Highlander Silver Corp. (formerly Lido Minerals Ltd.)
(An Exploration Stage Company)

Management's Discussion and Analysis (MD&A)

For the nine month period ended September 30, 2021 and year ended December 31, 2020

This Management's Discussion and Analysis ("MD&A") of Highlander Silver Corp. (formerly Lido Minerals Ltd.) (the "Company" or "Highlander") is the Company's initial MD&A, and provides information on the Company's business activities, financial condition, financial performance, cash flows and outlook for the nine month period ended September 30, 2021 and year ended December 31, 2020 , and to the date of this MD&A. The Company reports its financial position, financial performance and cash flows in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS") in Canadian dollars, unless otherwise indicated. The first, second, third and fourth quarters of the Company's fiscal years are referred to as "Q1", "Q2", "Q3", and "Q4" respectively. The following information should be read in conjunction with the Company's consolidated audited financial statements for the nine month period ended September 30, 2021 and year ended December 31, 2020 (the "Financial Statements").

The Company's main corporate strategy is to advance its mineral properties to a drill-ready stage and then conduct exploration and evaluation. The Company has not yet determined whether its mineral property interests contain mineral reserves that are economically viable. The Company's continued operations, and the underlying value and recoverability of the amounts shown for mineral property interests, are entirely dependent upon the existence of economically recoverable mineral reserves of the Company and those in which it holds a mineral property or shareholder interest. The continued exploration and development of projects will depend on it receiving future cash flows from its ability to obtain share capital financing.

Additional information regarding the Company is available on SEDAR at www.sedar.com, and the Company's website www.highlandersilver.com. This MD&A has been prepared effective as of January 26, 2021.

On August 12, 2021, 1303554 B.C. Ltd. ("Subco") acquired all of the issued and outstanding common shares of CAPPEX Mineral Ventures Inc. ("CAPPEX") a private British Columbia exploration and evaluation company incorporated on September 20, 2017. The acquisition was completed by entering into a Business Combination (the "Business Combination") with CAPPEX and Subco that resulted in a reverse takeover ("RTO") of the Company by CAPPEX. The Business Combination was structured as a three-cornered amalgamation, whereby CAPPEX and Subco amalgamated, and the securities of the amalgamated company were acquired by the Company in exchange for the issuance of securities of the Company to the former securityholders of CAPPEX. The Transaction was accounted for as an RTO of the Company by CAPPEX for accounting purposes, with CAPPEX being identified as the accounting acquirer, and accordingly, these financial statements are a continuation of CAPPEX. The net assets of the Company at the date of the RTO are deemed to have been acquired by CAPPEX. These consolidated financial statements (the "financial statements") include the results of operations of the Company since August 12, 2021. The comparative figures are those of CAPPEX prior to the RTO. At the time of the transaction the Company continued its financial year end

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's ability to raise capital or conduct exploration activities. There are travel restrictions and health and safety concerns in all areas in which the Company operates, including Peru, that may prohibit or delay exploration programs from proceeding. Operations will depend on obtaining necessary field supplies, obtaining contractor services and safeguarding all personnel during the outbreak, which may be prohibitive or too costly. Various Government wage and loan subsidies are available to qualified companies to assist them with operating costs during the pandemic. As at September 30, 2021, neither the Company nor its subsidiaries have qualified for assistance, but the various programs are constantly being expanded and relaxed, which may qualify the Company and its subsidiaries for future assistance.

Forward-looking statements and risk factors

This MD&A contains forward-looking statements that are related to the Company's activities and future financial results. The results for the current periods are not necessarily indicative of the results for any future period. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance as the mineral exploration business is not without risk and most exploration projects will not become mines. The Company is subject to a number of risks and uncertainties due to the nature of its business and the early stage of its exploration projects. A detailed discussion of risks is presented under *Risk Factors,* below.

The Company disclosure of a technical or scientific nature has been reviewed and approved by R.W. Stewart, a Qualified Person ("QP") under the definition of National Instrument 43-101 - *Standards of Disclosure for Mineral Projects*.

Reverse acquisition

As described above, on August 12, 2021, the Company and CAPPEX completed the Transaction which constituted a reverse acquisition.

The Transaction resulted in the shareholders of CAPPEX obtaining control of the combined entity by obtaining control of the voting rights, governance and management decision making processes, and the resulting power to govern the financial and operating policies of the combined entity.

The transaction constitutes an RTO of the Company by CAPPEX and has been accounted for as a reverse acquisition transaction in accordance with the guidance provided in IFRS 2, *Share-based payments*. As the Company did not qualify as a business according to the definition in IFRS 3, the RTO does not constitute a business combination; rather it is treated as an issuance of common shares by CAPPEX for the net assets of the Company and the Company's public listing, with CAPPEX as the continuing entity. Accordingly, no goodwill was recorded with respect to the transaction as it does not constitute a business.

For accounting purposes, CAPPEX was treated as an accounting parent company (legal subsidiary) and the Company has been treated as the accounting subsidiary (legal parent) in these financial statements. As CAPPEX was deemed to be the acquirer for accounting purposes, its assets, liabilities and operations since incorporation are included in these financial statements at their historical carrying values. The Company's results of operations have been included from August 12, 2021.

