



AZTEC MINERALS CORP.

Consolidated Financial Statements

(stated in Canadian dollars)

Years ended December 31, 2023 and 2022

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF AZTEC MINERALS CORP.

Opinion

We have audited the consolidated financial statements of Aztec Minerals Corp. and its subsidiaries (the "Company"), which comprise:

- ◆ the consolidated statements of financial position as at December 31, 2023 and 2022;
- ◆ the consolidated statements of comprehensive loss for the years then ended;
- ◆ the consolidated statements of changes in shareholders' equity for the years then ended;
- ◆ the consolidated statements of cash flows for the years then ended; and
- ◆ the notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2023 and 2022, and its consolidated financial performance and consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss of \$1,812,552 during the year ended December 31, 2023 and has a deficit of \$10,501,030 as at December 31, 2023. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined that there are no other key audit matters to communicate in our auditors' report.

VANCOUVER

1700-475 Howe St
Vancouver, BC V6C 2B3
T: 604 687 1231
F: 604 688 4675

LANGLEY

600-19933 88 Ave
Langley, BC V2Y 4K5
T: 604 282 3600
F: 604 357 1376

NANAIMO

201-1825 Bowen Rd
Nanaimo, BC V9S 1H1
T: 250 755 2111
F: 250 984 0886

Other Information

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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- ◆ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ◆ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ◆ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ◆ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ◆ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Michelle Chi Wai So.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia

April 26, 2024

VANCOUVER

1700-475 Howe St
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T: 604 687 1231
F: 604 688 4675

LANGLEY

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AZTEC MINERALS CORP.

(An Exploration Stage Company)

Consolidated Statements of Financial Position

(Stated in Canadian dollars)

		December 31,	
	Notes	2023	2022
ASSETS			
Current Assets			
Cash		\$ 485,590	\$ 1,471,056
Receivables	6	106,165	304,531
Prepays, current		239,192	130,561
Total Current Assets		830,947	1,906,148
Non-Current Assets			
Prepays, non-current		62,527	40,514
Mineral property interests	6, 8(b), 9	11,585,558	9,030,358
Equipment	7	1,432	2,280
Total Non-Current Assets		11,649,517	9,073,152
Total Assets		\$ 12,480,464	\$ 10,979,300
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Accounts payable and accrued liabilities	9	\$ 455,496	\$ 324,416
Shareholders' Equity			
Share capital	8(b)	20,884,941	18,379,155
Reserve for share-based payments	8(c)	1,641,057	1,255,315
Deficit		(10,501,030)	(8,979,586)
Total Shareholders' Equity		12,024,968	10,654,884
Total Liabilities and Shareholders' Equity		\$ 12,480,464	\$ 10,979,300

Nature of operations and going concern (Note 1)

Subsequent events (Note 12)

Approved on behalf of the Board:

/s/ *Simon Dyakowski*

/s/ *Patricio Varas*

Director

Director

Refer to the accompanying notes to the consolidated financial statements.

AZTEC MINERALS CORP.

(An Exploration Stage Company)

Consolidated Statements of Comprehensive Loss

(Stated in Canadian dollars)

	Notes	Years ended December 31,	
		2023	2022
Expenses:			
Accounting and audit		\$ 56,019	\$ 70,957
Amortization	7	848	1,492
Employee remuneration	9	404,470	404,215
Legal		3,687	29,777
Office and sundry	9	107,292	76,844
Regulatory		70,530	112,247
Shareholder relations		684,999	612,989
Share-based payments	8(c), 9	564,988	424,923
Operating loss		(1,892,833)	(1,733,444)
Interest income		11,907	17,703
Other income	6(b)	147,504	-
Foreign exchange gain (loss)		(79,130)	18,035
Net loss and comprehensive loss for the year		\$ (1,812,552)	\$ (1,697,706)
Attributable to:			
Non-controlling interest	6(a)	\$ -	\$ 41,917
Shareholders of Aztec Minerals Corp.		(1,812,552)	(1,739,623)
Basic and diluted loss per share		\$ (0.02)	\$ (0.02)
Weighted average number of common shares outstanding		96,182,410	77,871,923

Refer to the accompanying notes to the consolidated financial statements.

