ROYALTIES INC.
(FORMERLY XTIERRA INC.)

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended December 31, 2022

Dated May 1, 2023

(Expressed in US Dollars, except per share amounts)

Date: May 1, 2023

General

This Management Discussion and Analysis (MD&A) reviews the activities of Royalties Inc. ("Royalties Inc." or the "Company") formerly Xtierra Inc. and compares the financial results for the year ended December 31, 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 audited consolidated financial statements and the accompanying notes for the years ended December 31, 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.

Company Overview

The Company has a 2.2% stake in Music Royalties Inc. ("MRI"), a Canadian-based private company that acquires passive music royalties from rightsholders (including but not limited to artists, producers and songwriters) and currently holds a portfolio of approximately 25 cash-flowing music royalties. MRI is currently paying a monthly dividend generating a 6% annual yield.

The Company also has interests in exploration and evaluation properties located in Mexico, owning a 100% interest (subject to a 1.5% net smelter royalty repurchased in July 2019) on the Bilbao project, a silver-lead-zinc-copper project located 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 also holds 88% of the outstanding shares of Minera Portree de Zacatecas, S.A. de C.V ("Minera Portree") which holds an asserted claim to a 2% net smelter royalty on six mining concessions located adjacent to the Cozamin Mine operated by Capstone Mining Corp., which claim is challenged by Capstone.

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 Royalties Inc. 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. For the year ended December 31, 2022, interest expense in the amount of $7,434 was included in operations and on December 30, 2022 the balance owing of $205,673 was paid in full.

Significant Current Events

On April 12, 2023, the Company completed a 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, 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 changed its name to "Royalties Inc." , has listed its common shares on the Canadian Securities Exchange (the "CSE") and completed a concurrent delisting of the common shares from the TSX Venture Exchange (the "TSXV"). The directors and officers remained unchanged following the change of business. Shares commenced trading on the CSE on April 12, 2023 under the symbol "CSE:RI".

On April 19, 2023, 11,000,000 shares were issued at Cdn$0.05 per share for a total of Cdn$550,000 of which 5,400,000 shares were issued to MRI as settlement in debt owing by Royalties Inc. in the amount of $199,888 (Cdn$270,000), which included the royalty asset purchase of $137,900, professional fees and other expenses ($61,988). Also on April 19, 2023, a director purchased 5,600,000 shares in the Company for cash proceeds totaling Cdn$280,000 ($207,291).

On April 27, 2023, 5,000,000 warrants issued to Buchans at Cdn$0.10 expired.

On January 9, 2023, MRI advanced the Company cash to purchase $137,900 of royalty assets which generated US$21,323 in the prior year, paid monthly. The acquisition is for 415 tracks, for a term of "Author Life of Rights (70+ years)". "New Message" Alert Tone royalties are generated from the purchase by consumers of downloads on the Apple iTunes ringtone store on iPhones. Alert Tones are short message-based ringtones.

On January 30, 2023, 800,000 stock options expired. As a result, 5,000,000 stock options remain outstanding with an expiry date of June 4, 2025.

On September 30, 2022, the Company completed an acquisition agreement ("Royalty Acquisition") with the Chief Executive Officer of the Company (the "CEO") whereby, in exchange for 20,000,000 shares in Royalties Inc. 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".

On December 19, 2022, 2,000,000 stock options were exercised for proceeds of Cdn$100,000 ($73,450). On December 21, 2022, the CEO exercised 3,600,000 stock options for proceeds of Cdn$180,000 ($132,210). These funds were used to repay the outstanding debt as discussed in the section entitled "Support Extension Agreement".

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 vendor 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 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 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 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

Royalties Inc., 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 April 2023 spot prices of: Zinc US$1.20/lb, Lead US$0.99/lb and Silver US$25.00/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. Royalties Inc. 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, Royalties Inc. 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, Royalties Inc. announced that a plan 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.

(Expressed in US Dollars)

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 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 and is unlikely to be drilled. This area to the south of Bilbao is exposed over 600 meters so the objective was 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 was 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, Royalties Inc. 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 December 31, 2022, the notes due to Buchans totaled $205,660 (December 31, 2021 - $198,239) were repaid in full.

The continuing operations of Royalties Inc. 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 to pursue new potential royalty acquisitions or other initiatives.

Exploration and Evaluation Expenditures

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

	December 31, 2022 $	Additions $	December 31, 2021 $	Additions $	December 31, 2020 $
Bilbao	**23,292,204**	51,104	23,241,100	254,381	22,986,719
Laguna	**7,281,000**	-	7,281,000	-	7,281,000
	30,573,204	51,104	30,522,100	254,381	30,267,719

The Company has previously impaired the carrying values of its exploration properties.

Results of Operations

The Company recorded dividend income for the year ended December 31, 2022 totaling $11,046 (December 31, 2021 - $Nil).

For the year ended December 31, 2022, the Company recorded a loss of $85,469 or $0.000 per share which included total exploration expenditures of $51,104.

