamin mining claims operated by Capstone Copper Corp. There are no regulatory actions against the Issuer as of the date of this Listing Statement.

20. Interest of Management and Others in Material Transactions

Other than the acquisition of Music Royalties Inc common shares and the exercise of stock options by Timothy Gallagher, CEO for an increase in ownership to 17.1% of as described in the audited financial statements of the Issuer, no director or executive officer of the Issuer or any person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10% of any class of the Issuer's outstanding voting securities, or an associate or affiliate of any such persons or companies, has any material interest, direct or indirect, in any transaction within the three years preceding the date of this document, or any proposed transaction, that has materially affected or will materially affect the Issuer or a subsidiary of the Issuer.

21. Auditors, Transfer Agents and Registrars

The Issuer's auditor is McGovern Hurley LLP, Chartered Professional Accountants, located at 251 Consumers Road, Suite 800, Toronto, Ontario, M2J 4R3 The Issuer's transfer agent and registrar is TMX Trust Company, located at 100 Adelaide Street West, #301, Toronto, Ontario, M5H 1S3

22. Material Contracts

The Issuer does not currently have any material contracts in force.

23. Interest of Experts

No person or company whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of this Listing Statement or as having prepared or certified a report or valuation described or included in this Listing Statement holds any beneficial interest, direct or indirect, in any securities or property of the Issuer or of an Associate or Affiliate of the Issuer and no such person is expected to be elected, appointed or employed as a director, executive officer or employee of the Issuer or of an Associate or Affiliate of the Issuer and no such person is a promoter of the Issuer or an Associate or Affiliate of the Issuer.

The auditor of the Issuer, McGovern Hurley LLP, Chartered Professional Accountants, is independent of the Issuer in accordance with the applicable rules of professional conduct for chartered professional accountants in Ontario.

24. Other Material Facts

There are no other material facts that are not elsewhere disclosed herein and which are necessary in order for this document to contain full, true and plain disclosure of all material facts relating to the Issuer.

25. Financial Statements and MD&A

The Issuer's financial statements for the years ended December 31, 2020 and December 31, 2021 and the nine month period ended September 30, 2022, as well as the Issuer's MD&A for the year ended December 31, 2021 and the nine month period ended September 30, 2022, are included as Schedules to this Listing Statement and can also be found on the Issuer's SEDAR profile.

CERTIFICATE OF THE ISSUER

Pursuant to a resolution duly passed by its Board of Directors, Royalties Inc. hereby applies for the listing of the above-mentioned securities on the Exchange. The foregoing contains full, true and plain disclosure of all material information relating to Royalties Inc. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Toronto, Ontario this 11th day of April, 2023.

"Timothy Gallagher"

Timothy Gallagher
President and Chief Executive Officer

"Jacqueline Logan"

Jacqueline Logan
Chief Financial Officer

"Andrew Robertson"

Andrew Robertson
Director

"Paul O'Brien"

Paul O'Brien
Director

CERTIFICATE OF THE PROMOTOR

Date: April 11, 2023

The foregoing contains full, true and plain disclosure of all material information relating to Royalties Inc. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

"Timothy Gallagher"

Timothy Gallagher

SCHEDULE “A”

Audited financial statements of the Issuer for the years ended December 31, 2020 and December 31, 2021

See attached.

XTIERRA INC.

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND DECEMBER 31, 2020

(Expressed in US Dollars)

XTIERRA INC.

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND DECEMBER 31, 2020

McGovern Hurley

Audit. Tax. Advisory.

Independent Auditor's Report

To the Shareholders of Xtierra Inc.

Opinion

We have audited the consolidated financial statements of Xtierra Inc. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of operations and comprehensive loss, consolidated statements of changes in equity (deficiency) and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2021 and 2020 and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss during the year ended December 31, 2021 and, as of that date, has an accumulated deficit. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that material uncertainties exist that cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially

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inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner of the audit resulting in this independent auditor's report is Jessica Glendinning.

McGovern Hurley LLP

McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
April 28, 2022

XTIERRA INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021 AND 2020

(Expressed in US Dollars)	Notes	2021	2020
		$	$
ASSETS			
Current assets			
Cash		38,954	523,651
Amounts receivable and other	4	573	14,776
Prepaid expenses	4	220	39,470
Total current assets		39,747	577,897
Non-current assets			
Mineral properties	5	1	1
Mineral royalty interests	6	187,379	187,379
Total non-current assets		187,380	187,380
Total assets		227,127	765,277
LIABILITIES			
Current			
Accounts payable and accruals	7	90,520	143,168
Notes payable	8	198,239	796,477
Current liabilities, before the undernoted		288,759	939,645
Other liability of subsidiary	17	2,000,000	2,000,000
Total current liabilities		2,288,759	2,939,645
SHAREHOLDERS' DEFICIENCY			
Capital stock	9	37,046,171	36,522,116
Warrants	8/10	219,637	186,492
Share-based payment reserve	12	361,750	401,964
Deficit		(39,709,979)	(39,305,729)
Deficiency attributable to equity holders of the company		(2,082,421)	(2,195,157)
Non controlling interest	6	20,789	20,789
Total shareholders' deficiency		(2,061,632)	(2,174,368)
Total liabilities and shareholders' deficiency		227,127	765,277

GOING CONCERN (Note 1)
COMMITMENTS AND CONTINGENCIES (Notes 5, 6, 8, 9, 10 and 17)

The financial statements were approved by the Board of Directors on April 28, 2022 and signed on its behalf by:

Signed "Gerald Gauthier" , Director

Signed "Timothy Gallagher" , Director

See accompanying notes to the consolidated financial statements.

XTIERRA INC.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(Expressed in US Dollars)	Notes	2021	2020
		$	$
Expenses			
General and administrative expenses		50,587	32,568
Corporate expenses		55,849	65,604
Professional fees		37,414	24,412
Exploration and evaluation expenses	5	254,381	148,021
Operating loss		398,231	270,605
Other items			
Interest expense		6,441	-
Foreign exchange (gain)/loss		6,647	(21,430)
Share-based compensation	12	29,834	127,671
Warrants issued	8/10	219,637	186,492
Net loss and comprehensive loss for the year		660,790	563,338
Net loss per share – basic and diluted		0.004	0.004
Weighted average common shares outstanding			
– basic and diluted		171,525,934	151,140,180

See accompanying notes to the consolidated financial statements.

XTIERRA INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)

(Expressed in US Dollars)	Share Capital $	Warrants $	Share-based payment reserve $	Deficit $	Attributable to equity holders of the company $	Non-controlling interest $	Total $
Balance as at December 31, 2019	35,643,062	310,440	296,112	(39,052,831)	(2,803,217)	-	(2,803,217)
Warrants expired	-	(310,440)	-	310,440	-	-	-
Warrants issued	-	186,492	-	-	186,492	-	186,492
Stock options exercised	49,289	-	(21,819)	-	27,470	-	27,470
Stock options granted	-	-	127,671	-	127,671	-	127,671
Shares issued	834,766	-	-	-	834,766	-	834,766
Share issue costs	(5,001)	-	-	-	(5,001)	-	(5,001)
Acquisition of mineral interest	-	-	-	-	-	20,789	20,789
Net loss for the year	-	-	-	(563,338)	(563,338)	-	(563,338)
Balance as at December 31, 2020	36,522,116	186,492	401,964	(39,305,729)	(2,195,157)	20,789	(2,174,368)
Share-based payment	-	-	29,834	-	29,834	-	29,834
Warrants exercised	-	(186,492)	-	186,492	-	-	-
Warrants issued	-	219,637	-	-	219,637	-	219,637
Shares issued	524,055	-	-	-	524,055	-	524,055
Stock options terminated	-	-	(70,048)	70,048	-	-	-
Net loss for the year	-	-	-	(660,790)	(660,790)	-	(660,790)
Balance as at December 31, 2021	37,046,171	219,637	361,750	(39,709,979)	(2,082,421)	20,789	(2,061,632)

See accompanying notes to the consolidated financial statements.

XTIERRA INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(Expressed in US Dollars)	Notes	2021	2020
		$	$
Cash flow from operating activities			
Net loss for the year		(660,790)	(563,338)
Non-cash interest expense		6,441	-
Share-based compensation		29,834	127,671
Warrants issued	8/10	219,637	186,492
Operating cash flow before movements in working capital		(404,878)	(249,175)
Movements in working capital			
Decrease/(increase) in amounts receivable		14,203	(11,852)
Decrease/(increase) in prepaid expense		39,250	(39,470)
(Decrease)/increase in accounts payable and accruals		(52,648)	75,437
Net cash used in operating activities		(404,073)	(225,060)
Cash flows from investing activities			
Mineral royalty interests	6	-	(47,260)
Partial payment of note payable	8	(80,624)	-
Total cash flows used in investing activities		(80,624)	(47,260)
Cash flows from financing activities			
Proceeds from issuance of shares and exercise of stock options	9/11	-	762,907
Share issue costs		-	(5,001)
Net cash generated by financing activities		-	757,906
Change in cash		(484,697)	485,586
Cash, beginning of the year		523,651	38,065
Cash, end of the year		38,954	523,651

Supplemental cash flow information:			
Proceeds on exercise of warrants applied against notes payable		524,055	-
Stock options terminated		(70,048)	-

See accompanying notes to the consolidated financial statements.

1. NATURE OF OPERATIONS

Xtierra Inc. (the "Company" or "Xtierra") has interests in exploration and evaluation properties located in Mexico. Substantially all of the Company's efforts are devoted to exploring and developing these properties. There has been no determination whether the Company's interests in exploration and evaluation projects contain mineral deposits which are economically recoverable.

The Company's head office is located at 55 University Ave, Suite 1805, Toronto, Ontario M5J 2H7.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company's continued existence is dependent upon the preservation of its interests in the underlying properties, the discovery of economically recoverable mineral deposits, the achievement of profitable operations, or the ability of the Company to raise additional financing, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. All of the Company's mineral exploration interests are located outside of Canada and are subject to the risk of foreign investment, including increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions, and political uncertainty.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, and mineral royalty interests, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. The Company's properties may be subject to government licensing requirements, social licensing requirements, unregistered prior agreements, unregistered claims, local indigenous or aboriginal claims and regulatory and environmental requirements.

Basis of measurement and going concern

These consolidated financial statements are prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for the current fiscal year. Several conditions discussed below create a material uncertainty and significant doubt about the Company's ability to continue as a going concern.

At December 31, 2021, the Company had not achieved profitable operations, had a working capital deficiency, had an accumulated deficit since inception and expects to incur further losses in the development of its business. The Company will have to rely on equity financing to generate additional financial resources to fund its working capital requirements and will need to generate additional financial resources to fund its planned programs. There is a risk that additional financing will not be available to the Company on a timely basis or on acceptable terms. There are no assurances that the Company will continue to obtain additional financial resources and/or achieve positive cash flows or profitability. Based on the assumptions that such finance will become available, the Directors believe that the going concern basis is appropriate for group financial statements.

The underlying value and the recoverability of the exploration and evaluation projects is entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of the exploration and evaluation projects, and the generation of future profitable production or proceeds from the disposition of the exploration and evaluation projects.

The Company cannot accurately predict the impact the Covid-19 pandemic may have on its operations, including uncertainties relating to the duration of the pandemic, potential travel and quarantine restrictions imposed by governmental authorities, and the impact on schedules and timelines for planned operations or exploration programs. In addition, this pandemic and related business lockdowns may adversely affect the Company's ability to finance its planned operations.

2. BASIS OF PREPARATION

These consolidated financial statements of the Company and its subsidiaries are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The policies set out below were consistently applied to all the periods presented, unless otherwise noted.

These consolidated financial statements have been prepared on a historical cost basis. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except cash flow information.

These consolidated financial statements were authorized for issuance by the Board of Directors on April 28, 2022.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. The financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of operations from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Company. All material intra-Company transactions, balances, income and expenses are eliminated on consolidation.

(b) Exploration and evaluation expenditures

Mineral exploration properties include acquired mineral use rights for mineral properties held by the Company. The amount of consideration paid (in cash or share value) for mineral use rights is capitalized. Exploration expenditure relates to the initial search for precious and base metals. Evaluation expenditure arises from a detailed assessment of deposits that have been identified as having economic potential.

Exploration and evaluation costs are expensed as incurred and included in the statement of operations until technical feasibility and commercial viability of extraction of reserves are demonstrable. Once a mine development decision has been made by the Company, subsequent expenditures incurred to develop the mine are capitalized to mineral properties. Exploration costs include an allocation of administration and salary costs (including share-based payments) as determined by management, where they relate to specific projects.

(c) Asset retirement obligations

The Company will record a liability for the estimated future costs associated with legal and constructive obligations relating to the reclamation and closure of its exploration and evaluation projects. This amount is initially recorded at its discounted present value with subsequent annual recognition of an accretion expense on the discounted liability. An equivalent amount is recorded as an increase to mineral exploration properties and amortized over the useful life of these assets. Management is currently not aware of any existing significant asset retirement obligations and the Company does not currently have any legal or constructive obligations relating to the reclamation of its exploration and evaluation projects at December 31, 2021 and 2020.

(d) Mineral royalty interests

Mineral royalty interests consist of acquired royalty interests. These interests are recorded at cost and capitalized as tangible assets with finite lives. They are subsequently measured at cost less accumulated depletion and accumulated impairment losses. The mineral royalty interests held by the Company all relate to non-producing assets in the exploration stage. The value of the exploration stage royalties is accounted for in accordance with IFRS 6, Exploration and Evaluation of Mineral Resources and is not depleted until such time as the technical feasibility and commercial viability have been established at which point the value of the asset is accounted for in accordance with IAS 16, Property, Plant and Equipment.

Producing mineral royalty and stream interests are depleted using the units-of-production method over the life of the property to which the interest relates. The life of the property is estimated using life of mine models specifically associated with the mineral royalty or stream properties which include proven and probable reserves and may include a portion of resources expected to be converted into reserves. Where life of mine models are not available, the Company uses publicly available statements of reserves and resources for the mineral royalty or stream properties to estimate the life of the property and portion of resources that the Company expects to be converted into reserves. Where life of mine models and publicly available reserve and resource statements are not available, depletion is based on the Company's best estimate of the ounces to be produced and delivered under the contract. The Company relies on information available to it under contracts with operators and/or public disclosures for information on reserves and resources from the operators of the producing mineral and stream interests.

If the consideration of a royalty interest includes variable consideration, the variable consideration is not recorded on initial recognition of the asset but is either capitalized when incurred if it meets the definition of an asset, or expensed.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Impairment of mineral royalty interests

Mineral royalty interests are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. Impairment is assessed at the level of cash-generating units ("CGUs") which are identified as the smallest identifiable group of assets that generates cash inflows, which are largely independent of the cash inflows from other assets. This is usually at the individual royalty of stream level for each property from which cash inflows are generated.

Royalty interests classified as exploration and evaluation assets are assessed for impairment whenever indicators of impairment exist in accordance with IFRS 6. An impairment loss is recognized for the amount by which the asset's carrying value exceeds its recoverable amount.

(f) Cash

Cash is comprised of cash on hand, deposits in banks and highly liquid investments having original terms to maturity of 90 days or less when acquired. Term deposits can be redeemed at any time without interest or penalty.

(g) Financial instruments

Financial assets

Initial recognition and measurement
Non-derivative financial assets within the scope of IFRS 9 are classified and measured as "financial assets at fair value", as either fair value through profit and loss ("FVPL") or fair value through other comprehensive income ("FVOCI"), or "financial assets at amortized costs", as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company's business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVPL or at amortized cost. Accounts receivable held for collection of contractual cash flows are measured at amortized cost.

Subsequent measurement – financial assets at amortized cost
After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the consolidated statements of operations. Cash and amounts receivable are measured at amortized cost.

Subsequent measurement – financial assets at FVPL
Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the consolidated statements of financial position with changes in fair value recognized in other income or expense in the consolidated statements of operations. The Company does not measure any financial assets at FVPL.

Subsequent measurement – financial assets at FVOCI
Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive loss in the consolidated statements of comprehensive loss. When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive loss and is not reclassified to profit or loss.

Dividends from such investments are recognized in other income in the consolidated statements of operations when the right to receive payments is established.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial instruments (continued)

Financial assets (continued)

Derecognition
A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets
The Company's only financial assets subject to impairment are amounts receivable, which are measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, amounts receivable have been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

Financial liabilities

Initial recognition and measurement
Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include accounts payable and accruals, notes payable and other liability of subsidiary, which are each measured at amortized cost. All financial liabilities are recognized initially at fair value and in the case of long-term debt, net of directly attributable transaction costs.