	August 12, 2021
Net assets (liabilities) acquired:	**$**
Cash	3,378,808
Receivables	12,036
Other assets	237,179
Accounts payable	(19,716)
Net assets acquired	**3,608,307**
Consideration paid in RTO:	**$**
Common shares (fair value 23,285,054 common shares at $0.15 per share)	3,492,758
Replacement options	140,400
Replacement warrants	789,800
Commitment to issue shares	46,319
Total consideration paid	**4,469,277**
Listing expense	**860,970**

The transaction was measured at the fair value of the shares that CAPPEX would have had to issue to the shareholders of the Company, to give the shareholders of the Company the same percentage equity interest in the combined entity that results from the reverse acquisition had it taken the legal form of CAPPEX acquiring the Company.

Mineral properties and business update

Alta Victoria

Property Location and Ownership

The Alta Victoria Project is located 160 kilometres NE of Lima, the capital city of Perú. Road access links the property to Lima via the town of Canta. Average elevation of the project area is 4,700m above msl. The local community "Comunidad Campesina San Francisco de Asis de Yantac" sits within the concession block with whom the Company holds an ongoing surface access rights agreement.

The concession block held by the Company partially straddles the continental divide which defines the departmental borders separating the Lima Department to the west, from the Department of Junín on the eastern slope. The majority of the concession block lies inside of the Junín Department under local jurisdictions of the Yauli Province and District of Marcapomacocha.

All concessions are currently in good standing with regards to the option payments and governmental license fees.

Underlying Agreements

Pursuant to an option agreement between Minera the Company and the shareholders of Minera Yantac S.A.C.("Minera") dated December 26, 2018, as amended July 27, 2020 (the "**Option Agreement**"), the Company has the option to acquire Minera Yantac, holder of 10 of the concessions making up the Alta Victoria Project ("Alta Victoria Project"), by paying a total of US$4,000,000 over six years and four months. Minera Yantac acquired the Optioned Property pursuant to a mining property transfer agreement dated December 18, 2018, as amended July 27, 2020 (the "**Transfer Agreement**"), and a portion of the payments under the Option Agreement are to be made to the prior owners of the Alta Victoria Project to satisfy the requirements of the Transfer Agreement, with the balance paid to the shareholders of Minera Yantac.

The Company is required to make the following payments pursuant to the Option Agreement:

- US$60,000 (paid);
- US$5,000 per month for 32 months from August 2018 to March 2020 and from August 2020 to July 2021 (a total of US$160,000, of which US$125,000 has been paid in cash and US$30,000 was satisfied by the issuance of securities, described below);
- US$10,000 per month for 28 months starting August 2021 and ending in November 2023 (a total of US$280,000); and
- US$3,500,000 on December 4, 2023.

The parties agreed to suspend the payments under the Option Agreement and Transfer Agreement for the months of April, May, June and July 2020 as a result of the COVID-19 pandemic.

Pursuant to an agreement dated July 27, 2020, the Company issued 200,001 units consisting of one common share and one share purchase warrant at a deemed price of US$0.15. The warrants are exercisable at C$0.25 per the Company Share until July 20, 2022. These securities were issued in satisfaction of payments due pursuant to the Option Agreement and the Transfer Agreement for the 6 month period between August 2019 and January 2020.

Work Commitment and Royalty

Pursuant to the Transfer Agreement, the Alta Victoria Project is subject to a net smelter returns royalty of 1.5% on all metallic metals and 3.00 Soles per ton of non-metallic metals produced from the Alta Victoria Project. The net smelter returns royalty was granted by Minera Yantac to Minera Flor de Maria S.A.C., one of the former titleholders of the Alta Victoria Project.

The Company has the right to conduct exploration activities on the Alta Victoria Project pursuant to a mining lease agreement dated June 8, 2018, as amended December 2, 2018 and May 12, 2021 (the "**Mining Lease Agreement**"). Pursuant to the Mining Lease Agreement, the Company was required to pay US$100 (which has been paid) and to incur US$500,000 in work commitments on the Alta Victoria Project by February 28, 2022 (which requirement has been met). The mining lease agreement expires on December 4, 2023.

Surface Access

The Company also entered into a surface access agreement with The Community of San Francisco de Asis de Yantac in April 2018 for a 2 year term, and a second surface access agreement January 24, 2020 that is valid until January 24, 2022 (the "**Surface Access Agreement**"). Pursuant to the Surface Access Agreement, the Company may build road and drill platforms, as well as drill on the Alta Victoria Project. the Company made a land use payment for 2020 of 45,000 Soles and has agreed to pay 60,000 Soles for 2021.

Exploration Status

The Company holds a DIA (Declaración de Impacto Ambiental) class-permit which allows the company to drill from up to 40-platforms over a three-year period. The DIA was suspended by the Company in September 2021, but remains valid and can be reactivated at any time during the 12-month period to September 2022. The permit period will subsequently be extended beyond its original termination date of February 2023 by the number of months it was suspended.

Systematic exploration at the Alta Victoria Project culminated in a 7-hole, 2,300 metre diamond drilling program carried out from September to November 2020. Two main target zones were tested, Santa Teresita where 6 of the 7 holes were collared, and Laguna Pachas where one hole was collared. Please refer to Tables 5 and 6 under "*Narrative Description of the Business – The Alta Victoria Project – Drilling*" in the Company's Listing Statement, a copy which is available at www.sedar.com for additional information on the drilling.

Since February 2021 an ongoing program of mapping and sampling has been conducted with the purpose of refining drill targets and generating additional targets for future drilling. The Company has utilized a hand-held XRF instrument to conduct reconnaissance analysis of soil and rock. This has proven to be an important tool for identifying previously unknown zones of anomalism and filling in areas of relatively sparse sampling data.