AZTEC MINERALS CORP.

(An Exploration Stage Company)

Consolidated Statements of Changes in Shareholders' Equity

(Stated in Canadian dollars)

	Notes	Share Capital		Reserve for Share-Based Payments	Deficit	Non-Controlling Interest	Total
		Number of Shares	Amount				
Balance, December 31, 2021		64,981,505	\$ 11,749,159	\$ 1,576,759	\$ (6,945,014)	\$ 1,721,367	\$ 8,102,271
Private placement	8(b)	11,388,089	3,359,486	56,940	-	-	3,416,426
Adjustment on acquisition of controlled subsidiary	8(b)	10,000,000	2,400,000	-	(540,279)	(1,859,721)	-
Share issue expenses		-	(71,967)	-	-	-	(71,967)
Exercise of warrants		2,480,000	248,000	-	-	-	248,000
Exercise of stock options		1,300,000	694,477	(557,977)	-	-	136,500
Expiration of stock options	8(c)	-	-	(171,601)	171,601	-	-
Expiration of finders fee warrants	8(d)	-	-	(73,729)	73,729	-	-
Share-based payments	8(c)	-	-	424,923	-	-	424,923
Contributions by non-controlling interest		-	-	-	-	96,437	96,437
Comprehensive loss for the year		-	-	-	(1,739,623)	41,917	(1,697,706)
Balance, December 31, 2022		90,149,594	18,379,155	1,255,315	(8,979,586)	-	10,654,884
Private placement	8(b)	11,270,007	2,527,625	117,580	-	-	2,645,205
Share issue expenses		-	(51,557)	-	-	-	(51,557)
Finders fees - warrants issued		-	(7,141)	7,141	-	-	-
Exercise of stock options		200,000	36,859	(12,859)	-	-	24,000
Expiration of stock options	8(c)	-	-	(152,629)	152,629	-	-
Expiration of warrants	8(d)	-	-	(138,479)	138,479	-	-
Share-based payments	8(c)	-	-	564,988	-	-	564,988
Comprehensive loss for the year		-	-	-	(1,812,552)	-	(1,812,552)
Balance, December 31, 2023		101,619,601	\$ 20,884,941	\$ 1,641,057	\$ (10,501,030)	\$ -	\$ 12,024,968

Refer to the accompanying notes to the consolidated financial statements.

AZTEC MINERALS CORP.

(An Exploration Stage Company)

Consolidated Statements of Cash Flows

(Stated in Canadian dollars)

	Years ended December 31,	
	2023	2022
Cash provided from (used by):		
Operations:		
Loss for the year	\$ (1,812,552)	\$ (1,697,706)
Items not involving cash:		
Amortization	848	1,492
Share-based payments	564,988	424,923
Unrealized foreign exchange (loss) gain	3,162	(30,772)
	(1,243,554)	(1,302,063)
Changes in non-cash working capital items:		
Receivables	198,366	314,094
Prepays, current	(108,631)	79,519
Accounts payable and accrued liabilities	(87,651)	35,616
Cash used by operating activities	(1,241,470)	(872,834)
Financing:		
Issuance of common shares	2,645,205	3,416,426
Share issue expenses	(51,557)	(71,967)
Exercise of warrants	-	248,000
Exercise of stock options	24,000	136,500
Cash provided from financing activities	2,617,648	3,728,959
Investing:		
Mineral property interests, net of recoveries	(2,336,469)	(3,121,496)
Prepays, non current	(22,013)	86,010
Equipment	-	(596)
Cash used by investing activities	(2,358,482)	(3,036,082)
Foreign exchange loss (gain) on cash held in foreign currency	(3,162)	30,772
Decrease in cash	(985,466)	(149,185)
Cash, beginning of year	1,471,056	1,620,241
Cash, end of year	\$ 485,590	\$ 1,471,056

Refer to the accompanying notes to the consolidated financial statements.