Subsequent measurement – financial liabilities at amortized cost
After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the consolidated statements of operations.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the consolidated statements of operations.

(h) Functional and presentation currency

The functional currency of the Company and its subsidiaries is the US Dollar. For the purpose of the consolidated financial statements, the results and financial position of each company are expressed in US Dollars (the Company's presentation currency). In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at the Statement of Financial Position date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was re-determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in operations for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in operations.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The Company records compensation cost using the fair value method of accounting for share-based payments. The fair value of stock options is determined using the Black-Scholes option pricing model. The fair value of the options is recognized over the vesting period as share-based payments expense and share-based payment reserve. When options are exercised, the proceeds received, together with any related amount in share-based payment reserve, will be credited to capital stock.

Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. On expiry, any related amount in share-based payment reserve will be credited to deficit.

(j) Operating loss

Operating loss comprises of general administrative costs incurred by the Company, exploration expenditures and all impairment charges relating to intangible assets and financial assets during the period. Operating loss is stated before finance income, finance costs and other gains and losses.

(k) Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the Company's accounting policies above, management has identified the judgemental areas that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations), which are dealt with below.

Impairment of Royalty, Stream and Other Interests
Assessment of impairment of royalty interests requires the use of judgments, assumptions and estimates when assessing whether there are any indicators that could give rise to the requirement to conduct a formal impairment test as well as in the assessment of fair values. The assessment of the fair values of royalty interests requires the use of estimates and assumptions for recoverable production, commodity prices, discount rates, mineral reserve/resource conversion, foreign exchange rates, taxes, future capital expansion plans and the associated production implications. Changes in any of the estimates used in determining the fair value of the royalty interests could impact the impairment analysis.

Key sources of estimation uncertainty
Preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the reporting date and the amounts reported for revenues and expenses during the period. The nature of estimation means that actual outcomes could differ from those estimates. The key sources of estimation uncertainty are discussed below:

Mineral resource estimates
Mineral resources are estimated in accordance with Canadian Institute of Mining, Metallurgy and Petroleum Standards on Mineral Resources and Reserves, Definitions and Guidelines and disclosed in accordance with National Instrument 43-101, "Standards of Disclosure for Mineral Projects" issued by the Canadian Securities Administrators. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any mineral reserve or mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation.

Share-based payments
Estimation of share-based payment costs requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Company has made estimates as to the volatility of its own shares, the probable life of options granted and the time of exercise of those options. The model used by the Company is the Black-Scholes valuation model.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Critical accounting judgements and key sources of estimation uncertainty (continued)

Income, value added, withholding and other taxes
The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

Determination of functional currency
Functional currency is determined annually for each entity based on a set of primary and secondary factors that include; the currency that influences sales prices for goods and services; the currency of the country that determines the sales prices of goods and services; the currency that mainly influences the costs of providing goods and services; the currency in which funds from financing activities are generated; the currency in which receipts from operating activities are usually retained. When the factors do not provide clear indicators, management judgement must be applied in the determination of functional currency.

Contingencies
See Note 17.

(l) Impairment of non-financial assets

At the end of each reporting period, non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly. Any impairment is recognized in the consolidated statement of operations.

(m) Loss per share

Basic loss per share is calculated using the weighted average number of shares outstanding. Diluted loss per share assumes that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted loss per share calculation. The diluted loss per share calculation excludes any potential conversion of options, warrants and other convertible securities that would decrease loss per share, as a result, all outstanding convertible securities for the years ended December 31, 2021 and 2020 have been excluded from diluted loss per share.

(n) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

(o) Income taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets also result from unused loss carry forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(Expressed in US Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Changes in accounting policies

No new accounting policies or amendments were adopted during 2021.

(q) New standards and interpretations not yet adopted

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2022. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 10 ‑ Consolidated Financial Statements (“IFRS 10”) and IAS 28 ‑ Investments in Associates and Joint Ventures (“IAS 28”) were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however early adoption is permitted.

IAS 1 ‑ Presentation of Financial Statements (“IAS 1”) was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company’s right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company’s own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023.

IAS 37 ‑ Provisions, Contingent Liabilities, and Contingent Assets (“IAS 37”) was amended. The amendments clarify that when assessing if a contract is onerous, the cost of fulfilling the contract includes all costs that relate directly to the contract ‑ i.e. a full-cost approach. Such costs include both the incremental costs of the contract (i.e. costs a company would avoid if it did not have the contract) and an allocation of other direct costs incurred on activities required to fulfill the contract ‑ e.g. contract management and supervision, or depreciation of equipment used in fulfilling the contract. The amendments are effective for annual periods beginning on January 1, 2022.

IFRS 3 ‑ Business Combinations (“IFRS 3”) was amended. The amendments introduce new exceptions to the recognition and measurement principles in IFRS 3 to ensure that the update in references to the revised conceptual framework does not change which assets and liabilities qualify for recognition in a business combination. An acquirer should apply the definition of a liability in IAS 37 ‑ rather than the definition in the Conceptual Framework ‑ to determine whether a present obligation exists at the acquisition date as a result of past events. For a levy in the scope of IFRIC 21, the acquirer should apply the criteria in IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. In addition, the amendments clarify that the acquirer should not recognize a contingent asset at the acquisition date. The amendments are effective for annual periods beginning on January 1, 2022.

IAS 16 ‑ Property, Plant and Equipment (“IAS 16”) was amended. The amendments introduce new guidance, such that the proceeds from selling items before the related property, plant and equipment is available for its intended use can no longer be deducted from the cost. Instead, such proceeds are to be recognized in profit or loss, together with the costs of producing those items. The amendments are effective for annual periods beginning on January 1, 2022.

4. AMOUNTS RECEIVABLE AND OTHER AND PREPAID EXPENSES

	2021	2020
	$	$
Receivable sales taxes - Canada	573	8,488
Receivable sales taxes - Mexico	-	226
Amounts receivables and other	-	6,062
Prepaid expenses	220	39,470
	793	54,246

(Expressed in US Dollars)

5. EXPLORATION AND EVALUATION EXPENDITURES

The following table shows the Company's cumulative exploration and evaluation expenditures:

	December 31, 2021	Additions	December 31, 2020	Additions	December 31, 2019
	$	$	$	$	$
Bilbao	23,241,100	254,381	22,986,719	148,021	22,838,698
Laguna	7,281,000	-	7,281,000	-	7,281,000
Total	30,522,100	254,381	30,267,719	148,021	30,119,698

Bilbao
The Company, through its indirectly wholly owned Mexican subsidiaries, holds a 100% interest in the Bilbao zinc-silver-lead-copper project, including the necessary surface lands for surface installations and development of the Bilbao deposit. See Note 6.

Laguna
The Company holds a 100% interest in the Laguna silver-gold-mercury tailings development project and has been granted a twenty year concession dated December 10, 2003 by the Comision Nacional del Agua ("Conagua") relating to the extraction rights to six million cubic metres of tailings material, subject to an amount payable to Conagua in the amount MX$11.00 (approximately US$1.00) per cubic metre of tailings.

In order to maintain the Company's mineral concessions and titles in good standing, the Company is required to maintain a prescribed minimum of annual exploration expenditure and pay fees semi-annually to the Secretaria de Economia in Mexico. Minimum expenditure commitments and concession payments totaling approximately $68,000 (MXN $1,374,000) are required annually. Failure to make the annual concession payments or incur the minimum annual exploration expenditures, to the satisfaction of the Mexican authorities, or a determination that the expenditures incurred are not qualifying expenditures, may result in the cancellation or forfeiture of the mineral concessions.

6. MINERAL ROYALTY INTERESTS

On April 22, 2020, the Company entered into an agreement to acquire 88% of the shares of Minera Portree in consideration of the payment of Cdn$56,000 and the issue to the vendors of 2,000,000 shares of the Company. The fair value of the common shares issued of $99,330, was estimated based on the market price of the shares on the date of issuance. Liabilities of $14,280 were assumed and a non-controlling interest of $20,789 was recognized as a result of the purchase.

Minera Portree holds various legal or royalty interests in certain mineral properties in Mexico, and an asserted claim to a 2% net smelter royalty on six mining concessions located adjacent to the Cozamin Mine in Zacatecas operated by Capstone Mining Corp. (TSX:CS). The entitlement of Minera Portree to the royalty may be contested by a third party and/or Capstone.

7. ACCOUNTS PAYABLE AND ACCRUALS

	2021	2020
	$	$
Trade creditors	20,104	75,004
Payable to related parties (Note 13)	41,303	41,348
Accrued liabilities	29,113	26,816
	90,520	143,168

(Expressed in US Dollars)

8. NOTES PAYABLE

	2021	2020
	$	$
Notes payable to Buchans Resources		
Opening balance	796,477	796,477
Reduction through issue of shares on exercise of warrants	(524,055)	-
Payment	(80,624)	-
Interest expense	6,441	-
Total notes payable to Buchans Resources	198,239	796,477

Notes payable

On February 14, 2018, Buchans had entered into a two-year Support and Standstill Agreement ("Support Agreement") to defer repayment of principal and accrued interest of its Notes receivable in consideration of the issue to Buchans of 13,000,000, non-transferable warrants. Each warrant entitled Buchans to purchase one common share of Xtierra for Cdn$0.05 per share for a term of two years expiring February 14, 2020. These warrants expired unexercised on February 18, 2020.

By an Extension Agreement dated February 7, 2020, as amended by an Amending Agreement dated April 30, 2020, the term of the Support Agreement was extended for an additional period to April 30, 2021, in consideration of the issue to Buchans of 13,000,000, non-transferable warrants. Each warrant entitled Buchans to purchase one common share of Xtierra for $0.05 per share for a term to April 30, 2021.

On April 27, 2021, Buchans exercised its Xtierra warrants and acquired 13,000,000 shares of Xtierra for a consideration of $524,055 (Cdn-$650,000), in addition, the Company paid $80,624 (Cdn-$100,000) as part payment of the Notes payable to Buchans.

By a Second Extension Amendment Agreement dated April 27, 2021, the Support Agreement between Buchans and Xtierra dated January 17, 2018, was further amended to provide that interest on the remaining balance of the notes payable to Buchans in the amount of $191,798 resume to accrue interest at the rate of 5% per annum effective May 1, 2021. The term of the Support Agreement was extended for a further period to April 30, 2023. Interest expense in the amount of $6,441 is included in operations during the year ended December 31, 2021.

In connection with the Second Extension Amendment Agreement, Xtierra agreed to issue to Buchans 5,000,000 share purchase warrants. Each warrant entitles Buchans to purchase one common share of Xtierra at a price of Cdn$0.10 per share for a term of two years. See Note 10.

9. CAPITAL STOCK

Common shares

Authorized

Unlimited number of common shares

Issued	Shares	Amount
		$
Balance, December 31, 2019	139,993,057	35,643,062
Stock options exercised	700,000	49,289
Shares issued for acquisition of royalty	2,000,000	99,330
Shares issued	20,000,000	735,436
Share issue costs	-	(5,001)
Balance, December 31, 2020	162,693,057	36,522,116
Shares issued from the exercise of warrants	13,000,000	524,055
Balance, December 31, 2021	175,693,057	37,046,171

On April 27, 2021, Buchans exercised its Xtierra warrants and acquired 13,000,000 shares of Xtierra for a consideration of $524,055 (Cdn-$650,000).

On July 10, 2020, the Company completed a private placement and received $735,436 (Cdn$1,000,000) for the issue of 20,000,000 common shares at Cdn$0.05 per share. A company controlled by an officer and director subscribed for 3,800,000 shares as part of this private placement.

(Expressed in US Dollars)

9. CAPITAL STOCK (CONTINUED)

On May 15, 2020, the Company issued 2,000,000 shares in the acquisition of the Minera Portree royalty, see Note 6.

During the year ended December 31, 2020, 700,000 stock options were exercised.

10. WARRANTS

	Warrants	Amounts $
Balance, December 31, 2019	13,000,000	310,440
Warrants expired	(13,000,000)	(310,440)
Warrants issued	13,000,000	186,492
Balance, December 31, 2020	13,000,000	186,492
Warrants exercised	(13,000,000)	(186,492)
Warrants issued	5,000,000	219,637
Balance, December 31, 2021	5,000,000	219,637

In connection with the Support and Standstill Agreement dated January 17, 2018 the Company issued 13 million, non-transferable warrants to Buchans, each warrant entitling Buchans to purchase one common share of Xtierra for Cdn$0.05 per share for a period of two years expiring February 14, 2020. These warrants expired unexercised on February 14, 2020.

On April 30, 2020, and in consideration for the extension for the Support and Standstill Agreement, the Company issued 13 million, non-transferable warrants to Buchans, each warrant entitling Buchans to purchase one common share of Xtierra for Cdn$0.05 per share for a period of one year expiring April 30, 2021. See Note 8.

On April 27, 2021, Buchans exercised the warrants and acquired 13,000,000 shares of Xtierra for a consideration of CDN$650,000 and Xtierra agreed to issue to Buchans, 5,000,000 new share purchase warrants, each warrant entitling Buchans to purchase one common share of Xtierra at a price of Cdn$0.10 per share for a term of two years.

The value of the new warrants received was estimated to be $219,637 at April 27, 2021 based on the Black-Scholes model and the following assumptions: expected dividend yield 0%, expected volatility 125%, life two years, a risk free interest rate 1.00% and share price of Cdn$0.09. The value of the warrants is included in operations during the year ended December 31, 2021.

11. STOCK OPTIONS

The board of directors has approved a Stock Option Plan for directors, officers, management, employees and other persons who perform ongoing services for the Company or any of its subsidiaries. The purpose of the plan is to attract, retain and motivate these parties by providing them with the opportunity, through share options, to acquire a proprietary interest in the Company and to benefit from its growth.

The maximum number of common shares reserved for issuance upon the exercise of options is not to exceed 10% of the total number of common shares outstanding immediately prior to such an issuance. The options are exercisable over a period not exceeding ten years. The options are non-assignable and may be granted for a term not exceeding ten years. The exercise price of the options is fixed by the board of directors at the market price of the shares at the time of grant, subject to all applicable regulatory requirements.

(Expressed in US Dollars)

11. STOCK OPTIONS (CONTINUED)

Stock options transactions during the years ended December 31, 2021 and 2020 were as follows:

	Number of Options Granted at December 31, 2021	Number of Options Exercisable at December 31, 2021	Estimated Grant Date Fair Value	Exercise Price	Expiry Date
			$		
Balance, December 31, 2019	9,300,000	9,300,000	296,112	Cdn$0.05	January 30, 2023
Stock options exercised	(700,000)	(700,000)	(21,819)		
Stock options granted	5,000,000	3,750,000	127,671	Cdn$0.06	June 4, 2025
Balance, December 31, 2020	13,600,000	12,350,000	401,964	Cdn$0.054	
Share-based payment	-	1,250,000	29,834	Cdn$0.06	
Stock options terminated	(1,800,000)	(1,800,000)	(70,048)		
Balance, December 31, 2021	11,800,000	11,800,000	361,750	Cdn$0.056	

During the year ended December 31, 2020, 700,000 stock options were exercised for gross proceeds of Cdn$35,000 ($27,471). The weighted average life in years of the remaining stock options is 2.6 years (2020 – 2.94 years).

In June 2020, the Company granted a total of 5,000,000 incentive stock options to consultants and service providers pursuant to the Company's Stock Option Plan. All these stock options are exercisable at a price of Cdn$0.06 per share for a period of five years from June 4, 2020, all vesting quarterly over a period of one year. The grant date fair value of these options was calculated at $151,919. The following assumptions were used in calculating the fair value of options granted, using the Black-Scholes option pricing model: expected dividend yield of 0%, expected volatility of 110%, risk-free interest rate of 0.38%, share price of Cdn$0.055 and expected life of five years. During 2021, the Company recorded $29,834 (2020 - $127,671) to share-based compensation and share-based payment reserve.

At December 31, 2021, 1,800,000 stock options were terminated.

12. SHARE-BASED PAYMENT RESERVE

Share-based payment reserve transactions for the years ended December 31, 2021 and 2020 were as follows:

	$
Balance, December 31, 2019	296,112
Stock options exercised	(21,819)
Stock options granted	127,671
Balance, December 31, 2020	401,964
Share-based payment	29,834
Stock options terminated	(70,048)
Balance, December 31, 2021	361,750

13. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed.