The Company completed a ground gravity and unmanned ariel vehicle (UAV) magnetometer survey over the Laguna Panchas target zone in the northwestern part of the property in September 2021. The magnetometer survey consisted of 37 NW-SE lines covering a total of 61 line kilometers. Ground gravity measurements were collected on a 100m x 100m grid for a total of 270 field stations with all stations surveyed using a differential GPS. A high-resolution digital elevation model (DEM) was developed over the area prior to the start of the in order to facilitate the processing and interpretation of the data. These surveys were integrated with mapping and geochemical data.

The Company reported the new silver-gold-lead-zinc discoveries to the NW of Buena Estrella in September 2021. Three northeast trending mineralized structural corridors were identified returning high-grade mineralization from rock chip samples collected over an area measure 1500 x 500m. Mineralization is spatially associated with feldspar porphyritic dikes and sills hosted in the lower member of the Jumasha limestone formation. Highlight results from this work are presented below.

Sample ID	Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)
210205	0.66	189	0.05	0.56	0.03
210206	0.46	98	0.07	3.29	0.49
210207	0.49	244	0.08	3.41	0.19
210208	0.40	133	0.08	1.57	0.11
210209	0.02	50	0.04	1.27	12.40
210421	0.12	270	0.34	11.25	23.70

In November 2021, the discovery of the Marca Plata prospect on the northern concession block was announced. Marca Plata is characterized by a 200m diameter lead (Pb) soil anomaly. X-Ray Fluorescence (pXRF) Pb soils ranged from 180 ppm to >850ppm within the Carhuaz sedimentary formation. Rock channel sampling defined two separate zones. A NE striking, SE dipping manto style zone was sampled at Zone 1 that returned 3.3 metres grading 68.5 g/t Ag, 1.43% Pb, 0.7% Zn. A select, high grade structure returned 380 g/t Ag, 11.05% Pb, 8.12% Zn that also contained anomalous antimony (+1%), tin (342ppm), bismuth (115ppm) and selenium 403ppm). The tin-bismuth-selenium values suggest the possibility of a proximal intrusive source of the metals. At zone 2, channel sampling returned 11.1 metres averaging 104.4 g/t Ag, 4.27% Pb, 0.22% Zn including 3.7 metres at 147.7 g/t Ag, 7.13% Pb, 0.22% Zn.

Ongoing prospecting is continuing on the remainder of the property and the integration and reinterpretation of the geophysical data has been initiated. The Company plans on continuing this work into 2022 aimed at defining a series of high priority drill targets that it plans on testing later in the year.

Politunche

The Company announced the signing of a Letter of Intent (LOI) setting out the proposed terms for an Option Agreement to purchase 100% of the Politunche Property on November 30, 2021. The Option Agreement was signed on January 18th, 2022.

The Company can earn 100% ownership of the property by:

- Making a total of US$2,000,000 in cash payments over 4 years to the individual vendor (the "Vendor") as follows:
    - US$5,000 on the signing of the Letter of Intent and US$5,000 on the execution of the Agreement (both paid);
    - US$5,000 per month during a period of twenty-two (22) months ending November 2023;
    - US$10,000 per month during a period of twenty-four (24) months commencing December 2023 and ending November 2025;
    - A final US$1,640,000 within forty-eight months of the execution of the Agreement; and
- Drilling a minimum of 2,500 metres.

The Property concessions are currently at the application stage, and the Vendor is in the process of registering title to the concessions. The Agreement provides the Vendor with ten (10) months to obtain title, and in the event of delay, the Company may suspend monthly option payments until such time as title is obtained. The Company will not be permitted to conduct a drill campaign or register the Property in its name until such time as title to the concessions is granted.

Upon completion of a positive feasibility study the Company is required to make a one-time lump sum payment of US$1,000,000 to the Vendor. The Vendor retains a 2% NSR which the Company may buy back for US$500,000 per 1% at its election within six (6) months on declaration of commercial production.

The Company, at its election, can exercise the option to acquire the Property at any time within the forty-eight (48) month option period by notifying the Vendor and paying the outstanding balance owing as of the date of notification.

Exploration Status

Historic exploration on the property has identified a large area of argillic and quartz-sericite-pyrite alteration associated with high level, intermediate sub-volcanic domes and dykes intruding well stratified, fragmental pyroclastic and volcaniclastic rocks. Highlander's due diligence rock grab and channel confirmed the presence of silver-gold-lead-zinc mineralization in a series of veins and breccias. Highlights from the due diligence sampling included:

Sample ID	Au (g/t)	Ag (g/t)	Pb (%)	Zn (%)	Description
2019004	0.89	879	1.40	5.40	Vein Grab
2019006	0.64	1,535	1.53	1.21	0.6m Channel
2019008	0.11	511	3.61	6.53	0.3m Channel

PTR-00001	1.17	1,128	10.24	8.56	Vein Grab
PTR-00009	0.22	649	1.40	1.26	0.2m Channel
PTR-00012	0.54	437	4.25	0.25	0.3m Channel
PTR-00020	0.18	398	1.40	0.28	Rock Grab

The Company has planned a surface mapping and sampling campaign to define the nature and extend of the mineralized system and to develop drill targets that it expects to test later in the year.

Nimpkish Property

On February 20, 2020, the Company completed its acquisition of Pacific West. Pacific West, as optionee, is party to an option agreement dated as of May 2, 2019 (the "Option Agreement") with respect to the Nimpkish Property (the "Property"), under which Pacific West has the exclusive and irrevocable right to acquire a 100% interest in the Property from the registered owners of the Property (collectively, the "Optionor").

To exercise the option under the Option Agreement, Pacific West is required to:

Cash Payments: On or before May 1, 2020, Pacific West shall pay to the Optionor a cash payment in the aggregate amount of $30,000 (paid).