AZTEC MINERALS CORP.

(An Exploration Stage Company)

Consolidated Statements of Cash Flows

(Stated in Canadian dollars)

		Years ended December 31,	
	Notes	2023	2022
Non-cash financing and investing activities:			
Accrual for mineral property interests		\$ 218,732	\$ 173,473
Accrual from joint venture contributions		-	96,437
Fair values of common shares issued for:			
Acquisition of 35% in joint venture	6(a), 8(b)	-	2,400,000
Exercise of stock options		12,859	557,977
Fair value of:			
Finders fee warrants	8(d)	7,141	-
Fair values from cancellation/expiration of:			
Stock options	8(c)	152,629	171,601
Warrants	8(d)	138,479	73,729
Interest paid		-	-
Income taxes paid		-	-

Refer to the accompanying notes to the consolidated financial statements.

AZTEC MINERALS CORP.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

Years ended December 31, 2023 and 2022

(Stated in Canadian dollars)

1. Nature of Operations and Going Concern

Aztec Minerals Corp. (the “Company”) was incorporated on July 6, 2007 under the laws of British Columbia, Canada. The address of the Company’s registered office is #910 – 800 West Pender Street, Vancouver, BC, Canada, V6C 2V6 and its principal place of business is #1610 – 777 Dunsmuir Street, Vancouver, BC, Canada, V7Y 1G4.

The Company is in the mineral exploration business and has not yet determined whether its mineral property interests contain reserves. The recoverability of amounts capitalized for mineral property interests is dependent upon the ability of the Company to arrange appropriate financing as needed, the discovery of reserves, the development of its properties, confirmation and maintenance of the Company’s interest in the underlying properties, the receipt of necessary permitting, and upon future profitable production or proceeds from the disposition thereof.

The Company has no operating revenues, has incurred a significant net loss of approximately \$1,812,552 for the year ended December 31, 2023 (2022 - \$1,697,706), and has a deficit of \$10,501,030 as at December 31, 2023 (December 31, 2022 - \$8,979,586). These consolidated financial statements have been prepared on a going concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of business. The Company’s ability to continue as a going concern is dependent on the ability of the Company to raise debt or equity financings, and the attainment of profitable operations. Management would need to raise the necessary capital to meet its planned business objectives. There can be no assurance that management’s plans will be successful. These matters indicate the existence of material uncertainties that may cast significant doubt about the Company’s ability to continue as a going concern. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern, and such adjustments could be material.

2. Basis of Presentation

(a) Statement of compliance:

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”).

(b) Approval of consolidated financial statements:

These consolidated financial statements were approved by the Company’s Board of Directors on April 26, 2024.

(c) Basis of presentation:

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value, as disclosed in Note 5. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

AZTEC MINERALS CORP.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

Years ended December 31, 2023 and 2022

(Stated in Canadian dollars)

2. Basis of Presentation (continued)

(d) Functional currency and presentation currency:

The functional and presentation currencies of the Company and its subsidiaries are the Canadian dollar. Amounts recorded in a foreign currency are translated into Canadian dollars as follows:

- Monetary assets and liabilities at the exchange rate at the consolidated statement of financial position date;
- Non-monetary assets and liabilities at historical exchange rates, unless such items are carried at fair value, in which case they are translated at the exchange rate in effect on the date which the fair value was determined; and
- Revenue and expense items at the rate of exchange in effect on the transaction date.

Exchange gains and losses are recorded in profit or loss in the period in which they occur.

(e) Critical accounting estimates and judgments:

The preparation of the consolidated financial statements in accordance with IFRS requires management to make estimates, assumptions and judgments that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements along with the reported amounts of revenues, if any, and expenses during the period. Actual results may differ from these estimates and, as such, estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognized in the period in which the estimates are revised and in any future periods affected.