No fees were paid by the Company to directors and key management personnel for their services as directors and officers of the Company in the years ended December 31, 2021 or December 31, 2020.

During 2021 and 2020, the Company entered into various funding agreements with its major shareholder Buchans Resources Limited, see Note 8 and 10.

Included in accounts payable and accruals at December 31, 2021 is $41,303 (2020 - $41,348) due to Steenberglaw Professional Corporation, a company controlled by Neil J.F. Steenberg, Secretary, for legal fees. These balances are due on demand, unsecured and non-interest bearing.

During 2020, 500,000 stock options exercisable at Cdn$0.06 per share for a period of five years were granted to a close family member of a member of management as compensation for services rendered.

(Expressed in US Dollars)

13. RELATED PARTY TRANSACTIONS (CONTINUED)

The subsidiaries of the Company during the years ended December 31, 2021 and 2020 were as follows:

Name of Subsidiary	Country of Incorporation	Percentage owned	Principal activity
Orca Minerals Limited	Canada	100%	Holding company for Orca Gold International
Orca Gold International Ltd.	Bahamas	100%	Holding company for Mexican subsidiaries
Bilbao Resources SA de CV	Mexico	100%	Exploration
Bilbao Mining SA de CV	Mexico	100%	Exploration
Minera Orca SA de CV	Mexico	100%	Exploration
Orca Mining Exploration SA de CV	Mexico	100%	Exploration
Minera Portree de Zacatecas SA de CV	Mexico	88%	Holding company for mineral royalty interests

14. INCOME TAXES

Provision for Income Taxes

Major items causing the Company's effective income tax rate to differ from the combined Canadian federal and provincial statutory rate of 26.5% (2020 – 26.5%) were as follows:

	2021	2020
	$	$
(Loss) before income taxes	(660,790)	(563,338)
Expected recoverable income taxes at statutory rates	(174,000)	(149,000)
Change resulting from:		
Expenses not deductible for tax purposes	326,000	221,000
Change in foreign exchange rates	77,000	160,000
Change in benefit of tax assets not recognized	(229,000)	(232,000)
Deferred income tax provision (recovery)	-	-

Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

	2021	2020
	$	$
Non-capital loss carry-forwards - Canada	3,130,000	2,968,000
Non-capital loss carry-forwards - Mexico	8,701,000	10,938,000
Unrecorded deferred tax assets	11,831,000	13,906,000

The Company has approximately Cdn$3,904,000 ($3,130,000) of non-capital losses in Canada and approximately MXN169,602,000 Mexican Pesos ($8,701,000), of non-capital losses in Mexico which under certain circumstances can be used to reduce the taxable income of future years. The Canadian losses expire at various dates through 2041 and the Mexican losses expire at various dates through 2031.

15. FINANCIAL INSTRUMENTS

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objectives of the Company's risk management processes are to ensure that the risks are properly identified and that the capital base is adequate in relation to those risks. There have been no significant changes in the risks or the Company's objectives, policies and procedures related to risk management during 2021 and 2020.

The principal risks to which the Company is exposed to are described below.

Fair value:
The carrying amounts for cash, amounts receivable and other, accounts payable and accruals, notes payable and other liability of subsidiary on the consolidated statements of financial position approximate fair value because of the limited term of these instruments.

Capital Risk:
The Company manages its capital to ensure that there are adequate capital resources for the Company to maintain and explore its exploration and evaluation projects.

Credit Risk:
Credit risk is the risk that a counterparty will be unable to pay amounts owing to the Company. Management's assessment of the Company's risk is low as it is primarily attributable to funds held in Canadian banks.

Liquidity Risk:
The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. At December 31, 2021, the Company had cash of $38,954 (2020 - $523,651) to settle current liabilities of $2,288,759 (2020 - $2,939,465) (including liability of a subsidiary in the amount of $2,000,000 (2020 - $2,000,000) see Note 17). The Company's accounts payable and accruals generally have contractual maturities of less than 30 days and are subject to normal trade terms.

Price Volatility of Publicly Traded Securities:
Securities of exploration companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally, and market perceptions of the relative attractiveness of particular industries. The Company's share price is also likely to be significantly affected by short-term changes in metal prices or in the Company's financial condition or results of operations as reflected in quarterly earnings reports.

Price Risk:
The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. Price risk is remote since the Company is not a producing entity.

Interest Rate Risk:
The Company is not subject to interest rate risk due to the minimal cash levels, and the debt being at a fixed rate or not interest-bearing.

Foreign Currency Risk:
The Company is subject to foreign exchange risk as some of its operating, investing and financing activities are transacted in currencies other than the United States ("US") dollar. The Company is therefore subject to gains and losses due to fluctuations in these currencies relative to the U.S. dollar.

Sensitivity Analysis:
Financial instruments included in cash and amounts receivable are measured at amortized cost. Accounts payable and accruals, notes payable and other liability of subsidiary are classified as financial liabilities, measured at amortized cost.

A one percent change in interest rates will result in a corresponding change in interest income of approximately $Nil based on monetary asset and liability balances existing at December 31, 2021.

15. FINANCIAL INSTRUMENTS (CONTINUED)

Fair Value Hierarchy and Liquidity Risk Disclosure:
The fair value hierarchy has the following levels: (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1); (b) inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

As at December 31, 2021 and 2020, the Company did not have any financial instruments carried at fair value.

16. CAPITAL MANAGEMENT

The Company's capital structure consists of its capital stock, warrants and share-based payment reserve.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The board of directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will utilize its existing working capital and seek to raise additional amounts as needed through the issue of common shares or other securities.

The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company’s capital management objectives, policies and processes have remained unchanged during the years ended December 31, 2021 and 2020. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than Policy 2.5 of the TSX Venture Exchange (“TSXV”) which requires adequate working capital or financial resources of the greater of (i) CDN$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months.

17. COMMITMENTS AND CONTINGENCIES

The Company’s mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

In order to maintain the Company’s mineral concessions and titles in good standing, the Company is required to maintain a prescribed minimum of annual exploration expenditure and pay fees semi-annually to the Secretaria de Economia in Mexico. Minimum expenditure commitments and concession payments totaling approximately $68,000 (MXN $1,374,000) are required annually. Failure to make the annual concession payments or incur the minimum annual exploration expenditures, to the satisfaction of the Mexican authorities, or a determination that the expenditures incurred are not qualifying expenditures, may result in the cancellation or forfeiture of the mineral concessions. See Note 5.

Under an Indemnity and Guarantee Agreement dated August 11, 2008, entered into in connection with the acquisition by Orca Gold International Ltd. (“Orca Gold”), from Shoshone Silver Mining Company (“Shoshone Silver”), of the shares of Shoshone Mexico S.A. de C.V., (“Shoshone Mexico”), the registered owner of four mining concessions comprising the bulk of the Bilbao property, subject to a 1.5% net smelter royalty, and the beneficial owner of a 25% interest in the Bilbao concessions, Shoshone Silver agreed to indemnify Orca Gold and Shoshone Mexico against any damages or losses suffered from all liabilities and obligations of Shoshone Mexico, in consideration of the agreement by Orca Gold to pay to Shoshone Silver the total sum of $4,900,000. Of this total amount, $2,400,000 was paid on the date of transfer of the shares of Shoshone Mexico to Orca Gold in August 2008 and a further $500,000 was paid one year after the date of the first payment.

17. COMMITMENTS AND CONTINGENCIES (CONTINUED)

The balance of $2,000,000 expressed to be payable by Orca Gold to Shoshone Silver pursuant to the Indemnity and Guarantee Agreement was to be payable in four consecutive equal annual payments of $500,000 each, the first such $500,000 annual payment to be made at the time of commencement of construction of any mine developed on the Bilbao concessions, but in any event not less than six years after the date of the first payment of $2,400,000 in August 2008 and provided that the remaining balance of $2,000,000 was to be paid in full no later than ten years after the date of the first payment of $2,400,000. Construction of a mine on the Bilbao concessions has not commenced to date. The payment was secured by a charge granted by Shoshone Mexico in favor of Shoshone Silver and registered against the four Bilbao mining concessions.

Orca Minerals Limited, the parent company of Orca Gold, guaranteed the payments and obligations of Orca Gold to Shoshone Silver. Orca Gold is treating any potential claim that may become due to Shoshone Silver under the Indemnity and Guarantee Agreement as a contingent liability as the likelihood of this occurring cannot be predicted at this time. Xtierra acquired Orca Minerals Limited on August 29, 2008, but did not assume or guarantee, on a corporate non-consolidated basis, the payments or obligations of Orca Gold. Xtierra has no direct liability for any payments that may become due to Shoshone Silver, however under IFRS 9 *Financial Instruments*, upon consolidation, the Company is required to recognise this potential payment as a financial liability.

SCHEDULE "B"

MD&A of the Issuer the year ended December 31, 2021.

See attached.

XTIERRA INC.

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended December 31, 2021

Dated April 28, 2022

(Expressed in US Dollars, except per share amounts)

(Form 51-102F1)

Date: April 28, 2022

General

This Management's Discussion and Analysis (MD&A) reviews the activities of Xtierra Inc. ("Xtierra" or the "Company") and compares the financial results for the year ended December 31, 2021.

For a more complete understanding of the Company's financial condition and results of operations, this MD&A should be read together with the audited consolidated financial statements and the accompanying notes for the years ended December 31, 2021 and 2020, a copy of which is filed on the SEDAR website.

All monetary amounts are in US dollars unless otherwise stated.

Company Overview

Xtierra is a natural resource company which holds mineral exploration properties located in the Central Silver Belt of Mexico in the State of Zacatecas and is also pursuing new opportunities, including mineral exploration and development projects, and the potential acquisition of mineral and other royalties.

Xtierra is pursuing a strategy for realizing some value on its Bilbao and other Mexican projects in the context of the current resource cycle, as well as identifying and evaluating new potential royalty acquisitions.

Xtierra, through its Mexican subsidiaries, currently holds a 100% interest in the Bilbao zinc-silver-lead-copper project, in the southeastern part of the State of Zacatecas, on which an independent Technical Report in accordance with NI 43-101 containing an updated resource estimate and preliminary economic assessment (PEA) was completed in 2014.

The Company has maintained the Bilbao mineral concessions and title to the property in good standing and with the much improved outlook for zinc, lead and silver prices, continues to solicit interest in the Bilbao project from operating silver producers with the objective of converting an asset, in which Xtierra invested over $23 million, into cash flowing royalties in order to maximize value for shareholders.

Over the period December 2020 to February 2021, the Company undertook a drilling program to test the high grade silver potential in an area located adjacent to and west of the main Bilbao Silver-Lead-Zinc deposit. Five drill holes for a total of 1,800 meters were completed. The drill results on all five drill holes on this Victor vein were positive and demonstrated both consistency and continuity of the mineralization which should add to the potential of the Bilbao deposit. It is still unknown if the surrounding veins are a different mineralization than the skarn in the main Bilbao deposit and therefore the property is considered to have significant unexplored potential.

In May 2021, the Company's debt to its largest shareholders Buchans Resources Limited was reduced by $600,000 and the term of the remaining balance of $191,798 was extended for a further two years to April 30, 2023.

Mineral Royalty Interests

On July 31, 2019, the Company acquired, indirectly through a wholly owned subsidiary, a 1.5% net smelter royalty and all legal interests of the vendors and Minera Portree de Zacatecas, S.A. de C.V in the four mining concessions comprising the bulk of the Bilbao property, previously held by four individuals, for $76,829 (Cdn$100,000), paid as to Cdn$51,000 in cash and Cdn$49,000 by the issue of 980,000 common shares of the Company.

On August 13, 2019, the Company signed a letter of intent, to acquire Minera Portree De Zacatecas, S.A. de C.V ("Minera Portree"), subject to due diligence and final agreement on price, terms and conditions. On April 22, 2020, the Company entered into an agreement to acquire 88% of the shares of Minera Portree in consideration of the payment of Cdn$56,000, less the deposit of $20,000 previously paid, and the issue to the vendors of 2,000,000 shares of the Company. Liabilities of $14,280 were also assumed and a non-controlling interest of $20,789 was recognized as a result of the purchase.

Minera Portree holds various legal or royalty interests in certain mineral properties in Mexico, including the Company's Bilbao property and an asserted claim to a 2% net smelter royalty on six mining concessions located adjacent to the Cozamin Mine in Zacatecas operated by Capstone Mining Corp. (TSX:CS), five of which were acquired by Capstone from a third party in 2017 and 2019. The transfer of three of these mining concessions to Capstone are pending registration with the Public Registry of Mining since August 2019. The third-party had acquired the six mining concessions from Minera Portree in 2002, subject to a 2% net smelter royalty retained by Minera Portree. The entitlement of Minera Portree to the royalty may be contested by the third party and/or Capstone.

The Cozamin Mine is an operating polymetallic copper-silver underground mine, located 3.6 km north-northwest of Zacatecas City, currently operating at 3,780 tonne per day milling capacity, which is expected to produce 51.2 million pounds of copper and 1.6 million ounces of silver per year over the ten year period 2021-2030.

Based on public disclosure, Capstone reported that during the third quarter of 2019 Cozamin acquired the Portree claim block that laid within the Mala Noche Footwall Zone area. The claim block is surrounded by high grade Inferred Mineral Resources and provides access to continuously infill drill and eventually mine the Portree area.

During the fourth quarter of 2019, Cozamin started drilling into the Portree claim block. Prior to this, Portree was an untested inlier within Cozamin's land position covering the Mala Noche Footwall Zone area. Portree is surrounded by high grade Inferred Mineral Resources that future drilling is expected to increase to Indicated categorization. Capstone has reported that mining has already started within the Portree claim.

In the first quarter of 2020, Capstone reported that drilling of the Mala Noche Footwall Zone, associated with infilling or stepping out from regions of Inferred Mineral Resource category of the Mineral Resource estimate, was undertaken with 5 surface and 1 underground diamond drilling rigs.

On June 11, 2020, Capstone announced the results of an updated Mineral Resource estimate reporting that the Measured and Indicated Resource for Vein 20, the principal zone in the Mala Noche Footwall Zone, increased by 118% to 13.1 million tonnes at 2.35% Cu and 52 g/t Ag.

Capstone also stated that "this new Resource Estimate has exceeded our expectation to upgrade Vein 20, the principal zone in the Mala Noche Footwall Zone, to Indicated Class, previously estimated as Inferred in 2018. We also extended high grades into a previously undrilled area, thus adding unexpected tonnage in a key part of our development plan. We believe there is additional exploration potential, and we are making plans to test new step-out targets in H2 2020".

Capstone reported that the current Mineral Reserves at the MNFWZ are primarily located in the principal vein, Vein 20, with some additional material within an adjacent structure called Vein 10, that are actively being mined. These two veins, of the eight MNFWZ veins modeled, are best suited to the current mining method and are the principal target of an upcoming mineral reserve estimate predicated on the large increase in Indicated Class Mineral Resources. The potential of the remaining six veins represent a future exploration opportunity.

Bilbao Silver-Zinc-Lead-Copper Project

Xtierra, through its Mexican subsidiaries, currently holds a 100% interest in the Bilbao zinc-silver-lead-copper project located approximately 500km northwest of Mexico City in the southeastern part of the State of Zacatecas, Bilbao is a polymetallic, replacement-style, silver-lead-zinc-copper, skarn-type replacement sulphide deposit with a deeply weathered oxide cap.

In 2014 Runge Pincock Minarco (Canada) Limited (RPM) delivered an independent Technical Report in accordance with NI 43-101 containing an updated resource estimate and preliminary economic assessment (PEA) on the Bilbao Project based on 3 year trailing average prices of: Zinc US$0.94/lb, Lead US$1.01/lb and Silver US$30.24/ounce. This compares to current, current April 2022, spot prices of: Zinc US$1.92/lb, Lead US$1.03/lb and Silver US$23.20/ounce.

The mine plan incorporated in the PEA targeted the extraction of only the lower, unoxidized, sulphide zone based on a production rate of 2,000 tonnes per day, or 720,000 tonnes per year with an average grade of 2.1%, 1.4% and 63.96 g/t of zinc, lead and silver, respectively, over a mine life of approximately 8 years.

The mineral processing plant described in the PEA proposes the treatment of the silver-lead-zinc sulphide ore at a design throughput rate of 2,000 tonnes per day, which would thereby project on average, 16,913 dry tonnes per year of silver-rich lead concentrate, and 26,966 dry tonnes per year of zinc concentrate, constituting an average combined total of approximately 20 million pounds of zinc, 17 million pounds of lead, and one million ounces of silver, per year.