Exploration Expenditures: Pacific West shall make an aggregate of $425,000 in exploration expenditures on the Property on or before the following dates:

Date	Amount of Exploration Expenditures
	$
December 31, 2020 (Met before acquisition)	75,000
December 31, 2021	100,000
December 31, 2022	100,000
December 31, 2023	150,000
	425,000

In addition, under the Option Agreement Pacific West shall grant to the Optionor a 2.0% NSR on the Property. Pacific West shall have the right at any time to repurchase one-half of the NSR from the Optionor by paying $1,000,000 to the Optionor at any time before the commencement of commercial production on the Property. Beginning on December 31, 2023, and annually thereafter, Pacific West will make annual advanced minimum royalty ("AAMR") payments of $7,500 to the Optionor, and any such AAMR payments shall be deducted from future NSR payments.

During the year, the Company determined not to continue with the Nimpkish property and wrote-off its investment in the amount of $230,000. The Company had fulfilled all its obligations to the vendor and has no further obligations with respect to the project.

Exploration Expenditures

The Company's accounting policies capitalize exploration and evaluation costs until such time that they are either impaired or advanced into production. The history of cumulative capitalized exploration and evaluation costs are as follows to December 31 of each of the following years:

	Nimpkish Property $	Alta Victoria Property $	Total $
January 1, 2020	230,000	1,140,994	1,370,994
Acquisitions/staking/assessments	-	189,610	189,610
Geological and related expenditures	-	556,527	556,527
Dues and fees	-	1,355	1,355
Legal expenses	-	21,217	21,217
Field equipment and related expenditures	-	44,207	44,207
Services	-	6,361	6,361
Personnel	-	144,532	144,532
Foreign exchange translation	-	(162,060)	(162,060)
December 31, 2020	230,000	1,942,743	2,172,743
January 1, 2021	230,000	1,942,743	2,172,743
Acquisitions/staking/assessments	-	163,179	163,179
Geological and related expenditures	-	159,885	159,885
Dues and fees	-	19,722	19,722
Legal expenses	-	27,532	27,532
Field equipment and related expenditures	-	30,362	30,362
Services	-	5,173	5,173
Personnel	-	106,884	106,884
Foreign exchange translation	-	(240,854)	(240,854)
Impairments/write-downs	(230,000)	-	(230,000)
September 30, 2021	**-**	**2,214,626**	**2,214,626**

During 2021 and 2020, the Company carried out drilling activities in the Alta Victoria project, resulting in a substantial increase of exploration and evaluations investments as compared to prior years.

Selected annual information

The following are the main financial indicators for the periods indicated:

	Nine months ended September 30, 2021	December 31, 2020	December 31, 2019
Expenses	$ (477,904)	$ (204,648)	$ (172,650)
Loss and comprehensive loss	$ (1,795,537)	$ (487,021)	$ (165,307)
Weighted average number of common shares outstanding - basic and diluted	41,340,182	26,419,316	19,534,286
Loss and comprehensive loss per share - basic and diluted	(0.04)	(0.01)	(0.01)

	Nine months ended September 30, 2021 $	December 31, 2020 $	December 31, 2019 $
Total assets	5,777,293	3,064,939	1,159,091
Working capital surplus (deficiency)	3,465,370	1,037,507	(253,442)
Total liabilities	(70,908)	(46,919)	(327,040)
Shareholders' equity	5,706,385	3,018,020	832,051
Deficit	(2,253,901)	(675,113)	(165,307)

During 2020, the Company conducted significant financing activities, and resulting in the increase in total assets and shareholders' equity. This is also reflected in increased general expenses for 2020, as detailed in the next section.

This increase in expenses and comprehensive loss in 2021 as compared to 2020 was the result of the Company's expenses with respect to professional fees and consulting which have increased as the Company expands its exploration efforts and completed their RTO during the nine month period ended September 30, 2021 relative to the comparative year ended December 31, 2020. More specifically:

- Advertising and promotion increased by approximately $9,825 due to increased investor awareness campaigns initiated by the Company in its initial year of being publicly listed;

- Consulting fees increased by approximately $81,082 to $ 92,055 as increased consultants have been utilized to facilitate the transfer from private to publicly listed on the CSE;

- Professional fees increased by approximately $126,780 to $280,488 primarily due to the increase legal, accounting and auditor fees needed in connection with the Company listing statement preparation and new public listing through RTO;

- Foreign exchange increased by approximately $49,237 to $73,414 due to the volatility with the Company's Peruvian subsidiary; and

- Listing expense of $860,970 is a non-cash expense. This represents the fair value of the excess consideration over net assets acquired through the RTO.

- Write-off of mineral property interests is $230,000 is a non-cash expense. This represents the subsequent termination of the Nimpkish Property.

SUMMARY OF QUARTERLY RESULTS

The following table shows results from the previous quarters:

Period Ending	Loss and comprehensive loss $	Basic and Diluted Net Loss Per Share $
September 30, 2021	(1,465,259)	(0.03)
June 30, 2021	(181,259)	(0.00)
March 31, 2021	(149,019)	(0.00)
December 31, 2020	(213,753)	(0.01)
September 30, 2020	(160,328)	(0.00)
June 30, 2020	(151,658)	(0.00)
March 31, 2020	38,718	(0.00)
December 30, 2019	(165,307)	(0.01)

The main activities during 2020 were related to financing efforts, resulting in a general increase of administration, professional and legal fees. Administration and accounting included the preparation of consolidated financial statements (which were not required during 2019), preparation of income tax returns, and compensation of services provided in Peru. Professional fees in 2020 were paid to a director of the Company in connection with business development activities. Audit and legal increased in connection with financing activities carried out during 2020. Employee expenses were higher during 2019 as a result of bonuses paid through the issuance of shares during that year. Conversely, office and sundry expenses were reduced during 2020 as the Company is no longer renting an office in Peru.