Significant areas requiring the use of management estimates relate to the variables used in the determination of the fair values of stock options granted and finders fee warrants issued. While management believes the estimates are reasonable, actual results could differ from those estimates and could impact future financial performance and cash flows.

The Company applies judgment in assessing whether material uncertainties exist that would cast significant doubt as to whether the Company could continue as a going concern.

The Company applies judgment in assessing the functional currency of each entity consolidated in these consolidated financial statements. The functional currency of the Company and its subsidiaries is determined using the currency of the primary economic environment in which that entity operates.

At the end of each reporting period, the Company assesses each of its mineral property interests to determine whether any indication of impairment exists. Judgment is required in determining whether indicators of impairment exist, including factors such as: the period for which the Company has the right to explore; expected renewals of exploration rights; whether substantive expenditures on further exploration and evaluation of mineral property interests are budgeted or planned; and results of exploration and evaluation activities.

AZTEC MINERALS CORP.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

Years ended December 31, 2023 and 2022

(Stated in Canadian dollars)

3. Material Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

(a) Basis of consolidation:

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Aztec Minerals America Corp. (USA) and Aztec Minerals (Mexico) JV Corp. (“Aztec Mexico JV”) (Canada) which owns 100% interest in Minera Azteca Dorada S.A. de C.V (Mexico). During the year ended December 31, 2022, the Company increased its interest from 65% to 100% in Aztec Mexico JV (Notes 6(a) and 8(b)). The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases. All significant intercompany transactions and balances are eliminated on consolidation.

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Non-controlling interests in the net assets are identified separately from the Company’s deficiency. The non-controlling interest consists of the non-controlling interest as at the date of the original acquisition plus the non-controlling interest’s share of changes in equity or deficiency since the date of acquisition.

(b) Financial instruments:

(i) Initial recognition and measurement

A financial asset is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. On initial recognition, a financial asset is classified as measured at amortized cost or fair value through profit or loss. A financial asset is measured at amortized cost if it meets the conditions that: (i) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and (iii) is not designated as fair value through profit or loss.

(ii) Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets measured at fair value through profit and loss are carried in the consolidated statements of financial position at fair value with changes in fair value therein, recognized in profit or loss.

Financial assets at fair value through other comprehensive income (loss) (“FVTOCI”)

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

AZTEC MINERALS CORP.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

Years ended December 31, 2023 and 2022

(Stated in Canadian dollars)

3. Material Accounting Policies (continued)

(b) Financial instruments: (continued)

(ii) Subsequent measurement (continued)

Financial assets measured at amortized cost

A financial asset is subsequently measured at amortized cost, using the effective interest method.

(iii) Derecognition

A financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets is derecognized when:

- The contractual rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either: (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(iv) Financial liabilities

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is derecognized when it is extinguished, discharged, cancelled, or when it expires. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities subsequently measured at amortized cost. All interest-related charges are reported in profit or loss within interest expense, if applicable.

(v) Fair value hierarchy

The Company categorizes financial instruments measured at fair value at one of three levels according to the reliability of the inputs used to estimate fair values. The fair value of financial assets and financial liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Financial assets and liabilities in Level 2 are valued using inputs other than quoted prices for which all significant inputs are based on observable market data. Level 3 valuations are based on inputs that are not based on observable market data.

(c) Impairment of non-financial assets:

The carrying amounts of non-current assets are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If there are indicators of impairment, the recoverable amount of the asset is estimated in order to determine the extent of the impairment. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount and is recorded as an expense in profit or loss.