In 2015, the Company conducted a desktop analysis of an alternative development scenario of extracting only the high grade portion of the Bilbao resources and milling of the ore mined from Bilbao at an existing mill within a reasonable trucking distance. By focusing only on the higher grade portion of the resource, this alternative development scenario would reduce the projected mining and processing rate, as well as subsequent metal concentrate production but maintain an eight year mine life. This scenario would also reduce the projected capital costs by reducing the amount of mine development required and eliminating the proposed mill at Bilbao.

In 2016, the Company focused its field exploration activities on the identification of additional resource potential at ten (10) favorable target sites on the wider Bilbao property. Activities carried out included ground magnetometer and associated topographic surveys aimed at further identification and location of potential drill targets outside the immediate limits of the existing Bilbao deposit. The results confirmed there is potential for additional vein and skarn-type potential mineralization on the property.

The Company maintains the Bilbao mineral concessions and title to the property in good standing while at the same time examining strategic alternatives for further exploring and /or development of the property. Exploration programs carried out in 2016 and 2017 confirmed the potential for the identification of additional resources at ten favorable target sites on the wider Bilbao property. Examination of previous metallurgical studies and the evaluation of potential solutions to increase viable tonnage and improve metal recovery at the Bilbao deposit continued intermittingly within limited financial resources.

A review of prior exploration reports and drill results from 2010-2013, identified 8 targets for potential satellite mineralization around the main Bilbao deposit, two of which stand out with high grade silver potential and therefore merit drilling, especially with the much improved outlook for silver prices, approaching the US$30 per ounce level used in the 2014 RPM PEA. Xtierra invested over $23 million into Bilbao and would like to monetize this asset into a cash flowing royalty and enable the company to focus royalty acquisitions in order to maximize value for shareholders.

On August 27, 2020, Xtierra announced its intention to re-assess the Bilbao deposit based on the recent rise in silver prices which have approached the level estimated in the PEA which combined with the 2010-2013 drill results which outlined the potential to expand tonnage and the unexplored high grade vein systems.

On September 24, 2020, Xtierra announced that it intends to drill the high grade silver potential at Bilbao in 2 areas. After receiving its drilling permit on the area located adjacent to and west of the main Bilbao Silver-Lead-Zinc deposit, called the Victor vein, the Company drilled 5 holes over the December to February period for a total of 1800 meters. This high grade silver zone runs north-south over a strike length of approximately 500 meters. The objective of drilling into this silver zone was to confirm the continuity of the high grade silver values to the northwest between historical drill holes X42 and X100 to the south which are separated by 500 meters.

The drill results on all five drill holes were positive as follows:

The objective of the first hole, X4B, located at the southern end of the Victor vein, was to establish continuity of the mineralization with high silver values at different elevations and along strike from two prior drill holes spaced 100 meters apart: between drill hole X96 which intersected 2 meters of 373 g/t Ag and drill hole X84B which intersected 3.25 meters of 412 g/t Ag.

(Expressed in US Dollars)

Drill hole X4B was 395.1 meters in length with 92% recovery and intersected five different levels of mineralization as follows:

Drill Hole	From	To	Metres	True Width (m)	g/t Ag	Pb%	Zn%	Cu%	Pb + Zn%
X4B	270.20	274.00	3.80	3.72	59.34	2.04	1.30	0.14	3.34
	285.60	295.50	9.90	8.98	89.69	3.37	3.22	0.20	6.59
including	285.60	287.90	2.30	2.09	175.50	6.13	0.66	0.58	6.79
	325.90	326.05	0.15	0.14	91.00	4.68	4.83	0.15	9.51
	327.75	331.90	4.15	4.14	130.60	6.05	8.51	0.18	11.57
	332.80	334.00	1.20	1.10	125.98	6.12	3.76	0.68	9.88

The objective of the second hole, X5B, located at the northern end of the approximately 500 meters strike length of the Victor vein was to confirm the continuity of high-grade silver mineralisation between earlier drill holes X42 which intersected 1 meter of 182 g/t Ag and X75 which intersected 0.7 meters of 2,047 g/t Ag.

Drill hole X5B with a total depth of 337.55 meters and a recovery of 96% also intersected mineralization at five levels of elevation as follows:

Drill Hole	From	To	Metres	True Width (m)	g/t Ag	Pb%	Zn%	Cu%	Pb + Zn%
X5B	173.95	175.80	1.85	1.84	101	6.25	2.67	0.21	8.92
	190.15	191.25	1.10	1.01	32	1.89	0.57	0.11	2.46
	195.95	198.85	2.90	2.70	16	0.99	0.65	0.07	1.64
	208.80	213.20	4.40	3.48	28	1.66	0.78	0.06	2.44
	271.67	271.90	0.23	0.21	324	2.02	0.19	0.67	2.21

The objective of the third hole, X6B, was to test the continuity between the two best drill hole results from the 2010-2013 exploration work in which X26 intersected 6.0 meters of 847 Ag/t at 381 meters depth and X40-1 with 2.45 meters of 1623 Ag/t at 424 meters depth. Drill hole X6B was 459.05 meters in length with 97% core recovery and intersected six different levels of silver/base metal mineralization but exhibiting weaker mineralization southwest of X26, as follows:

Drill Hole	From (m)	To (m)	Interval (m)	True Width (m)	Ag g/t	Pb%	Zn%	Cu%	Pb + Zn%	AgEq g/t
X6B	227.35	228.50	1.15	1.148	108	0.31	0.08	0.03	0.39	120
	282.00	284.00	2.00	1.97	16	0.41	0.15	0.13	0.56	42
	285.25	286.35	1.10	1.09	10	0.49	0.08	0.01	0.57	25
	289.00	291.55	2.55	2.52	11	0.79	0.69	0.01	1.48	52
	391.25	392.30	1.05		18	0.02	0.11	0.00	0.13	22
	393.45	394.30	0.85		32	0.03	0.21	0.00	0.24	39

The objective of the fourth hole, X7B was to test the continuity between X5B at the northern end of the Victor vein structure and X6B. Drill hole X7B with a total depth of 308.7 meters a core recovery of 93% also intersected Silver and Lead, Zinc, Copper mineralization at two levels of elevation, as follows:

Drill Hole	From (m)	To (m)	Interval (m)	True Width (m)	Ag g/t	Pb%	Zn%	Cu%	Pb + Zn%	AgEq g/t
X7B	139.20	140.05	0.85	0.76	56	0.05	0.09	0.01	0.14	60
	265.85	278.85	13.00	9.37	61	5.50	4.41	0.08	9.91	336
including	265.85	266.70	0.85	0.61	82	6.79	6.98	0.29	13.77	486
	268.90	269.40	0.50	0.36	63	5.99	6.43	0.08	12.42	412
	270.13	271.10	0.97	0.70	119	13.60	11.40	0.01	25.00	795
	277.05	277.75	0.70	0.50	107	8.23	6.91	0.54	15.14	566

(Expressed in US Dollars)

The fifth drill hole, X8B, was 300 meters in length with 95% recovery and drilled just north of the southernmost previous drill hole X100 which intersected 1 meter of 810 g/t Ag to test the extension of the Victor vein where it intersects a manto stockwork area.

Drill Hole	From (m)	To (m)	Interval (m)	True Width (m)	Au g/t	Ag g/t	Pb%	Zn%	Cu%	Pb + Zn%	AgEq g/t
X8B	250.50	250.90	0.40	0.35	0.54	40	0.03	0.59	0.17	0.62	75
	279.80	280.10	0.30	0.25	0.02	23	0.23	0.49	0.09	0.72	52
	280.30	280.60	0.30	0.25	0.01	41	0.41	0.93	0.10	1.34	89

Overall, the drill results on the five holes on the Victor vein demonstrated both consistency and continuity of the mineralization which should add to the economics of the Bilbao deposit. Furthermore, the results extend the thesis that the surrounding veins are a completely different mineralization than the skarn in the main deposit and therefore there is lots of unexplored potential.

The goal of exploring the silver potential in the area surrounding the main Bilbao deposit, was based on an internal review of the prior drilling of 113 holes which identified 74 holes with higher silver values suggesting a potential additional three to four million tonnes with a probable grade in the range of 200-240 g/t Ag, plus lead, zinc and copper by-product. The combination of the existing deposit, the high grade silver mineralization outside and just west of the deposit plus the zone, called El Cabezon which is a former silver mine operated by the Frisco Industrial Group, located 1.5 km south of Bilbao leads to the potential of a much larger silver resource and an area play. The potential quality and grade is conceptual in nature; there has been insufficient exploration to define a mineral resource and it is uncertain if future exploration will result in the target being delineated as a mineral resource.

The permit to drill the El Cabezon vein has not yet been received as it required a change of use in land. This area to the south of Bilbao is exposed over 600 meters so the objective is to drill 2 holes in search of the continuity of the mineralization of the silver vein below the old mine where 3 levels were exploited. A third hole is planned to seek the continuity 400 meters to the northwest of the first drill hole and is located in the Bilbao 2 concession. As previously reported, this area has potential to offer additional tonnage based on similar results from trenching, sampling and soil geochemistry.

Support Extension Agreement

On April 27, 2021, Xtierra reduced the notes due to Buchans by the payment of $604,678 and by a Second Extension Amendment Agreement dated April 27, 2021, the Support and Standstill Agreement between Buchans and the Company was further amended to provide that interest on the remaining balance of the notes due to Buchans in the amount of $191,798 will resume to accrue at the rate of 5% per annum effective May 1, 2021 until paid, and the Term was extended for a further period to April 30, 2023.

The continuing operations of Xtierra in the short term are dependent upon continued support from its major shareholder and the ability to raise adequate working capital to continue as a going concern. Additional funding will be required for exploration and development and /or to pursue new potential royalty acquisitions or other initiatives.

The Company's operations could be significantly adversely affected by the effects of the global spread of the contagious coronavirus, causing the outbreak of COVID-19 respiratory disease which was declared a pandemic by the World Health Organization on March 11, 2020. The Company cannot predict the impact the COVID-19 pandemic will have on its operations, including the impact on schedules and timelines for planned operations or exploration programs and the length of travel and quarantine restrictions imposed by governmental authorities. The Federal Government of Mexico, as part of its nationwide effort to slow the spread of the COVID-19 virus, issued a Decree requiring non-essential businesses, including mining and mineral exploration, to suspend all activities.

In addition, this COVID health crisis has adversely affected the economies and financial markets, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations.

Exploration and Evaluation Expenditures

	December 31, 2021	Additions	December 31, 2020	Additions	December 31, 2019
	$	$	$	$	$
Bilbao	23,241,100	254,381	22,986,719	148,021	22,838,698
Laguna	7,281,000	-	7,281,000	-	7,281,000
Total	30,522,100	254,381	30,267,719	148,021	30,119,698

Results of Operations

The Company recorded no revenue for the year ended December 31, 2021 or 2020.

For the three-month period ended December 31, 2021, the Company recorded a loss of $4,223 ($0.000 per share).

For the year ended December 31, 2021, the Company recorded a loss of $660,790 ($0.004 per share), which included warrants valuation expense of $219,637, share-based payment expense of $29,834 and exploration expenditures of $254,381.

For the three-month period ended December 31, 2020, the Company recorded a loss of $181,767 ($0.001 per share), which included share-based payment expense of $42,557 and exploration expenditures of $120,512.

For the year ended December 31, 2020, the Company recorded a loss of $563,338 ($0.004 per share), which included warrants valuation expense of $186,492, share-based payment expense of $127,671 and exploration expenditures of $148,021.

The Company has minimized its administrative and holding costs to maintain its properties, while examining strategic alternatives for realizing some value on its Bilbao and other Mexican projects and identifying and evaluating new potential royalty acquisitions.

Selected Annual Results

The following selected annual information has been derived from the financial statements of the Company, which have been prepared in accordance with International Financial Reporting Standards.

	Year ended Dec. 31, 2021 $000's	Year ended Dec. 31, 2020 $000's	Year ended Dec. 31, 2019 $000's
Loss before other items	398	271	164
Net and comprehensive loss for the period	661	563	168
Net Loss per common share	0.004	0.004	0.001
Total assets	227	765	61
Cash and cash equivalents	39	524	38
Other liability	2,000	2,000	2,000
Shareholders deficiency	(2,062)	(2,174)	(2,803)

Summary of Quarterly Results

	Dec. 31 2021 $000's	Sept. 30 2021 $000's	June 30 2021 $000's	Mar. 31 2021 $000's	Dec. 31 2020 $000's	Sept. 30 2020 $000's	June 30 2020 $000's	Mar. 31 2020 $000's
Net (gain)/loss	4	46	282	329	182	101	257	23
Net loss per share	0.000	0.000	0.002	0.002	0.001	0.001	0.002	0.000
Total assets	227	245	287	439	765	800	242	34
Working Capital	(2,249)	(2,232)	(2,187)	(2,648)	(2,362)	(2,190)	(2,728)	(2,846)

- The second quarter of 2020 included warrants valuation expense of $186,492 and share-based payment expense of $42,557.
- The third quarter of 2020 included a share-based payment expense of $42,557 and marketing expenses in the amount of $31,839.
- The fourth quarter of 2020 included $120,512 exploration expenditures and share-based payment expense of $42,557.
- The first quarter of 2021 included $281,960 exploration expenditures and share-based payment expense of $42,557.
- The second quarter of 2021 included warrants valuation expense of $219,637.

Liquidity and Capital Resources

The book value of total assets at December 31, 2021 was $227,127 compared to $765,277 at December 31, 2020. The Company has invested $23,241,100 on its Bilbao mineral project, which in accordance with the Company's accounting policies has been fully impaired.

At December 31, 2021, the Company had cash of $38,954 to settle current liabilities of $288,759, excluding $2,000,000 contingent liability of a subsidiary.

On April 27, 2021, Buchans exercised its share purchase warrants and purchased 13,000,000 shares in the Company for Cdn $650,000.

On April 27, 2021, Xtierra reduced the notes due to Buchans by the payment of $604,678 (Cdn$750,000) and by a Second Extension Amendment Agreement dated April 27, 2021, the Support and Standstill Agreement between Buchans and the Company was further amended to provide that interest on the remaining balance of the notes due to Buchans in the amount of $191,798 will resume to accrue at the rate of 5% per annum effective May 1, 2021 until paid, and the Term was extended for a further period to April 30, 2023. See Note 8 to the Financial Statements for the year ended December 31, 2021.

Related Party Transactions

The Company has entered into various funding agreements or arrangements with its major shareholder, see Note 7 to the Consolidated Financial Statements for the year ended December 31, 2021.

No fees were paid by the Company to directors and key management personnel for their services as directors and officers of the Company in the year ended December 31, 2021.

Included in accounts payable and accruals at December 31, 2021 is $41,303 (December 31, 2020 - $41,348) due to Steenberg law Professional Corporation, a company controlled by Neil J. F. Steenberg, Secretary, for legal fees. These balances are due on demand, unsecured and non-interest bearing.

Commitments and Contingencies

In order to maintain the Company's mineral concessions and titles in good standing, the Company is required to maintain a prescribed minimum of annual exploration expenditure and pay fees semi-annually to the Secretaria de

Economia in Mexico. Minimum expenditure commitments and concession payments totaling approximately $68,000 (MXN $1,374,000) are required annually.

Critical Accounting Estimates

The Company's financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and require management to make estimates and assumptions about future events that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, if any, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Risk and Uncertainties

The risk factors and uncertainties associated with the Company's business are described in detail in the Company's Management's Discussion and Analysis for the year ended December 31, 2021, as well as in the Company's Annual Financial Statements (under the headings "Nature of Operations and Going Concern" and "Significant Accounting Policies" and elsewhere within that document), all as filed on the SEDAR website at www.sedar.com. Such risks and uncertainties could have a material adverse effect on the Company's business, financial condition and/or results of operations, and on the trading price of the Company's shares.

In conducting its business, the Company faces a number of risks common to the mining and exploration industry. These are summarized below.

Failure to Obtain Additional Financing – Going Concern

The continuing operations of the Company in the short term are dependent upon continued support from its major shareholder and its ability to raise adequate working capital to continue as a going concern.

There is no assurance that the Company will be successful in obtaining the required financing. It cannot be guaranteed that such financing will be available on a timely basis or on acceptable terms. Failure to secure additional financing would result in delaying or indefinite postponement of development or production of the Company's properties. There can be no assurance that such additional financing will be available when needed or that, if available, the terms of such financing will be on terms favorable to the Company.