During 2019, a commission was paid by the issuance of common shares of the Company to a corporation involved in business development.

Liquidity Working Capital and Capital Resources

Based on its current operating plan, management estimates that the Company will have enough cash to sustain its operations for the next year.

The longer-term ability of the Company to continue its business is dependent on the continuing success of its exploration programs coupled with available funding through sale of its share capital. The ability of the Company to raise capital will depend on market conditions and it may not be possible for the Company to raise money on acceptable terms or at all.

During the nine months ended September 30, 2021, the Company cash outflows of approximately $487,000 in respect of operating activities, compared to approximately $154,000 for the year ended December 31, 2020. Further, the Company realized approximately $nil in cash flows from financing activities via the issuance of shares/units for cash, net of share issue costs and $2,165,000 for the year ended December 31, 2020. Lastly, the Company realized approximately $2,873,000 in cash on investing activities associated with the cash acquired on the RTO and deferred exploration an evaluation costs of the Company's mineral property interests and used approximately $1,005,000 for the year ended December 31, 2020.

The Company has relied on cash from financing activities to support its operations and investments. On September 30, 2021, the Company was in a working capital surplus position. The Company acquired acquired approximately $3,400,000 in connection with the RTO.

Transactions with related parties

A number of key management personnel and Directors hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities. There were no loans to key management personnel or Directors, or entities over which they have control or significant influence during the periods ended September 30, 2021 and December 31, 2020.

Key management personnel and Directors receive no salaries, non-cash benefits (other than incentive stock options), or other remuneration directly from the Company, other than noted below, and there are no contracts with them that cannot be terminated without penalty on thirty days advance notice. Key management personnel and Directors participate in the Company's stock option plan.

During the period ended September 30, 2021, there were replacement options granted to Officers and Directors totaling 55,000 with a fair value of $6,277 included in consideration of the reverse acquisition. No options were granted during the year ended December 31, 2020.

The following related parties transacted with the Company or Company controlled entities during the years:

(a) R.W. Stewart is a Company Director and the Company's President and CEO. He is a shareholder and has significant influence over AuCu Consulting which is a geological consulting firm. AuCu Consulting provides the Company with geological consulting services and CEO services.

(b) Stephen Brohman is the Company's CFO. He is a principal of Donaldson Brohman Martin CPA Inc. ("DBM CPA"), a firm in which he has significant influence. DBM CPA provides the Company with accounting and tax services.

(f) Philip Anderson is the Company's General Manager of Minera CAPPEX S.A.C. He provides the Company with geological, management and administrative services.

The aggregate value of transactions and outstanding balances with key management personnel and Directors and entities over which they have control or significant influence were as follows:

	Transactions Year ended September 30, 2021 $	Transactions Year ended December 31, 2020 $	**Balances outstanding September 30, 2021 $**	Balances outstanding December 31, 2020 $
AuCu Consulting	10,000	-	11,300	-
DBM CPA	3,000	-	-	-
Philip Anderson	35,959	-	-	-
	48,959	-	**11,300**	-

Outstanding Share Data

As at September 30, 2021 and the date of this MD&A the Company has:

a) 60,445,867 common shares issued and outstanding as at September 30, 2021 and 60,545,867 as at the date of this MD&A;

b) 19,270,004 share purchase warrants outstanding; and

c) 1,285,000 stock options outstanding as at September 30, 2021 and 3,755,000 as at the date of this MD&A.

Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet arrangements.

Proposed Transactions

There are no proposed transactions as of the date of this MD&A.

Accounting Policies

Please refer to notes 2 to the Financial Statements for a complete description of the basis of presentation and the accounting policies followed, respectively.

Financial Instruments

The Company's financial instruments consist of cash, receivables and accounts payable and accrued liabilities.

The carrying value of receivables, accounts payable and accrued liabilities approximated their fair value because of the short-term nature of these instruments.

Financial instruments measured at fair value on the consolidated statements of financial position are summarized into the following fair value hierarchy levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 $	Level 2 $	Level 3 $	Total $
September 30, 2021				
Cash and cash equivalents	3,502,840	-	-	3,502,840
	3,502,840	**-**	**-**	**3,502,840**
December 31, 2020				
Cash and cash equivalents	1,081,160	-	-	1,081,160
	1,081,160	-	-	1,081,160

Financial instruments - risk

The Company's financial instruments are exposed to certain financial risks, including credit risk, interest rate risk, liquidity risk and currency risk.

(a) Credit risk

The Company is exposed to credit risk by holding cash. This risk is minimized by holding the funds in Canadian banks and credit unions or with Canadian governments. The Company has minimal receivables exposure and its various refundable credits are due from Canadian governments.

(b) Interest rate risk

The Company is exposed to interest rate risk because of fluctuating interest rates. Fluctuations in market rates do not have a significant impact on the Company's operations due to the short term to maturity and no penalty cashable features of its cash equivalents. For the period ended September 30, 2021, every 1% fluctuation in interest rates up or down would have impacted income (loss) for the year, up or down, by approximately $2,000 (December 31, 2020 - $3,000) before income taxes.

(c) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they come due. The Company manages this risk by careful management of its working capital to ensure its expenditures will not exceed available resources.