For the comparative year ended December 31, 2021, the Company recorded a loss of $660,790 or $0.004 per share, which included total exploration expenditures of $254,381.

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, and are presented in thousands of US dollars, for the years ended December 31, as follows:

	2022 *($000's)*	2021 *($000's)*	2020 *($000's)*
Revenue	11	-	-
Loss before other items	110	398	271
Net and comprehensive loss for thee year	85	661	563
Net loss per common share	0.000	0.004	0.004
Total assets	949	227	765
Current assets	23	39	524
Other liability	2,000	2,000	2,000
Shareholders' deficiency	(1,220)	(2,062)	(2,174)

Summary of Quarterly Results

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

	Fiscal 2022				Fiscal 2021			
	31-Dec	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31
	$	$	$	$	$	$	$	$
Revenue	11	-	-	-	-	-	-	-
Net loss	0	59	10	16	4	46	282	329
Net loss per share	0.000	0.000	0.000	0.000	0.000	0.000	0.002	0.002
Total assets	949	916	249	269	227	245	287	439
Working capital deficiency	(2,146)	(2,334)	(2,275)	(2,265)	(2,249)	(2,232)	(2,187)	(2,648)

- The Company reported dividend income totaling $11 (Cdn $15) during the fourth quarter of 2022.
- 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".
- 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.

Liquidity and Capital Resources

The book value of total assets as at December 31, 2022 was $949,103 compared to $227,127 as at December 31, 2021. The Company has invested $23,292,204 on its Bilbao mineral project, which in accordance with the Company's accounting policies has been fully impaired.

As at December 31, 2022, the Company had cash of $13,479 to settle current liabilities of $169,144, excluding the $2,000,000 contingent liability of a subsidiary. Included in accounts payable are share subscription proceeds totaling Cdn$80,000 (US$59,067) as at December 31, 2022 (December 31, 2021 – Cdn$20,000 (US$15,788)).

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, Royalties Inc. 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. This note was paid in full on December 30, 2022. Refer also to Note 8 of the Audited Consolidated Financial Statements for the year ended December 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 Note 9. On December 21, 2022, the CEO exercised 3,600,000 stock options for net proceeds of Cdn$180,000 ($132,210). As a result of the Royalty Acquisition and exercise of stock options, the CEO beneficially owns and controls 34,375,000 Common Shares of the Company and no stock options representing approximately 17.1% of the issued and outstanding Common Shares of the Company on a non-diluted basis and approximately 16.2% on a partially diluted basis.

The CEO is also Chairman and CEO of Music Royalties Inc. A Director of the Company is also a Director of Music Royalties Inc. The Company has previously entered into various funding agreements or arrangements with a major shareholder. See Notes 8 and 10 of the Audited Consolidated Financial Statements for the year ended December 31, 2022 for further details.

Included in accounts payable and accruals as at December 31, 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 December 31, 2022 is $4,493 (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 CFO is also CFO of Music Royalties Inc.

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.

Income Taxes

The Company has approximately Cdn$7,113,000 ($5,250,000) of non-capital losses in Canada and approximately MXN170,599,000 Mexican Pesos ($8,746,000), 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 2042 and the Mexican losses expire at various dates through 2032.

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 Annual Financial Statements for the year ended December 31, 2022 (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. As of April 12, 2023, with the listing on the CSE and the delisting from the TSXV, this is no longer applicable.

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 (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.

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 December 31, 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.

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.

Privately-held investments
Shares in privately-held companies (other than options and warrants) are initially recorded at cost, being the fair value at the time of acquisition. At the end of each financial reporting period, the Company's management estimates the fair value of investments based on the criteria below and reflects such valuations in the financial statements. These are included in Level 3 in the fair value hierarchy.

Level 3 Hierarchy
The following table presents the changes in fair value measurements of financial instruments classified as Level 3 as at December 31, 2022. These financial instruments are measured at fair value utilizing non-observable market inputs. The net realized and unrealized gain are recognized in the statements of income (loss).

Investments, fair value	2022	2021
Balance, beginning of year	$ -	$ -
Purchase at cost – shares	738,334	-
Balance, December 31	$ 738,334	$ -

The investment is comprised of an equity interest in Music Royalties Inc. measured fair value based on the most recent financing price. The valuation of the private investments in inherently subjective.

Sensitivity Analysis
A 10% increase (decrease) in the fair value of the investment as at December 31, 2022 would result in an estimated increase (decrease) in net income (loss) of approximately $73,833. A one cent change in the USD/CAD exchange rate will result in a corresponding change in the value of investments of approximately $7,383.

Outstanding Share Capital

The Company has unlimited authorized share capital of a single class of common shares of which 201,293,057 shares were issued and outstanding as at December 31, 2022 (May 1, 2023 – 212,293,057).

At December 31, 2022 there were 5,000,000 warrants outstanding, which expired April 27, 2023, entitling Buchans Resources to purchase 5,000,000 common shares at C$0.10 per share.

At May 1, 2023, there were 5,000,000 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: May 1, 2023