The Company's operations could be significantly adversely affected by the effects of the global spread of the contagious coronavirus, causing the worldwide outbreak of COVID-19 respiratory disease which was declared a pandemic by the World Health Organization on March 11, 2020. In addition, this widespread health crisis has adversely affected the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's ability to finance its operations.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than Policy 2.5 of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) Cdn$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months.

Exploration, Development and Operating Risk

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Company may be affected by numerous factors that are beyond the control of the Company and that cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting minerals and environmental protection, the combination of which factors may result in the Company not receiving an adequate return of investment capital. Many of the mining claims in which the Company has an interest are in the exploration stage only and are without a known body of commercial ore. Development of the subject mineral properties would follow only if favourable exploration results are obtained and a positive study is completed.

The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. There is no assurance that the Company's mineral exploration and development activities will result in any discoveries of commercial bodies of ore. The long-term profitability of the Company's operations will in part be directly related to the costs and success of its exploration and development programs, which may be affected by a number of factors.

Substantial expenditures are required to establish reserves through drilling and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis.

No Assurance of Production

Mineral exploration is highly speculative in nature, involves many risks, and frequently does not lead to the discovery of commercial reserves of minerals. While the rewards can be substantial if commercial reserves of minerals are found, there can be no assurance that the Company's past or future exploration efforts will be successful, that any production therefrom will be obtained or continued, or that any such production which is attempted will be profitable.

The Company has limited experience in placing resource properties into production, and its ability to do so will be dependent upon using the services of appropriately experienced personnel or entering into agreements with other major resource companies that can provide such expertise. There can be no assurance that the Company will have available to it the necessary expertise when and if the Company places its resource properties into production and whether it will produce revenue, operate profitably or provide a return on investment in the future.

Government Regulation and Permitting

The current or future operations of the Company, including development activities and commencement of production on its properties, require permits from various federal, state and local governmental authorities in Mexico, and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, water use, environmental protection, land claims of local people, mine safety and other matters.

Mexico is considered among the desirable regions of the world for exploration and mining, according to results of a survey conducted by The Fraser Institute, an independent Canadian research organization. The country's desirability for mining companies results from a combination of factors including a strong mining culture, excellent geology, relative political stability and favourable tax and permitting structures. Under the country's foreign ownership laws, non-Mexican companies can maintain 100% ownership of their properties and reap the benefits of successful exploration.

Such operations and exploration activities are also subject to substantial regulation under applicable laws by Mexican governmental agencies that will require the Company to obtain permits, licences and approvals from various governmental agencies. There can be no assurance, however, that all permits, licences and approvals that the Company may require for its operations and exploration activities will be obtainable on reasonable terms or on a timely basis or that such laws and regulations will not have an adverse effect on any mining project which the Company might undertake.

In order to maintain the Company's mineral concessions and titles in good standing, the Company is required to maintain a prescribed minimum of annual exploration expenditure and pay fees semi-annually to the Secretaria de Economia in Mexico. Minimum expenditure commitments and concession payments totaling approximately

$68,000 are required annually. Failure to make the annual concession payments or incur the minimum annual exploration expenditures, to the satisfaction of the Mexican authorities, or a determination that the expenditures incurred are not qualifying expenditures, may result in the cancellation or forfeiture of the mineral concessions.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Management

The success of the Company is currently largely dependent on the performance of its directors and officers. There is no assurance the Company can maintain the services of its directors and officers, or other qualified personnel required to operate its business. The loss of the services of these persons could have a material adverse effect on the Company and its prospects. Some of the directors and officers also serve as directors and/or officers of other companies which are engaged and will continue to be engaged in the search for additional business opportunities on behalf of other companies, and situations may arise where these directors and officers will be in direct competition with the Company. Conflicts, if any, will be dealt with in accordance with the relevant provisions of applicable corporate and securities laws.

Price Volatility of Publicly Traded Securities

Securities of exploration companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally, and market perceptions of the relative attractiveness of particular industries. The Company's share price is also likely to be significantly affected by short-term changes in metal prices or in the Company's financial condition or results of operations.

As a result of any of these factors, the market price of the Company shares at any given point in time may not accurately reflect the Company's long-term value.

Fluctuating Metal Prices

Metal prices are subject to significant fluctuations and are affected by several factors which are beyond the control of Buchans. The principal factors include: diminished demand, which may arise if economic growth in China, North America, and/or Europe is not sustained: increases in supply resulting from the discovery and the development of new sources of metals; and supply interruptions, due to changes in government policies, war, or international trade disputes or embargos. The effect of these factors on the future price of metals and their effect on the Company's operations cannot be predicted.

Foreign Currency Exchange

Exchange rate fluctuations may affect the costs that the Company incurs in its operations. The Company's financing activities have been denominated in Canadian Dollars, while the expenditures to be incurred by the Company on its mineral exploration projects in Mexico will be denominated in US Dollars or Mexican Pesos. The Company also has certain liabilities denominated in US Dollars. The appreciation of the US Dollar against the Canadian Dollar would result in increased costs of the Company's activities in Mexico in Canadian Dollar terms, and currency movements may have a significant impact on the Company's financial position and results of operations in the future. Fluctuations in the exchange rates between the Canadian Dollar and the Mexican Peso or US Dollar may have an adverse or positive effect on the Company.

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements.

Financial Instruments

All financial instruments included in current assets are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accruals, notes payables and other liability of subsidiary are classified as other financial liabilities, which are measured at amortized cost. As at December 31, 2021, the carrying and fair value amounts of the Company's financial instruments are the same because of the limited term of the instruments.

The Company is subject to foreign exchange risk as some of its operating, investing and financing activities are transacted in currencies other than the US Dollar. The Company's operations are carried out in Mexico and Canada and cash is held in Canadian Dollars and Mexican Pesos as well as in US Dollars, the Company is therefore subject to gains and losses due to fluctuations in these currencies.

Outstanding Share Capital

The Company has unlimited authorized share capital of a single class of common shares of which, at December 31, 2021 and April 28, 2022, 175,693,057 shares were issued and outstanding.

At December 31, 2021 there were 5,000,000 warrants outstanding, expiring April 27, 2023, entitling Buchans Resources to purchase 5,000,000 common shares at CDN$0.10 per share.

At April 28, 2022, there were 11,400,000 share options outstanding, pursuant to the Company's Stock Option Plan.

Additional Information

Additional information about the Company is available under the Company's profile on SEDAR at www.sedar.com and on the Company's website.

Forward-Looking Statements

This management's discussion and analysis contains certain forward-looking statements relating to, but not limited to, the Company's expectations, intentions, plans and beliefs. Forward-looking information can often be identified by forward-looking words such as "anticipate", "believe", "expect", "goal", "plan", "intend", "estimate", "may" and "will" or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance.

Forward-looking information may include reserve and resource estimates, estimates of future production, unit costs, costs of capital projects and timing of commencement of operations, and is based on current expectations that involve a number of business risks and uncertainties. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to, failure to establish estimated resources and reserves the grade and recovery of ore which is mined varying from estimates, capital and operating costs varying significantly from estimates, delays in obtaining or failures to obtain required governmental, environmental or other project approvals, delays in the development of projects changes in exchange rates, fluctuations in commodity prices, inflation and other factors.

Forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from expected results. Shareholders and prospective investors should be aware that these statements are subject to known and unknown risks uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Shareholders are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur.

The Company undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors which affect this information, except as required by law.

Date: April 28, 2022

SCHEDULE "C"

Interim financial statements of the Issuer for the period ended September 30, 2022.

See attached.

XTIERRA INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Unaudited

For the three and nine months ended September 30, 2022 and 2021

(Expressed in US Dollars)

NOTICE OF NO AUDIT OR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor. The accompanying unaudited condensed consolidated interim financial statements of Xtierra Inc. (the "Company") have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of condensed consolidated interim financial statements by an entity's auditor.

XTIERRA INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Unaudited

For the three and nine months ended September 30, 2022

(Expressed in US Dollars)

INDEX	*PAGE*

XTIERRA INC.
Condensed consolidated interim statements of financial position
As at September 30, 2022
(Unaudited – prepared by management)

(Expressed in US Dollars)	Notes	September 30, 2022 $	December 31, 2021 $
ASSETS			
Current assets			
Cash		2,940	38,954
Amounts receivable and other	3	3,637	573
Prepaid expenses	3	220	220
Total current assets		6,797	39,747
Non-current assets			
Investments	9,12	721,400	-
Mineral properties	4	1	1
Mineral royalty interests	5	187,379	187,379
Total non-current assets		908,780	187,380
Total assets		915,577	227,127
LIABILITIES			
Current liabilities			
Accounts payable and accruals	6,8	135,321	90,520
Notes payable	7	205,673	198,239
Current liabilities, before the undernoted		340,994	288,759
Other liability of subsidiary	15	2,000,000	2,000,000
Total current liabilities		2,340,994	2,288,759
SHAREHOLDERS' DEFICIENCY			
Capital stock	8	37,767,571	37,046,171
Warrants	7,8,9	219,637	219,637
Share-based payment reserve	11	361,750	361,750
Deficit		(39,795,164)	(39,709,979)
Deficiency attributable to equity holders of the company		(1,446,206)	(2,082,421)
Non-controlling interest	5	20,789	20,789
Total shareholders' deficiency		(1,425,417)	(2,061,632)
Total liabilities and shareholders' deficiency		915,577	227,127

GOING CONCERN (Note 1)
COMMITMENTS AND CONTINGENCIES (Notes 1, 7 and 15)

The financial statements were approved by the Board of Directors on November 28, 2022 and signed on its behalf by:

Signed - "Timothy Gallagher"
Timothy Gallagher, Director

Signed - "Andrew Robertson"
Andrew Robertson, Director

XTIERRA INC.
Condensed consolidated interim statements of operations and comprehensive loss
For the three and nine months ended September 30, 2022 and 2021
Unaudited – prepared by management

Expressed in US Dollars)	September 30, 2022 $	September 30, 2021 $	September 30, 2022 $	September 30, 2021 $
Expenses				
General and administrative	584	11,979	7,743	42,186
Corporate expenses	4,193	3,388	10,936	52,923
Professional fees	(156)	5,695	8,209	27,260
Exploration and evaluation	27,504	22,063	44,872	305,429
Operating loss	32,125	43,125	71,760	427,798
Other items				
Interest expense	2,505	4,219	7,434	4,219
Share-based compensation	-	-	-	42,557
Warrants issued	-	-	-	219,637
Foreign exchange (gain)	25,062	(962)	5,991	(37,644)
Net loss and comprehensive loss for the period	59,692	46,382	85,185	656,567
Net loss per share – basic and diluted	0.000	0.000	0.000	0.004
Weighted average Common Shares outstanding				
basic and diluted	175,910,448	167,251,961	175,766,317	167,251,961

See accompanying notes to the unaudited condensed consolidated interim financial statements.

XTIERRA INC.
Condensed consolidated interim statements of changes in equity (deficiency)
Unaudited – prepared by management

	Shares outstanding #	Share Capital $	Warrants $	Share-based payment reserve $	Deficit $	Attributable to equity holders of the company $	Non-controlling interest $	Total $
Balance, December 31, 2020	**162,693,057**	**36,522,116**	**186,492**	**401,964**	**(39,305,729)**	**(2,195,157)**	**20,789**	**(2,174,368)**
Stock options granted	-	-	-	42,557	-	42,557	-	42,557
Warrants expired	-	-	(186,492)	-	186,492	-	-	-
Warrants issued	-	-	219,637	-	-	219,637	-	219,637
Shares issued	13,000,000	524,055	-	-	-	524,055	-	524,055
Net loss for the period	-	-	-	-	(656,567)	(656,567)	-	(656,567)
Balance as at September 30, 2021	175,693,057	37,046,171	219,637	444,521	(39,775,804)	(2,065,475)	20,789	(2,044,686)
Balance as at December 31, 2021	**175,693,057**	**37,046,171**	**219,637**	**361,750**	**(39,709,979)**	**(2,082,421)**	**20,789**	**(2,061,632)**
Shares issued	20,000,000	721,400	-	-	-	721,400	-	721,400
Net loss for the period	-	-	-	-	(85,185)	(85,185)	-	(85,185)
Balance as at September 30, 2022	**195,693,057**	**37,767,571**	**219,637**	**361,750**	**(39,795,164)**	**(1,446,206)**	**20,789**	**(1,425,417)**

See accompanying notes to the unaudited condensed consolidated interim financial statements.

XTIERRA INC.
Condensed consolidated interim statements of cash flows
For the three and nine months ended September 30, 2022 and 2021
Unaudited – prepared by management

For the nine months ended September 30,

(Expressed in US Dollars)	Note	2022 $	2021 $
Cash flow from operating activities			
Net loss for the period		(85,185)	(611,764)
Share-based compensation		-	42,557
Warrants issued		-	219,637
Non-cash interest expense		7,434	1,579
Operating cash flow before movements in working capital		(77,751)	(347,991)
Movements in working capital			
Amounts receivable		(3,064)	7,560
Prepaid expense		-	39,243
Accounts payable and accrued liabilities		5,330	(49,170)
Net cash used in operating activities		(75,485)	(350,358)
Financing activities			
Subscription receipts payable	8	39,471	-
Total cash provided by financing activities		39,471	-
Investing activities			
Partial payment of note payable	7	-	(80,624)
Total cash used in investing activities		-	(80,624)
Decrease in cash		(36,014)	(430,982)
Cash, beginning of period		38,954	523,651
Cash, end of period		2,940	92,669

Supplemental information

Share issuance	9,12	721,400	-

1. NATURE OF OPERATIONS

Xtierra Inc. (the "Company" or "Xtierra") has interests in exploration and evaluation properties located in Mexico. There has been no determination whether the Company's interests in exploration and evaluation projects contain mineral deposits which are economically recoverable. The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company's continued existence is dependent upon the preservation of its interests in the underlying properties, the discovery of economically recoverable mineral deposits, the achievement of profitable operations, or the ability of the Company to raise additional financing, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. All of the Company's mineral exploration interests are located outside of Canada and are subject to the risk of foreign investment, including increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions, and political uncertainty.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, and mineral royalty interests, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. The Company's properties may be subject to government licensing requirements, social licensing requirements, unregistered prior agreements, unregistered claims, local indigenous or aboriginal claims and regulatory and environmental requirements.

Basis of measurement and going concern

These unaudited condensed consolidated interim financial statements are prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for the current fiscal year. Several conditions discussed below create a material uncertainty and significant doubt about the Company's ability to continue as a going concern.

At September 30, 2022, the Company had not achieved profitable operations, had a working capital deficiency, had an accumulated deficit since inception and expects to incur further losses in the development of its business. The Company will have to rely on equity financing to generate additional financial resources to fund its working capital requirements and will need to generate additional financial resources to fund its planned programs. There is a risk that additional financing will not be available to the Company on a timely basis or on acceptable terms. There are no assurances that the Company will continue to obtain additional financial resources and/or achieve positive cash flows or profitability. Based on the assumptions that such finance will become available, the Directors believe that the going concern basis is appropriate for group financial statements.

The underlying value and the recoverability of the exploration and evaluation projects is entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of the exploration and evaluation projects, and the generation of future profitable production or proceeds from the disposition of the exploration and evaluation projects.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These unaudited condensed consolidated interim financial statements of the Company and its subsidiaries are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The accounting policies set out below were consistently applied to all the periods presented, unless otherwise noted.

These unaudited condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2021 prepared in accordance with IFRS and available under the Company's profile on www.SEDAR.com.

These unaudited condensed consolidated interim financial statements have been prepared on a historical cost basis except for financial instruments classified as fair value through profit and loss which are stated at their fair value. In addition, these unaudited condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except cash flow information. These unaudited condensed consolidated interim financial statements are expressed in United States Dollars ("US$").

Significant Accounting Judgments, Estimates and Assumptions

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities at the reporting date and the reported amounts of income and expenses during the reporting year. Actual results may differ from these estimates. There have been no changes in the judgments, estimates or assumptions from those disclosed in the Company's audited annual consolidated financial statements for the year ended December 31, 2021.

(Expressed in US Dollars)

Basis of consolidation

The unaudited condensed consolidated interim financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statements of operations from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Company. All material intra-Company transactions, balances, income and expenses are eliminated on consolidation.