(d) Currency risk

As at September 30, 2021, all of the Company's cash and cash equivalents were held either in Canadian dollars, US dollars or Peruvian new soles. The Company incurs expenditures in Canada and Peru, and as such is exposed to currency risk associated with these costs.

A change in the value of the Peruvian new sol by 10% relative to the Canadian dollar would affect the Company's working capital by approximately $1,000, and its net loss for the year by approximately $3,000.

Critical Accounting Estimates

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses, and the valuation of stock options and share purchase warrants. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual results may differ from these estimates.

Resource properties: The carrying value of the Company's mineral properties are reviewed by management quarterly, or whenever events or circumstances indicate that their carrying amounts may not be recovered. Management considers potential impairment indicators including, but not limited to, changes in commodity prices, plans for the properties and the results of exploration to date.

Risk Factors

AN INVESTMENT IN THE COMMON SHARES IS SPECULATIVE IN NATURE AND INVOLVES A HIGH DEGREE OF RISK. IN ADDITION TO THE OTHER INFORMATION PRESENTED IN THIS MD&A, READERS AND PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS.

The risks discussed below also include forward-looking statements and actual results may differ substantially from those discussed in these forward-looking statements.

Issues related to the Company's mineral projects

Limited Operating History

The Company is an early-stage company, and the Alta Victoria Project is an exploration stage property. As such, in addition to the risks disclosed above which are specific to the Company's material property, the Company will be subject to all of the business risks and uncertainties associated with any new business enterprise, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of revenues. The current state of the Alta Victoria Project requires significant additional expenditures on the property and in order to exercise the Option Agreement before any cash flow may be generated. There is no assurance that the Company will be successful in exercising the Option Agreement or achieving a return on shareholders' investment and the likelihood of success of the Company must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the establishment of any business. Most exploration projects do not result in the discovery of commercially mineralized deposits. An investment in the Common Shares therefore carries a high degree of risk and should be considered speculative by investors.

Trends

The Company's financial success is dependent upon the discovery of mineral resources which could be economically viable to develop. Such development could take years to complete and the resulting income, if any, is difficult to determine. The sales value of any mineralization discovered by the Company is largely dependent upon factors beyond the Company's control, such as market value of the products produced and availability of capital from the public marketplace. Other than as disclosed herein, the Company is not aware of any trends, uncertainties, demands, commitments or events which are reasonably likely to have a material effect on the Company's results or financial position.

Negative Cash-Flow

Since its incorporation, the Company has not generated cash flow from its operations and has incurred certain operating losses. Such losses and negative operating cash flow are expected to continue since funds will be expended to pay its administrative expenses, make option payments and to conduct the recommended exploration programs. Although the Company has allocated $300,000, to fund its ongoing operations on the Alta Victoria Project for a period of 12 to 18 months, thereafter, the Company will be reliant on future equity financings for its funding requirements.

COVID-19 Outbreak

As of the date of this MD&A, markets, governments and health organizations around the world are working to contain the outbreak of the coronavirus ("**COVID-19**"). COVID-19 presents a wide range of potential issues and complications for the Company, most of which the Company is not able to know the full extent of. The following is a summary of what the Company believes may impact its business as a result of COVID-19:

- disruptions to business operations resulting from quarantines of employees, consultants and third-party service providers in areas affected by COVID-19;
- disruptions to business operations resulting from travel restrictions and access to properties; and
- uncertainty around the duration of the COVID-19 pandemic.

Operating Hazards and Risks

The operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of resources, any of which could result in work stoppages and damage to persons or property or the environment and possible legal liability for any and all damages. Fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are some of the risks involved in the operation of mines and the conduct of exploration programs. Although the Company will, when appropriate, secure liability insurance in an amount which it considers adequate, the nature of these risks is such that liabilities might exceed policy limits, the liability and hazards might not be insurable, or the Company might elect not to insure itself against such liabilities due to high premium costs or other reasons, in any of which events the Company could incur significant costs that could have a material adverse effect upon its financial condition.

Economics of Developing Mineral Properties

Substantial expenditures are required to establish ore reserves through drilling, to develop metallurgical processes to extract metal from ore and to develop the mining and processing facilities and infrastructure at any site chosen for mining. No assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that the funds required for development can be obtained on a timely basis.

The marketability of any minerals acquired or discovered may be affected by numerous factors which are beyond the Company's control and which cannot be 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 of minerals, and environmental protection. Depending on the price of minerals produced, the Company may determine that it is impractical to commence or continue commercial production.

Ownership of Property Interests and Assets

Although the Company has exercised the usual due diligence with respect to title to properties in which it has a material interest, there is no guarantee that title to the properties will not be challenged or impugned. The Company's mineral property interests may be subject to prior unregistered agreements or transfers or land claims and title may be affected by undetected defects. In addition, certain of the mining claims in which the Company has an interest are not recorded in the name of the Company and cannot be recorded until certain steps are taken by other parties. Before a number of claims under option can be recorded in the Company's name, the underlying title holder has to assign title to the Company once the Company satisfies its option agreement obligations. There are no assurances that the underlying title holder will assign title. Land may be transferred by the State to businesses and citizens for possession and use based on leases.

In order to satisfy itself of its ownership of its property interests in Peru, the Company has, among other things: (i) obtained and reviewed title opinions from certain local law firms in Peru; (ii) obtained and reviewed certificates of compliance issued by the appropriate governmental officials in Peru; (iii) conducted searches in Peru; and (iv) reviewed, negotiated and executed various agreements with the Government of Peru relating to the acquisition and/or transfer of certain mining titles and concessions.

Environmental Factors

The Company conducts exploration activities in various parts of Peru. Such activities are subject to various laws, rules and regulations governing the protection of the environment, including, in some cases, posting of reclamation bonds. Extensive environmental legislation has been enacted in Peru by federal, state and municipal governments. All phases of the Company's operations are subject to environmental regulation in the jurisdictions in which it operates. Environmental legislation is evolving in a manner which requires stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed properties and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations or to preclude entirely the economic development of a property. Environmental hazards may exist on the Company's properties, which hazards are unknown to the Company at present, which have been caused by previous or existing owners or operators of the properties. The Company is not aware of any environmental hazards on any of the properties held or formerly worked by the Company. The approval of new mines in Peru is subject to detailed review by Peruvian mining authorities and there is no assurance that such approval can be obtained. Further, under such review process, there is no assurance that regulatory and environmental approvals will be obtained on a timely basis or at all. Failure to comply with the legislation may have serious consequences. Orders may be issued requiring operations to cease or be curtailed or requiring installation of additional facilities or equipment. Violators may be required to compensate those suffering loss or damage by reason of its mining activities and may be fined if convicted of an offense under such legislation.

Peruvian mining law establishes requirements for the decommissioning, reclamation and rehabilitation of mining properties in a state of permanent closure. Such closure requirements relate to the protection and restoration of the environment and the protection of the public safety. Some former mining properties must be managed for long periods of time following closure in order to fulfill closure requirements. The costs of closure of mining properties, and, in particular, the cost of long-term management of mining properties can be substantial. In the case of the Alta Victoria Project, exploration activities have and will in the future cause moderate environmental impact. By Peruvian mining law, environmental impact from past mining activities prior to the onset of present-day exploration activities are not the responsibility of the company. Such historic mining disturbance are well documented in the DIA permitting document and will not be included in any future remediation requirement unless those same historical mine works have been further utilized or disturbed by the company.

The Company has adopted environmental practices designed to ensure that it continues to comply with or exceed all environmental regulations currently applicable to it. The Company is currently engaged in exploration with minimal environmental impact.

Community Relations

Community relations may affect the Company's business, including its interest in the Alta Victoria Project. Maintaining a positive relationship with the communities in which the Company operates, including with respect to the Alta Victoria Project, is critical to continuing successful exploration and development. Community support for operations is a key component of a successful exploration or development project. As a business in the mining industry, the Company may come under pressure in the jurisdictions in which the Company explores or develops, to demonstrate that other stakeholders benefit and will continue to benefit from our commercial activities. The Company may face opposition with respect to our current and future development and exploration projects which could materially adversely affect our business, results of operations, financial condition and share price.

Environmental Permits

The ability of the Company to explore its properties is dependent on environmental regulations and the permitting process. A permit for drilling from existing roads and disturbed areas is in place for the Alta Victoria Project. Future work to allow road construction and additional surface disturbance at the Company's projects will require filing for necessary environmental permits. The Company's interest in a property or project could be adversely affected by an inability to obtain environmental permits.

Competition and Agreements with Other Parties

The Company competes with other mining companies for the acquisition of mineral claims and other mining interests as well as for the recruitment and retention of qualified employees and contractors. There is significant and increasing competition for a limited number of resource acquisition opportunities and as a result, the Company may be unable to acquire attractive mining properties on terms it considers acceptable. The Company competes with other companies that may have substantially greater financial resources than the Company. The Company may, in the future, be unable to meet its obligations under agreements to which it is a party and the Company may have its interest in the properties subject to such agreements reduced as a result. Furthermore, if other parties to such agreements do not meet their share of such costs, the Company may be unable to finance the cost required to complete recommended programs.

Metals Prices

The Company's revenues, if any, and ability to attract equity financing is expected to be in large part derived from the discovery of mineral properties and the sale of minerals contained or interests related thereto. The price of those commodities has fluctuated widely, particularly in the last three years, and is affected by numerous factors beyond the Company's control including international economic and political conditions, expectations of inflation, international currency exchange rates, interest rates, global or regional consumptive patterns, speculative activities, levels of supply and demand, increased production due to new mine developments and improved mining and production methods, availability and costs of metal substitutes, metal stock levels maintained by producers and others and inventory carrying costs. The effect of these factors on the price of base and precious metals, and therefore the economic viability of the Company's operations, cannot accurately be predicted.

Management and Directors

The Company is dependent on its key management personnel. Loss of the key person could have an adverse effect on the Company. The Company does not maintain "key-man" insurance in respect of any of its management.

Conflicts of Interest

Certain of the Directors and Officers of the Company are also in their personal capacities, or as Directors or Officers of other companies, engaged in mineral exploration and development. Accordingly, exploration opportunities or prospects of which they become aware may not necessarily be made available to the Company. The Directors and Officers intend to allocate opportunities or prospects from time to time on the basis of prudent business judgment. The Directors are required by law to act honestly and in good faith with a view to the best interest of the Company and its shareholders and to disclose any personal interest which they may have in any material transaction which is proposed to be entered into with the Company and to abstain from voting as a Director for the approval of such transaction.

Foreign Operations

The Company's operations are currently conducted principally in Peru. As such, its operations are exposed to various levels of political, economic and other risks and uncertainties which could result in work stoppages, blockades of the Company's mining operations and appropriation of assets. The Company's operation is not in an area with a history of political issues or criminal activity which have led to disturbances in exploration or mining activities. Risks and uncertainties vary from region to region and could include terrorism; hostage taking; extortion; local drug gang activities; military repression; expropriation; fluctuations in currency exchange rates; high rates of inflation; labour unrest; the risks of civil unrest; renegotiation or nullification of existing concessions, licenses, permits and contracts; illegal mining; changes in taxation policies; restrictions on foreign exchange and repatriation; and changing political conditions, currency controls 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.