3. AMOUNTS RECEIVABLE AND OTHER AND PREPAID EXPENSES

	September 30, 2022 $	December 31, 2021 $
Receivable sales taxes – Canada	**2,365**	573
Receivable sales taxes – Mexico	**1,272**	-
Prepaid expenses	**220**	220
	3,857	793

4. EXPLORATION AND EVALUATION EXPENDITURES

The following table shows the Company's cumulative exploration and evaluation expenditures:

	September 30, 2022 $	Additions $	December 31, 2021 $	Additions $	December 31, 2020 $
Bilbao	**23,285,972**	44,872	23,241,100	254,381	22,986,719
Laguna	**7,281,000**	-	7,281,000	-	7,281,000
	30,566,972	44,872	30,522,100	254,381	30,267,719

Bilbao

The Company, through its indirectly wholly owned Mexican subsidiaries, holds a 100% interest in the Bilbao zinc-silver-lead-copper project, including the necessary surface lands for surface installations and development of the Bilbao deposit. See Note 5.

Laguna

The Company holds a 100% interest in the Laguna silver-gold-mercury tailings development project and has been granted a twenty-year concession dated December 10, 2003 by the *Comision Nacional del Agua* ("Conagua") relating to the extraction rights to six million cubic metres of tailings material, subject to an amount payable to Conagua in the amount MX$11.00 (approximately US$1.00) per cubic metre of tailings.

In order to maintain the Company's mineral concessions and titles in good standing, the Company is required to maintain a prescribed minimum of annual exploration expenditure and pay fees semi-annually to the Secretaria de Economia in Mexico. Minimum expenditure commitments and concession payments totaling approximately $60,000 (MXN $1,200,000) are required annually. Failure to make the annual concession payments or incur the minimum annual exploration expenditures, to the satisfaction of the Mexican authorities, or a determination that the expenditures incurred are not qualifying expenditures, may result in the cancellation or forfeiture of the mineral concessions.

5. MINERAL ROYALTY INTERESTS

On April 22, 2020, the Company entered into an agreement to acquire 88% of the shares of Minera Portree in consideration of the payment of Cdn$56,000, and the issue to the vendors of 2,000,000 shares of the Company. The fair value of the Common Shares issued of $99,330, was estimated based on the market price of the shares on the date of issuance. Liabilities of $14,280 were assumed and a non-controlling interest of $20,789 was recognized as a result of the purchase. Minera Portree holds various legal or royalty interests in certain mineral properties in Mexico, and an asserted claim to a 2% net smelter royalty emanating from its former ownership of six mining concessions located adjacent to the Cozamin Mine in Zacatecas operated by Capstone Mining Corp. (TSX:CS) ("Capstone"). The entitlement of Minera Portree to the 2002 royalty is contested by a third party and Capstone. Minera Portree filed lawsuits against both parties to properly recognize the 2% NSR. In August 2022, the Zacatecas courts requested the Public Mines Registry in Mexico City to register the Minera Portree royalty claims on title. The timing and outcome of the lawsuits are uncertain.

(Expressed in US Dollars)

6. ACCOUNTS PAYABLE AND ACCRUALS

	September 30, 2022 $	December 31, 2021 $
Trade creditors	**17,650**	20,104
Payable to related parties (Note 12)	**39,242**	41,303
Subscription receipts (Note 8)	**55,259**	15,788
Accrued liabilities	**23,170**	13,325
	135,321	90,520

7. NOTES PAYABLE

	September 30, 2022 $	December 31, 2021 $
Opening balance	**198,239**	796,477
Reduction through issue of shares on exercise of warrants	**-**	(524,055)
Payment	**-**	(80,624)
Interest expense	**7,434**	6,441
	205,673	198,239

On February 14, 2018, Buchans had entered into a two-year Support and Standstill Agreement ("Support Agreement") to defer repayment of principal and accrued interest of its Notes receivable in consideration of the issue to Buchans of 13,000,000, non-transferable warrants, each warrant entitling Buchans to purchase one common share of Xtierra for Cdn$0.05 per share for a term of two years expiring February 14, 2020.

By an Extension Agreement dated as of February 7, 2020, as amended by an Amending Agreement dated April 30, 2020, the term of the Support Agreement was extended for an additional period to April 30, 2021, in consideration of the issue to Buchans of 13,000,000, non-transferable warrants, each warrant entitling Buchans to purchase one common share of Xtierra for Cdn$0.05 per share for a term to April 30, 2021.

On April 27, 2021, Buchans exercised its Xtierra warrants and acquired 13,000,000 shares of Xtierra for a consideration of $524,055 (Cdn-$650,000), in addition, the Company paid $80,624 (Cdn-$100,000) as part payment of the Notes payable to Buchans.

By a Second Extension Amendment Agreement dated April 27, 2021, the Support Agreement between Buchans and Xtierra dated January 17, 2018, was further amended to provide that interest on the remaining balance of the notes payable to Buchans in the amount of $191,798 resume to accrue interest at the rate of 5% per annum effective May 1, 2021, until paid, and the term of the Support Agreement was extended for a further period to April 30, 2023. For the three and nine months ended September 30, 2022, interest expense in the amount of $2,663 and $7,592 respectively is included in operations.

In connection with the Second Extension Amendment Agreement, Xtierra agreed to issue to Buchans 5,000,000 share purchase warrants, each warrant entitling Buchans to purchase one common share of Xtierra at a price of Cdn$0.10 per share for a term of two years (Note 9).

(Expressed in US Dollars)

8. CAPITAL STOCK

Common Shares

Authorized
Unlimited number of Common Shares

	Shares #	Amount $
Balance, December 31, 2020 and September 30, 2021	162,693,057	36,522,116
Shares issued from the exercise of warrants	13,000,000	524,055
Balance as at December 31, 2021	**175,693,057**	**37,046,171**
Shares issued	20,000,000	721,400
Balance as at September 30, 2022	**195,693,057**	**37,767,571**

On April 27, 2021, Buchans exercised its Xtierra warrants and acquired 13,000,000 shares of Xtierra for a consideration of $524,055 (Cdn-$650,000). Share subscription proceeds totaling Cdn$50,000 (US$39,471) were received in the quarter ended March 31, 2022 (balance as at December 31, 2021 Cdn$20,000 (US$15,788).

On September 30, 2022, the Company entered into an acquisition agreement ("Royalty Acquisition") with Tim Gallagher, Director and Chief Executive Officer of the Company (the "CEO") whereby, in exchange for 20,000,000 shares in Xtierra at an acquisition price of Cdn$0.05 totaling Cdn$1,000,000 (US$721,400), the Company received 2,000,000 Common Shares in Music Royalties Inc. ("MRI") held by the CEO. The MRI shares had a value of Cdn$0.50 or Cdn$1,000,000 (US$721,400). MRI currently pays a monthly dividend yielding 6% on invested capital and shares are expected to generate approximately Cdn$5,000 (US$3,700) in dividends per month. Refer also to note 12.

9. WARRANTS

	Warrants #	Amount $
Balance, December 31, 2020	13,000,000	186,492
Warrants exercised	(13,000,000)	(186,492)
Warrants issued	5,000,000	219,637
Balance as at December 31, 2021 and September 30, 2022	5,000,000	219,637

On April 30, 2020, and in consideration for the extension for the Support and Standstill Agreement, the Company issued 13 million, non-transferable warrants to Buchans, each warrant entitling Buchans to purchase one common share of Xtierra for Cdn$0.05 per share for a period of one year expiring April 30, 2021. See Note 7.

On April 27, 2021, Buchans exercised the warrants and acquired 13,000,000 shares of Xtierra for a consideration of Cdn$650,000 and Xtierra agreed to issue to Buchans 5,000,000 new share purchase warrants, each warrant entitling Buchans to purchase one common share of Xtierra at a price of Cdn$0.10 per share for a term of two years. The value of the new warrants received was estimated to be $219,637 and was included in operations during the period ended September 30, 2021.

10. STOCK OPTIONS

The board of directors has approved a Stock Option Plan for directors, officers, management, employees and other persons who perform ongoing services for the Company or any of its subsidiaries. The purpose of the plan is to attract, retain and motivate these parties by providing them with the opportunity, through share options, to acquire a proprietary interest in the Company and to benefit from its growth.

The maximum number of Common Shares reserved for issuance upon the exercise of options is not to exceed 10% of the total number of Common Shares outstanding immediately prior to such an issuance. The options are exercisable over a period not exceeding ten years. The options are non-assignable and may be granted for a term not exceeding ten years. The exercise price of the options is fixed by the board of directors at the market price of the shares at the time of grant, subject to all applicable regulatory requirements.

(Expressed in US Dollars)

10. STOCK OPTIONS (CONTINUED)

Stock options transactions during the periods ended September 30, 2022 and December 31, 2021 were as follows:

	Options Granted September 30, 2022 #	Options Exercisable September 30, 2022 #	Estimated Grant Date Fair Value $	Exercise Price $
Balance as at December 31, 2020	13,600,000	12,350,000	401,964	Cdn$0.054
Share-based payment	-	1,250,000	42,557	Cdn$0.060
Balance as at September 30, 2021	13,600,000	13,600,000	444,521	Cdn$0.054
Balance as at December 31, 2021 and September 30, 2022	11,800,000	11,800,000	361,750	Cdn$0.056

During the year ended December 31, 2020, 700,000 stock options were exercised for gross proceeds of Cdn$35,000 ($27,471). The weighted average life in years of the remaining stock options is 1.69 years.

In June 2020, the Company granted a total of 5,000,000 incentive stock options to consultants and service providers pursuant to the Company's Stock Option Plan. All these stock options are exercisable at a price of Cdn$0.06 per share for a period of five years from June 4, 2020, all vesting quarterly over a period of one year. The grant date fair value of these options was calculated at $151,919.

During the quarter ended June 30, 2021, the Company recorded $42,557 to share-based compensation and share-based payment reserve.

At December 31, 2021, 1,800,000 stock options were terminated.

No options were issued or expired during the three and nine months ended September 30, 2022.

11. SHARE-BASED PAYMENT RESERVE

There were no share-based payment reserve transactions during the nine months ended September 30, 2022. Share-based payment reserve transactions for the period ended December 31, 2021 were as follows:

	$
Balance, December 31, 2020	401,964
Stock options granted	42,557
Balance, September 30, 2021	444,521
Balance, December 31, 2021 and September 30, 2022	361,750

12. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed.

On September 30, 2022, the CEO acquired 20 million Common Shares of the Company pursuant to the Royalty Acquisition disclosed in Note 9. Prior to the Royalty Acquisition, the CEO owned 10,775,000 Common Shares of the Company and 3,600,000 stock options. As a result of the Royalty Acquisition, the CEO beneficially owns and controls 30,775,000 Common Shares of the Company and 3,600,000 stock options representing approximately 15.7% of the issued and outstanding Common Shares of the Company on a non-diluted basis and approximately 17.2% on a partially diluted basis.

No fees were paid by the Company to directors or the CEO for their services during the periods ended September 30, 2022 and 2021.

During 2021 and 2020, the Company entered into various funding agreements with its major shareholder Buchans Resources Limited (Notes 7 and 9).

Included in accounts payable and accruals at September 30, 2022 is $41,303 (December 31, 2021 - $41,303) due to Steenberg Law Professional Corporation, a company controlled by Neil J.F. Steenberg, Secretary, for legal fees. These balances are due on demand, unsecured and non-interest bearing.

(Expressed in US Dollars)

12. RELATED PARTY TRANSACTIONS (CONTINUED)

Also included in accounts payable and accruals at September 30, 2022 is $5,870 (December 31, 2021 - $Nil) due to Jaqi Logan Financial Services Inc., a company controlled by Jacqueline Logan, Chief Financial Officer of the Company, for professional fees. These balances are due on demand, unsecured and non-interest bearing.

The subsidiaries of the Company at September 30, 2022 and December 31, 2021 were as follows:

Name of Subsidiary	Country of Incorporation	Percentage owned	Principal activity
Orca Minerals Limited	Canada	100%	Holding company for Orca Gold International
Orca Gold International Ltd.	Bahamas	100%	Holding company for Mexican subsidiaries
Bilbao Resources SA de CV	Mexico	100%	Exploration
Bilbao Mining SA de CV	Mexico	100%	Exploration
Minera Orca SA de CV	Mexico	100%	Exploration
Orca Mining Exploration SA de CV	Mexico	100%	Exploration
Minera Portree de Zacatecas SA de CV	Mexico	88%	Holding company for mineral royalty interests

13. FINANCIAL INSTRUMENTS

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objectives of the Company's risk management processes are to ensure that the risks are properly identified and managed and that the capital base is adequate in relation to those risks. For further details, please refer to Note 15 to the December 31, 2021 audited consolidated financial statements. There have been no significant changes in the risks or the Company's objectives, policies and procedures related to risk management during the nine-month period ended September 30, 2022.

The principal risks to which the Company is exposed to are described below:

Fair value:
The carrying amounts for cash, amounts receivable and other, accounts payable and accruals, notes payable and other liability of the subsidiary on the consolidated statements of financial position approximate fair value because of the limited term of these instruments.

Capital Risk:
The Company manages its capital to ensure that there are adequate capital resources for the Company to maintain and explore its exploration and evaluation projects.

Credit Risk:
Credit risk is the risk that a counterparty will be unable to pay amounts owing to the Company. Management's assessment of the Company's risk is low as it is primarily attributable to funds held in Canadian banks.

Liquidity Risk:
The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. At September 30, 2022, the Company had cash of $2,940 to settle current liabilities of $340,994, excluding the $2,000,000 contingent liability of a subsidiary. The Company's accounts payable and accruals generally have contractual maturities of less than 30 days and are subject to normal trade terms.

Price Volatility of Publicly Traded Securities:
Securities of exploration companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally, and market perceptions of the relative attractiveness of particular industries. The Company's share price is also likely to be significantly affected by short-term changes in metal prices or in the Company's financial condition or results of operations as reflected in quarterly earnings reports.

13. FINANCIAL INSTRUMENTS (CONTINUED)

Price Risk:
The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. Price risk is remote since the Company is not a producing entity.

Interest Rate Risk:
The Company is not subject to interest rate risk due to the minimal cash levels, and the debt being at a fixed rate or not interest-bearing.

Foreign Currency Risk:
The Company is subject to foreign exchange risk as some of its operating, investing and financing activities are transacted in Mexico and in currencies other than the United States dollar. The Company is therefore subject to gains and losses due to fluctuations in these currencies relative to the United States dollar.

Sensitivity Analysis:
Financial instruments included in cash and amounts receivable are measured at amortized cost. Accounts payable and accruals, notes payable and other liability of subsidiary are classified as financial liabilities, measured at amortized cost.

A one percent change in interest rates will result in a corresponding change in interest income of approximately $Nil based on monetary asset and liability balances existing at September 30, 2022.

Fair Value Hierarchy and Liquidity Risk Disclosure:
The fair value hierarchy has the following levels: (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1); (b) inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

As at September 30, 2022 and December 31, 2021, the Company did not have any financial instruments carried at fair value.

14. CAPITAL MANAGEMENT

The Company's capital structure consists of its capital stock, warrants and share-based payment reserve.

The Company manages its capital structure, and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The board of directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will utilize its existing working capital and seek to raise additional amounts as needed through the issue of Common Shares or other securities.

The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company’s capital management objectives, policies and processes have remained unchanged during the periods ended September 30, 2022 and December 31, 2021. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than Policy 2.5 of the TSX Venture Exchange (“TSXV”) which requires adequate working capital or financial resources of the greater of (i) Cdn$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of six months.

15. COMMITMENTS AND CONTINGENCIES

The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

In order to maintain the Company's mineral concessions and titles in good standing, the Company is required to maintain a prescribed minimum of annual exploration expenditure and pay fees semi-annually to the Secretaria de Economia in Mexico. Minimum expenditure commitments and concession payments totaling approximately $60,000 (MXN $1,200,000) are required annually. Failure to make the annual concession payments or incur the minimum annual exploration expenditures, to the satisfaction of the Mexican authorities, or a determination that the expenditures incurred are not qualifying expenditures, may result in the cancellation or forfeiture of the mineral concessions. See Note 4.

Under an Indemnity and Guarantee Agreement dated August 11, 2008, entered into in connection with the acquisition by Orca Gold International Ltd. ("Orca Gold"), from Shoshone Silver Mining Company ("Shoshone Silver"), of the shares of Shoshone Mexico S.A. de C.V., ("Shoshone Mexico"), the registered owner of four mining concessions comprising the bulk of the Bilbao property, subject to a 1.5% net smelter royalty, and the beneficial owner of a 25% interest in the Bilbao concessions, Shoshone Silver agreed to indemnify Orca Gold and Shoshone Mexico against any damages or losses suffered from all liabilities and obligations of Shoshone Mexico, in consideration of the agreement by Orca Gold to pay to Shoshone Silver the total sum of $4,900,000. Of this total amount, $2,400,000 was paid on the date of transfer of the shares of Shoshone Mexico to Orca Gold in August 2008 and a further $500,000 was paid one year after the date of the first payment.

The balance of $2,000,000 expressed to be payable by Orca Gold to Shoshone Silver pursuant to the Indemnity and Guarantee Agreement was to be payable in four consecutive equal annual payments of $500,000 each, the first such $500,000 annual payment to be made at the time of commencement of construction of any mine developed on the Bilbao concessions, but in any event not less than six years after the date of the first payment of $2,400,000 in August 2008 and provided that the remaining balance of $2,000,000 was to be paid in full no later than ten years after the date of the first payment of $2,400,000. Construction of a mine on the Bilbao concessions has not commenced to date. The payment was secured by a charge granted by Shoshone Mexico in favor of Shoshone Silver and registered against the four Bilbao mining concessions.

Orca Minerals Limited, the parent company of Orca Gold, guaranteed the payments and obligations of Orca Gold to Shoshone Silver. Orca Gold is treating any potential claim that may become due to Shoshone Silver under the Indemnity and Guarantee Agreement as a contingent liability as the likelihood of this occurring cannot be predicted at this time. Xtierra acquired Orca Minerals Limited on August 29, 2008, but did not assume or guarantee, on a corporate non-consolidated basis, the payments or obligations of Orca Gold. Xtierra has no direct liability for any payments that may become due to Shoshone Silver, however under IFRS 9 *Financial Instruments*, upon consolidation, the Company is required to recognise this potential payment as a financial liability.

16. PROPOSED CHANGE OF BUSINESS

On September 23, 2022, the Company announced a proposed change of business ("Change of Business") to refocus its operations from a mineral resource exploration company to a company focused on seeking cash flow generating royalty opportunities in various industries – a diversified royalties company. The Company believes that the experience of its management and board members will enable it to identify and capitalize upon royalty opportunities. In particular, if the Change of Business is completed, the Company expects to focus initially on resource royalties, media entertainment royalties (such as music, film and television) and green royalty industries, but may determine to expand the scope of the industries it will focus on in the future. In connection with the Change of Business, the Company intends to change its name to "Royalties Inc." and to seek a listing of its common shares on the Canadian Securities Exchange (the "CSE") and concurrent delisting of the common shares from the TSXV. The directors and officers will remain unchanged following the Change of Business. The completion of the Change of Business and listing on the CSE is subject to the receipt of all necessary approvals, including without limitation regulatory approval for the listing of the common shares of the Company on the CSE and the delisting of the common shares from the TSXV. Completion of the transaction is subject to a number of conditions, including but not limited to, CSE and TSXV acceptance (if required) and if applicable, disinterested shareholder approval. Where applicable, the transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the transaction will be completed as proposed or at all.

SCHEDULE "D"

MD&A of the Issuer the interim period ended September 30, 2022.

See attached.

XTIERRA INC.

MANAGEMENT DISCUSSION AND ANALYSIS

For the three and nine months ended September 30, 2022

Dated November 28, 2022

(Expressed in US Dollars, except per share amounts)

Date: November 28, 2022

General

This Management's Discussion and Analysis (MD&A) reviews the activities of Xtierra Inc. ("Xtierra" or the "Company") and compares the financial results for the three and nine months ended September 30, 2022 and 2021.

For a more complete understanding of the Company's financial condition and results of operations, this MD&A should be read together with the unaudited condensed consolidated interim financial statements and the accompanying notes for the three and nine months ended September 30, 2022 and 2021, a copy of which is filed under the Company's profile on the SEDAR website.

All monetary amounts are in US dollars unless otherwise stated.

Significant Current Events

On September 23, 2022, the Company announced a proposed change of business ("Change of Business") to refocus its operations from a mineral resource exploration company to a company focused on seeking cash flow generating royalty opportunities in various industries – a diversified royalties company. The Company believes that the experience of its management and board members will enable it to identify and capitalize upon royalty opportunities. In particular, if the Change of Business is completed, the Company expects to focus initially on resource royalties, media entertainment royalties (such as music, film and television) and green royalty industries, but may determine to expand the scope of the industries it will focus on in the future.

In connection with the Change of Business, the Company intends to change its name to "Royalties Inc." and to seek a listing of its common shares on the Canadian Securities Exchange (the "CSE") and concurrent delisting of the common shares from the TSX Venture Exchange (the "TSXV"). The directors and officers will remain unchanged following the Change of Business.

The completion of the Change of Business and listing on the CSE is subject to the receipt of all necessary approvals, including without limitation regulatory approval for the listing of the common shares of the Company on the CSE and the delisting of the common shares from the TSXV. Completion of the transaction is subject to a number of conditions, including but not limited to, CSE and TSXV acceptance (if required) and if applicable, disinterested shareholder approval. Where applicable, the transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the transaction will be completed as proposed or at all. Trading in the securities of Xtierra Inc. should be considered highly speculative. The TSX Venture Exchange Inc. has in no way passed upon the merits of the proposed transaction.

On September 30, 2022, the Company entered into an acquisition agreement ("Royalty Acquisition") with Tim Gallagher, Director and Chief Executive Officer of the Company (the "CEO") whereby, in exchange for 20,000,000 shares in Xtierra at an acquisition price of Cdn$0.05 totaling Cdn$1,000,000 (US$721,400), the Company received 2,000,000 Common Shares in Music Royalties Inc. ("MRI") held by the CEO. The MRI shares had a value of Cdn$0.50 or Cdn$1,000,000 (US$721,400). MRI currently pays a monthly dividend yielding 6% on invested capital and shares are expected to generate approximately Cdn$5,000 (US$3,700) in dividends per month. Refer also to the section entitled "Related Party Transactions".

Company Overview

Xtierra is a natural resource company which holds mineral exploration properties located in the Central Silver Belt of Mexico in the State of Zacatecas and is also pursuing new opportunities, including mineral exploration and development projects, and the potential acquisition of mineral and other royalties.

Xtierra is pursuing a strategy for realizing some value on its Bilbao and other Mexican projects in the context of the current resource cycle, as well as identifying and evaluating new potential royalty acquisitions.

Xtierra, through its Mexican subsidiaries, currently holds a 100% interest in the Bilbao zinc-silver-lead-copper project, in the southeastern part of the State of Zacatecas, on which an independent Technical Report in accordance with NI 43-101 containing an updated resource estimate and preliminary economic assessment (PEA) was completed in 2014.

The Company has maintained the Bilbao mineral concessions and title to the property in good standing and with the improved outlook for zinc, lead and silver prices, continues to solicit interest in the Bilbao project from operating silver producers with the objective of converting an asset, in which Xtierra invested over $23 million, into cash flowing royalties in order to maximize value for shareholders.

Over the period December 2020 to February 2021, the Company undertook a drilling program to test the high grade silver potential in an area located adjacent to and west of the main Bilbao Silver-Lead-Zinc deposit. Five drill holes for a total of 1,800 meters were completed. The drill results on all five drill holes on this Victor vein were positive and demonstrated both consistency and continuity of the mineralization which should add to the potential of the Bilbao deposit. It is still unknown if the surrounding veins are a different mineralization than the skarn in the main Bilbao deposit and therefore the property is considered to have significant unexplored potential.

In May 2021, the Company's debt to its largest shareholders Buchans Resources Limited was reduced by $600,000 and the term of the remaining balance of $196,000 was extended for a further two years to April 30, 2023.

Mineral Royalty Interests

On July 31, 2019, the Company acquired, indirectly through a wholly owned subsidiary, a 1.5% net smelter royalty and all legal interests of the vendors and Minera Portree de Zacatecas, S.A. de C.V in the four mining concessions comprising the bulk of the Bilbao property, previously held by four individuals, for $76,829 (Cdn$100,000), paid as to Cdn$51,000 in cash and Cdn$49,000 by the issue of 980,000 common shares of the Company.

On August 13, 2019, the Company signed a letter of intent, to acquire Minera Portree De Zacatecas, S.A. de C.V ("Minera Portree"), subject to due diligence and final agreement on price, terms and conditions. On April 22, 2020, the Company entered into an agreement to acquire 88% of the shares of Minera Portree in consideration of the payment of Cdn$56,000, less the deposit of $20,000 previously paid, and the issue to the vendors of 2,000,000 shares of the Company. Liabilities of $14,280 were also assumed and a non-controlling interest of $20,789 was recognized as a result of the purchase.

Minera Portree holds various legal or royalty interests in certain mineral properties in Mexico, including the Company's Bilbao property and an asserted claim to a 2% net smelter royalty on six mining concessions located adjacent to the Cozamin Mine in Zacatecas operated by Capstone Copper Corp. (TSX:CS), five of which were acquired by Capstone from a third party in 2017 and 2019. The transfer of three of these mining concessions to Capstone are pending registration with the Public Registry of Mining since August 2019. The third-party had acquired the six mining concessions from Minera Portree in 2002, subject to a 2% net smelter royalty retained by Minera Portree. The entitlement of Minera Portree to the royalty is contested by a third party and Capstone. Minera Portree filed lawsuits against both parties to properly recognize the 2% NSR. In August 2022, the Zacatecas courts requested the Public Mines Registry in Mexico City to register the Minera Portree royalty claims on title. The timing and outcome of the lawsuits are uncertain.

The Cozamin Mine is an operating polymetallic copper-silver underground mine, located 3.6 km north-northwest of Zacatecas City, currently operating at 3,780 tonne per day milling capacity, which is expected to produce 51.2 million pounds of copper and 1.6 million ounces of silver per year over the ten year period 2021-2030.

Based on public disclosure, Capstone reported that during the third quarter of 2019 Cozamin acquired the Portree claim block that laid within the Mala Noche Footwall Zone area. The claim block is surrounded by high grade Inferred Mineral Resources and provides access to continuously infill drill and eventually mine the Portree area.

During the fourth quarter of 2019, Cozamin started drilling into the Portree claim block. Prior to this, Portree was an untested inlier within Cozamin's land position covering the Mala Noche Footwall Zone area. Portree is surrounded by high grade Inferred Mineral Resources that future drilling is expected to increase to Indicated categorization. Capstone has reported that mining has already started within the Portree claim.

In the first quarter of 2020, Capstone reported that drilling of the Mala Noche Footwall Zone, associated with infilling or stepping out from regions of Inferred Mineral Resource category of the Mineral Resource estimate, was undertaken with five surface and one underground diamond drilling rigs.

On June 11, 2020, Capstone announced the results of an updated Mineral Resource estimate reporting that the Measured and Indicated Resource for Vein 20, the principal zone in the Mala Noche Footwall Zone, increased by 118% to 13.1 million tonnes at 2.35% Cu and 52 g/t Ag.

Capstone also stated that "this new Resource Estimate has exceeded our expectation to upgrade Vein 20, the principal zone in the Mala Noche Footwall Zone, to Indicated Class, previously estimated as Inferred in 2018. We also extended high grades into a previously undrilled area, thus adding unexpected tonnage in a key part of our development plan. We believe there is additional exploration potential, and we are making plans to test new step-out targets in H2 2020".

Capstone reported that the current Mineral Reserves at the MNFWZ are primarily located in the principal vein, Vein 20, with some additional material within an adjacent structure called Vein 10, that are actively being mined. These two veins, of the eight MNFWZ veins modeled, are best suited to the current mining method and are the principal target of an upcoming mineral reserve estimate predicated on the large increase in Indicated Class Mineral Resources. The potential of the remaining six veins represent a future exploration opportunity.

Bilbao Silver-Zinc-Lead-Copper Project

Xtierra, through its Mexican subsidiaries, currently holds a 100% interest in the Bilbao zinc-silver-lead-copper project located approximately 500km northwest of Mexico City in the southeastern part of the State of Zacatecas, Bilbao is a polymetallic, replacement-style, silver-lead-zinc-copper, skarn-type replacement sulphide deposit with a deeply weathered oxide cap.

In 2014 Runge Pincock Minarco (Canada) Limited (RPM) delivered an independent Technical Report in accordance with NI 43-101 containing an updated resource estimate and preliminary economic assessment (PEA) on the Bilbao Project based on 3 year trailing average prices of: Zinc US$0.94/lb, Lead US$1.01/lb and Silver US$30.24/ounce. This compares to current November 2022 spot prices of: Zinc US$1.32/lb, Lead US$0.96/lb and Silver US$21.54/ounce.

The mine plan incorporated in the PEA targeted the extraction of only the lower, unoxidized, sulphide zone based on a production rate of 2,000 tonnes per day, or 720,000 tonnes per year with an average grade of 2.1%, 1.4% and 63.96 g/t of zinc, lead and silver, respectively, over a mine life of approximately 8 years.

The mineral processing plant described in the PEA proposes the treatment of the silver-lead-zinc sulphide ore at a design throughput rate of 2,000 tonnes per day, which would thereby project on average, 16,913 dry tonnes per year of silver-rich lead concentrate, and 26,966 dry tonnes per year of zinc concentrate, constituting an average combined total of approximately 20 million pounds of zinc, 17 million pounds of lead, and one million ounces of silver, per year.

In 2015, the Company conducted a desktop analysis of an alternative development scenario of extracting only the high grade portion of the Bilbao resources and milling of the ore mined from Bilbao at an existing mill within a reasonable trucking distance. By focusing only on the higher grade portion of the resource, this alternative development scenario would reduce the projected mining and processing rate, as well as subsequent metal concentrate production but maintain an eight year mine life. This scenario would also reduce the projected capital costs by reducing the amount of mine development required and eliminating the proposed mill at Bilbao.

In 2016, the Company focused its field exploration activities on the identification of additional resource potential at ten (10) favorable target sites on the wider Bilbao property. Activities carried out included ground magnetometer and associated topographic surveys aimed at further identification and location of potential drill targets outside the immediate limits of the existing Bilbao deposit. The results confirmed there is potential for additional vein and skarn-type potential mineralization on the property.

The Company maintains the Bilbao mineral concessions and title to the property in good standing while at the same time examining strategic alternatives for further exploring and/or development of the property. Exploration programs carried out in 2016 and 2017 confirmed the potential for the identification of additional resources at ten favorable target sites on the wider Bilbao property. Examination of previous metallurgical studies and the evaluation of potential solutions to increase viable tonnage and improve metal recovery at the Bilbao deposit continued with limited financial resources.

A review of prior exploration reports and drill results from 2010-2013, identified 8 targets for potential satellite mineralization around the main Bilbao deposit, two of which stand out with high grade silver potential and therefore merit drilling. Xtierra invested over $23 million into Bilbao and would like to monetize this asset into a cash flowing royalty and enable the company to focus on royalty acquisitions in order to maximize value for shareholders.

On August 27, 2020, Xtierra announced its intention to re-assess the Bilbao deposit based on the recent rise in silver prices which have approached the level estimated in the PEA which combined with the 2010-2013 drill results which outlined the potential to expand tonnage and the unexplored high grade vein systems.

On September 24, 2020, Xtierra announced that it intends to drill the high grade silver potential at Bilbao in 2 areas. After receiving its drilling permit on the area located adjacent to and west of the main Bilbao Silver-Lead-Zinc deposit, called the Victor vein, the Company drilled 5 holes over the December to February period for a total of 1800 meters. This high grade silver zone runs north-south over a strike length of approximately 500 meters. The objective of drilling into this silver zone was to confirm the continuity of the high grade silver values to the northwest between historical drill holes X42 and X100 to the south which are separated by 500 meters.

The drill results on all five drill holes were positive as follows:

The objective of the first hole, X4B, located at the southern end of the Victor vein, was to establish continuity of the mineralization with high silver values at different elevations and along strike from two prior drill holes spaced 100 meters apart: between drill hole X96 which intersected 2 meters of 373 g/t Ag and drill hole X84B which intersected 3.25 meters of 412 g/t Ag.

Drill hole X4B was 395.1 meters in length with 92% recovery and intersected five different levels of mineralization.

The objective of the second hole, X5B, located at the northern end of the approximately 500 meters strike length of the Victor vein was to confirm the continuity of high-grade silver mineralisation between earlier drill holes X42 which intersected 1 meter of 182 g/t Ag and X75 which intersected 0.7 meters of 2,047 g/t Ag.

Drill hole X5B with a total depth of 337.55 meters and a recovery of 96% also intersected mineralization at five levels of elevation.