Although the Company strives to maintain good relations with the local community in Peru by providing employment opportunities and social services, local opposition to mine development projects could arise, and such opposition could be violent. There can be no assurance that such local opposition will not arise with respect to the Company's foreign operations. If the Company were to experience resistance or unrest in connection with its operations, it could have a material adverse effect on its operations.

Government Regulation

The Company's mineral exploration activities will be subject to various laws governing prospecting, mining, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people and other matters. No assurance can be given that the new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner that could limit, suspend, terminate or curtail production or development. Government approvals and permits are currently, and may in the future be, required in connection with the Company's operations. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed on them for violations of applicable laws or regulations. Amendments to current laws and regulations governing operations or more stringent implementation thereof could have a substantial 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 the development of new mining properties.

The Company is at the exploration stage on its property. Exploration requires responsible best exploration practices to comply with Company policy, government regulations, and maintenance of claims and tenure. The Company is required to be registered to do business and have a valid prospecting license in any territory in which it is carrying out work. In Peru, mineral exploration primarily falls under federal jurisdiction, but there are state, municipal, local and community issues to be addressed.

If any of the Company's projects are advanced to the development stage, those operations will also be subject to various laws and regulations concerning development, production, taxes, labour standards, environmental protection, mine safety and other matters. In addition, new laws or regulations governing operations and activities of mining companies could have a material adverse impact on any project in the mine development stage that the Company may possess.

Surface Exploration Rights

Mining concession licenses in Peru are separate from surface rights. Permission for surface access must be negotiated with the owners of the surface rights to the areas covered by the mining concessions, and commonly involve leasing of the surface rights. In Peru surface rights are owned by private persons or communities (local communal organizations), and agreements for access must be made with the surface owners to do significant work. There are potential risks with regard to the completion of a successful exploration program in that there is a possibility of not being able to extend the surface access agreement over part of the area of interest, or problems with obtaining an environmental permit for road construction and drilling.

Management's responsibility over financial information

The Company's management is responsible for presentation and preparation of the quarterly and annual consolidated financial statements and the MD&A. These financial statements have been prepared in accordance with IFRS.

The quarterly and annual consolidated financial statements and information in the MD&A necessarily include amounts based on informed judgments and estimates of the expected effects of current events and transactions with appropriate consideration to materiality. In addition, in preparing the consolidated financial information we must interpret the requirements described above, make determinations as to the relevancy of information to be included, and make estimates and assumptions that affect reported information. The MD&A also includes information regarding the impact of current transactions and events, sources of liquidity and capital resources, operating trends, risks and uncertainties. Actual results in the future may differ materially from our present assessment of this information because future events and circumstances may not occur as expected.

Legal Proceedings

As at the date of this document, there were no legal proceedings against or by the Company.

Events after the reporting period

(a) On November 3, 2021, the Company granted 2,470,000 stock options to certain directors, officers and staff of the Company's wholly owned subsidiary. The stock options are exercisable at $0.30 for a period of five years and 25% vest immediately, with a further 25% vesting every six months thereafter.

(b) On November 30, 2021, the Company issued 50,000 common shares of the Company to the CEO In connection with his management consulting agreement. As part of his compensation; subject to approval of the board, and based on his performance, a further 250,000 common shares may be issued on Aug. 12, 2022, and 300,000 on Aug. 12, 2023. The shares will be subject to a four-month hold from the date of issuance.

(c) On January 19, 2022, the Company executed an option agreement to acquire 100% of the 600 hectare (Ha) Politunche Property ("the Property" or "Politunche") located in the prolific, silver-rich polymetallic belt of central Peru and just 15 kilometers from the Company´s flagship, Alta Victoria Project. The Company can earn 100% ownership of the property by:

Making a total of US$2,000,000 in cash payments over 4 years to the individual vendor (the "Vendor") as follows: US$5,000 on the signing of the Letter of Intent and US$5,000 on the execution of the Agreement (both paid); US$5,000 per month during a period of twenty-two (22) months ending November 2023; US$10,000 per month during a period of twenty-four (24) months commencing on December 2023 and ending November 2025; A final US$1,640,000 within forty-eight months of the execution of the Agreement; and Drilling a minimum of 2,500 metres.

The Property concessions are currently at the application stage, and the Vendor is in the process of registering title to the concessions. The Agreement provides the Vendor with ten (10) months to obtain title, and in the event of delay, the Company may suspend monthly option payments until such time as title is obtained. The Company will not be permitted to conduct a drill campaign or register the Property in its name until such time as title to the concessions is granted. Upon completion of a Positive Feasibility Study the Company is required to make a one-time lump sum payment of US$1,000,000 to the Vendor. The Vendor retains a 2% NSR which the Company may buy back for US$500,000 per 1% at its election within six (6) months on declaration of commercial production. Highlander, at its election, can exercise the option to acquire the Property at any time within the forty-eight (48) month option period by notifying the Vendor and paying the outstanding balance owing as of the date of notification.

Board of Directors and Officers

As at the date of this MD&A, the following are the Directors and Officers of the Company:

Philip W. Anderson	Director	(Peru)
Ronald Stewart.	Director and Chief Executive Officer	(CDN)
Fabian N. Baker	Director	(UK)
Hannah Jin	Director	(CDN)
Nathan Brewer	Director	(CDN)
Stephen Brohman	Chief Financial Officer	(CDN)

Approval

The Board of Directors of Highlander have approved the disclosures in this MD&A.