The objective of the third hole, X6B, was to test the continuity between the two best drill hole results from the 2010-2013 exploration work in which X26 intersected 6.0 meters of 847 Ag/t at 381 meters depth and X40-1 with 2.45 meters of 1623 Ag/t at 424 meters depth. Drill hole X6B was 459.05 meters in length with 97% core recovery and intersected six different levels of silver/base metal mineralization but exhibiting weaker mineralization southwest of X26.

(Expressed in US Dollars)

The objective of the fourth hole, X7B was to test the continuity between X5B at the northern end of the Victor vein structure and X6B. Drill hole X7B with a total depth of 308.7 meters a core recovery of 93% also intersected Silver and Lead, Zinc, Copper mineralization at two levels of elevation.

The fifth drill hole, X8B, was 300 meters in length with 95% recovery and drilled just north of the southernmost previous drill hole X100 which intersected 1 meter of 810 g/t Ag to test the extension of the Victor vein where it intersects a manto stockwork area.

Overall, the drill results on the five holes on the Victor vein demonstrated both consistency and continuity of the mineralization which should add to the economics of the Bilbao deposit. Furthermore, the results extend the thesis that the surrounding veins are a completely different mineralization than the skarn in the main deposit and therefore there is lots of unexplored potential.

The goal of exploring the silver potential in the area surrounding the main Bilbao deposit, was based on an internal review of the prior drilling of 113 holes which identified 74 holes with higher silver values suggesting a potential additional three to four million tonnes with a probable grade in the range of 200-240 g/t Ag, plus lead, zinc and copper by-product. The combination of the existing deposit, the high grade silver mineralization outside and just west of the deposit plus the zone, called El Cabezon which is a former silver mine operated by the Frisco Industrial Group, located 1.5 km south of Bilbao leads to the potential of a much larger silver resource and an area play. The potential quality and grade is conceptual in nature; there has been insufficient exploration to define a mineral resource and it is uncertain if future exploration will result in the target being delineated as a mineral resource.

The permit to drill the El Cabezon vein expires in 2023. This area to the south of Bilbao is exposed over 600 meters so the objective is to drill 2 holes in search of the continuity of the mineralization of the silver vein below the old mine where 3 levels were exploited. A third hole is planned to seek the continuity 400 meters to the northwest of the first drill hole and is located in the Bilbao 2 concession. As previously reported, this area has potential to offer additional tonnage based on similar results from trenching, sampling and soil geochemistry.

Support Extension Agreement

On April 27, 2021, Xtierra reduced the notes due to Buchans by the payment of $604,678 and by a Second Extension Amendment Agreement dated April 27, 2021, the Support and Standstill Agreement between Buchans and the Company was further amended to provide that interest on the remaining balance of the notes due to Buchans in the amount of $191,799 accrued at the rate of 5% per annum effective May 1, 2021 until paid, and the Term was extended for a further period to April 30, 2023. As at September 30, 2022, the notes due to Buchans totaled $205,673 (December 31, 2021 - $198,239).

The continuing operations of Xtierra in the short term are dependent upon continued support from its major shareholders and the ability to raise adequate working capital to continue as a going concern. Additional funding will be required for exploration and development and /or to pursue new potential royalty acquisitions or other initiatives.

Exploration and Evaluation Expenditures

	September 30, 2022 $	Additions $	December 31, 2021 $	Additions $	December 31, 2020 $
Bilbao	**23,285,972**	44,872	23,241,100	254,381	22,986,719
Laguna	**7,281,000**	-	7,281,000	-	7,281,000
	30,566,972	44,872	30,522,100	254,381	30,267,719

Results of Operations

The Company recorded no revenue for the three and nine months ended September 30, 2022 or 2021.

For the three and nine months ended September 30, 2022, the Company recorded a loss of $59,692 and $85,185 or $0.000 and $0.000 per share respectively which included total exploration expenditures of $44,872.

For the comparative three and nine months ended September 30, 2021, the Company recorded a loss of $46,382 and $656,567 or $0.000 and $0.004 per share respectively, which included total exploration expenditures of $305,429.

The Company has minimized its administrative and holding costs to maintain its properties, while examining strategic alternatives for realizing some value on its Bilbao and other Mexican projects and identifying and evaluating new potential royalty acquisitions.

Summary of Quarterly Results

The Company's quarterly results are presented in thousands, except per share amounts, as follows:

	Fiscal 2022			Fiscal 2021				Fiscal 2020
	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31
	$	$	$	$	$	$	$	$
Net loss	59	10	16	4	46	282	329	182
Net loss per share	0.000	0.000	0.000	0.000	0.000	0.002	0.002	0.001
Total assets	916	249	269	227	245	287	439	765
Working capital deficiency	(2,334)	(2,275)	(2,265)	(2,249)	(2,232)	(2,187)	(2,648)	(2,362)

- The fourth quarter of fiscal 2020 included $120,512 exploration expenditures and share-based payment expense of $42,557.
- The first quarter of fiscal 2021 included $281,960 exploration expenditures and share-based payment expense of $42,557.
- The second quarter of fiscal 2021 included warrants valuation expense of $219,637.
- During the third quarter of 2022, the Company acquired 2,000,000 common shares in MRI valued at US$721,400 as discussed in the section entitled "Significant Current Events".

Liquidity and Capital Resources

The book value of total assets as at September 30, 2022 was $915,577 compared to $227,127 as at December 31, 2021. The Company has invested $23,285,972 on its Bilbao mineral project, which in accordance with the Company's accounting policies has been fully impaired.

As at September 30, 2022, the Company had cash of $2,940 to settle current liabilities of $340,994, excluding the $2,000,000 contingent liability of a subsidiary.

On April 27, 2021, Buchans exercised its share purchase warrants and purchased 13,000,000 shares in the Company for Cdn $650,000.

On April 27, 2021, Xtierra reduced the notes due to Buchans by the payment of $604,678 (Cdn$750,000) and by a Second Extension Amendment Agreement dated April 27, 2021, the Support and Standstill Agreement between Buchans and the Company was further amended to provide that interest on the remaining balance of the notes due to Buchans in the amount of $191,799 resumed to accrue at the rate of 5% per annum effective May 1, 2021 until paid, and the Term was extended for a further period to April 30, 2023. See Note 7 to the Unaudited Condensed Interim Consolidated Financial Statements for the three and nine months ended September 30, 2022.

Share subscription proceeds totaling Cdn$50,000 (US$39,471) were received in the quarter ended March 31, 2022.

Related Party Transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed.

On September 30, 2022, the CEO acquired 20 million Common Shares of the Company pursuant to the Royalty Acquisition disclosed in the section entitled “Significant Current Events”. Prior to the Royalty Acquisition, the CEO owned 10,775,000 Common Shares of the Company and 3,600,000 stock options. As a result of the Royalty Acquisition, the CEO beneficially owns and controls 30,775,000 Common Shares of the Company and 3,600,000 stock options representing approximately 15.7% of the issued and outstanding Common Shares of the Company on a non-diluted basis and approximately 17.2 % on a partially diluted basis.

The Company has entered into various funding agreements or arrangements with a major shareholder. See Note 7 to the Unaudited Condensed Consolidated Interim Financial Statements for the three and nine months ended September 30, 2022 for further details.

No fees were paid by the Company to directors or the CEO for their services during the periods ended September 30, 2022 and 2021.

Included in accounts payable and accruals as at September 30, 2022 is $41,303 (December 31, 2021 - $41,303) due to Steenberg Law Professional Corporation, a company controlled by Neil J. F. Steenberg, Secretary, for legal fees. These balances are due on demand, unsecured and non-interest bearing.

Also included in accounts payable and accruals at September 30, 2022 is $5,870 (December 31, 2021 - $Nil) due to Jaqi Logan Financial Services Inc., a company controlled by Jacqueline Logan, Chief Financial Officer of the Company, for professional fees. These balances are due on demand, unsecured and non-interest bearing.

Commitments and Contingencies

In order to maintain the Company’s mineral concessions and titles in good standing, the Company is required to maintain a prescribed minimum of annual exploration expenditure and pay fees semi-annually to the Secretaria de Economia in Mexico. Minimum expenditure commitments and concession payments totaling approximately $60,000 (MXN $1,200,000) are required annually.

Critical Accounting Estimates

The Company’s financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and require management to make estimates and assumptions about future events that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, if any, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Risk and Uncertainties

The risk factors and uncertainties associated with the Company’s business are described in detail in the Company’s Management’s Discussion and Analysis for the year ended December 31, 2021, as well as in the Company’s Annual Financial Statements (under the headings “Nature of Operations and Going Concern” and “Significant Accounting Policies” and elsewhere within that document), all as filed under the Company’s profile on the SEDAR website at www.sedar.com. Such risks and uncertainties could have a material adverse effect on the Company’s business, financial condition and/or results of operations, and on the trading price of the Company’s shares.

In conducting its business, the Company faces a number of risks common to the mining and exploration industry. These are summarized below.

Failure to Obtain Additional Financing – Going Concern

The continuing operations of the Company in the short term are dependent upon continued support from its major shareholders and its ability to raise adequate working capital to continue as a going concern.

There is no assurance that the Company will be successful in obtaining the required financing. It cannot be guaranteed that such financing will be available on a timely basis or on acceptable terms. Failure to secure additional financing would result in delaying or indefinite postponement of development or production of the Company's properties. There can be no assurance that such additional financing will be available when needed or that, if available, the terms of such financing will be on terms favorable to the Company.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than Policy 2.5 of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) Cdn$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of six months.

Exploration, Development and Operating Risk

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Company may be affected by numerous factors that are beyond the control of the Company and that cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting minerals and environmental protection, the combination of which factors may result in the Company not receiving an adequate return of investment capital. Many of the mining claims in which the Company has an interest are in the exploration stage only and are without a known body of commercial ore. Development of the subject mineral properties would follow only if favourable exploration results are obtained and a positive study is completed. The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. There is no assurance that the Company's mineral exploration and development activities will result in any discoveries of commercial bodies of ore. The long-term profitability of the Company's operations will in part be directly related to the costs and success of its exploration and development programs, which may be affected by a number of factors.

Substantial expenditures are required to establish reserves through drilling and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis.

No Assurance of Production

Mineral exploration is highly speculative in nature, involves many risks, and frequently does not lead to the discovery of commercial reserves of minerals. While the rewards can be substantial if commercial reserves of minerals are found, there can be no assurance that the Company's past or future exploration efforts will be successful, that any production therefrom will be obtained or continued, or that any such production which is attempted will be profitable.

The Company has limited experience in placing resource properties into production, and its ability to do so will be dependent upon using the services of appropriately experienced personnel or entering into agreements with other major resource companies that can provide such expertise. There can be no assurance that the Company will have available to it the necessary expertise when and if the Company places its resource properties into production and whether it will produce revenue, operate profitably or provide a return on investment in the future.

Government Regulation and Permitting

The current or future operations of the Company, including development activities and commencement of production on its properties, require permits from various federal, state and local governmental authorities in Mexico, and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, water use, environmental protection, land claims of local people, mine safety and other matters.

Mexico is considered among the desirable regions of the world for exploration and mining, according to results of a survey conducted by The Fraser Institute, an independent Canadian research organization. The country's desirability for mining companies results from a combination of factors including a strong mining culture, excellent geology, relative political stability and favourable tax and permitting structures. Under the country's foreign ownership laws, non-Mexican companies can maintain 100% ownership of their properties and reap the benefits of successful exploration.

Such operations and exploration activities are also subject to substantial regulation under applicable laws by Mexican governmental agencies that will require the Company to obtain permits, licences and approvals from various governmental agencies. There can be no assurance, however, that all permits, licences and approvals that the Company may require for its operations and exploration activities will be obtainable on reasonable terms or on a timely basis or that such laws and regulations will not have an adverse effect on any mining project which the Company might undertake.

In order to maintain the Company's mineral concessions and titles in good standing, the Company is required to maintain a prescribed minimum of annual exploration expenditure and pay fees semi-annually to the Secretaria de Economia in Mexico. Minimum expenditure commitments and concession payments totaling approximately $60,000 (MXN 1,200,000) are required annually. Failure to make the annual concession payments or incur the minimum annual exploration expenditures, to the satisfaction of the Mexican authorities, or a determination that the expenditures incurred are not qualifying expenditures, may result in the cancellation or forfeiture of the mineral concessions.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Management

The success of the Company is currently largely dependent on the performance of its directors and officers. There is no assurance the Company can maintain the services of its directors and officers, or other qualified personnel required to operate its business. The loss of the services of these persons could have a material adverse effect on the Company and its prospects. Some of the directors and officers also serve as directors and/or officers of other companies which are engaged and will continue to be engaged in the search for additional business opportunities on behalf of other companies, and situations may arise where these directors and officers will be in direct competition with the Company. Conflicts, if any, will be dealt with in accordance with the relevant provisions of applicable corporate and securities laws.

Price Volatility of Publicly Traded Securities

Securities of exploration companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally, and market perceptions of the relative attractiveness of particular industries. The Company's share price is also likely to be significantly affected by short-term changes in metal prices or in the Company's financial condition or results of operations.

As a result of any of these factors, the market price of the Company shares at any given point in time may not accurately reflect the Company's long-term value.

Fluctuating Metal Prices

Metal prices are subject to significant fluctuations and are affected by several factors which are beyond the control of the Company. The principal factors include: diminished demand, which may arise if economic growth in China, North America, and/or Europe is not sustained: increases in supply resulting from the discovery and the development of new sources of metals; and supply interruptions, due to changes in government policies, war, or international trade disputes or embargos. The effect of these factors on the future price of metals and their effect on the Company's operations cannot be predicted.

Foreign Currency Exchange

Exchange rate fluctuations may affect the costs that the Company incurs in its operations. The Company's financing activities have been denominated in Canadian Dollars, while the expenditures to be incurred by the Company on its mineral exploration projects in Mexico will be denominated in US Dollars or Mexican Pesos. The Company also has certain liabilities denominated in US Dollars. The appreciation of the US Dollar against the Canadian Dollar would result in increased costs of the Company's activities in Mexico in Canadian Dollar terms, and currency movements may have a significant impact on the Company's financial position and results of operations in the future. Fluctuations in the exchange rates between the Canadian Dollar and the Mexican Peso or US Dollar may have an adverse or positive effect on the Company.

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements.

Financial Instruments

All financial instruments included in current assets are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accruals, notes payables and other liability of subsidiary are classified as other financial liabilities, which are measured at amortized cost. As at September 30, 2022, the carrying and fair value amounts of the Company's financial instruments are the same because of the limited term of the instruments.

The Company is subject to foreign exchange risk as some of its operating, investing and financing activities are transacted in currencies other than the US Dollar. The Company's operations are carried out in Mexico and Canada and cash is held in Canadian Dollars and Mexican Pesos as well as in US Dollars, the Company is therefore subject to gains and losses due to fluctuations in these currencies.

Outstanding Share Capital

The Company has unlimited authorized share capital of a single class of common shares of which, at September 30, 2022 and November 28, 2022, 195,693,057 shares were issued and outstanding.

At September 30, 2022 there were 5,000,000 warrants outstanding, expiring April 27, 2023, entitling Buchans Resources to purchase 5,000,000 common shares at C$0.10 per share.

At November 28, 2022, there were 11,800,000 share options outstanding, pursuant to the Company's Stock Option Plan.

Additional Information

Additional information about the Company is available under the Company's profile on SEDAR at www.SEDAR.com and on the Company's website.

Forward-Looking Statements

This management's discussion and analysis contains certain forward-looking statements relating to, but not limited to, the Company's expectations, intentions, plans and beliefs. Forward-looking information can often be identified by forward-looking words such as "anticipate", "believe", "expect", "goal", "plan", "intend", "estimate", "may" and "will" or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance.

Forward-looking information may include reserve and resource estimates, estimates of future production, unit costs, costs of capital projects and timing of commencement of operations, and is based on current expectations that involve a number of business risks and uncertainties. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to, failure to establish estimated resources and reserves the grade and recovery of ore which is mined varying from estimates, capital and operating costs varying significantly from estimates, delays in obtaining or failures to obtain required governmental, environmental or other project approvals, delays in the development of projects changes in exchange rates, fluctuations in commodity prices, inflation and other factors.

Forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from expected results. Shareholders and prospective investors should be aware that these statements are subject to known and unknown risks uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Shareholders are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur.

The Company undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors which affect this information, except as required by law.

Date: November 28, 2022