AZTEC MINERALS CORP.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

Years ended December 31, 2023 and 2022

(Stated in Canadian dollars)

3. Material Accounting Policies (continued)

(c) Impairment of non-financial assets: (continued)

The recoverable amount is the higher of an asset's "fair value less costs to sell" for the asset's highest and best use, and "value-in-use". Where the asset does not generate cash flows that are independent from other assets, the recoverable amount of the cash-generating unit to which the asset belongs is determined. "Fair value less costs to sell" is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. For mining assets this would generally be determined based on the present value of the estimated future cash flows arising from the continued development, use or eventual disposal of the asset. In assessing these cash flows and discounting them to the present value, assumptions used are those that an independent market participant would consider appropriate. In assessing "value-in-use", the estimated future cash flows expected to arise from the continuing use of the assets in their present form and from their disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

For the purposes of impairment testing, mineral property interests are allocated to cash-generating units to which the exploration or development activity relates. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(d) Mineral property interests:

The Company capitalizes all costs related to investments in mineral property interests on a property-by-property basis. Such costs include mineral property acquisition or staking costs and exploration and development expenditures, net of any recoveries. Costs are deferred until such time as the extent of mineralization has been determined and mineral property interests are either developed or the Company's mineral rights are allowed to lapse.

All deferred mineral property expenditures are reviewed, on a property-by-property basis, to consider whether there are any conditions that may indicate impairment. When the carrying value of a property exceeds its net recoverable amount that may be estimated by quantifiable evidence of an economic geological resource or reserve, joint venture expenditure commitments or the Company's assessment of its ability to sell the property for an amount exceeding the deferred costs, provision is made for the impairment in value.

The amounts shown for acquisition costs and deferred exploration expenditures represent costs incurred to date and do not necessarily reflect present or future values. These costs will be depleted over the useful lives of the properties upon commencement of commercial production or written off if the property interests are abandoned or the claims are allowed to lapse.

From time to time, the Company may acquire or dispose of a mineral property interest pursuant to the terms of a property option agreement. As the property options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable in the future are not recorded. Property option payments are recorded as property costs or recoveries when the payments are made or received, respectively. When the amount of recoveries exceeds the total amount of capitalized costs of the property, the amount in excess of costs is credited to profit or loss.

AZTEC MINERALS CORP.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

Years ended December 31, 2023 and 2022

(Stated in Canadian dollars)

3. Material Accounting Policies (continued)

(e) Equipment:

Equipment is amortized on a double declining basis, using annual rates of 20% and 30%.

(f) Proceeds on unit offerings:

Proceeds received on the issuance of units, consisting of common shares and warrants, are first allocated to share capital based on the fair value of the common shares with any residual value then allocated to warrants. Upon expiry, the recorded fair value of the warrants is transferred from the reserve for share-based payments to deficit.

Consideration received on the exercise of warrants is recorded as share capital and any related reserve for share-based payments is transferred to share capital.

(g) Non-monetary transactions:

Common shares issued for consideration other than cash are valued at their fair value at the date of issuance.

(h) Share-based payments:

The Company has a stock option plan that is described in Note 8(c). Share-based payments to employees are measured on the grant date using the Black-Scholes option pricing model and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The offset to the recorded cost is to the reserve for share-based payments. Consideration received on the exercise of stock options is recorded as share capital and the related reserve for share-based payments is transferred to share capital. Upon expiry, the recorded fair value is transferred from the reserve for share-based payments to deficit.

(i) Environmental rehabilitation:

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of mineral property interests and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to mining assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

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3. Material Accounting Policies (continued)

(i) Environmental rehabilitation: (continued)

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss for the period.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred.

The costs of rehabilitation projects that were included in the rehabilitation provision are recorded against the provision as incurred. The cost of ongoing current programs to prevent and control pollution is charged against profit and loss as incurred. The Company does not have any significant environmental rehabilitation liabilities.

(j) Loss per share:

Basic loss per share is computed by dividing the loss for the period by the weighted average number of common shares outstanding during the period. The treasury stock method is used to calculate diluted loss per common share amounts. Under the treasury stock method, the weighted average number of common shares outstanding used for the calculation of the diluted per common share amount assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. In the Company's case, diluted loss per common share presented is the same as basic loss per common share as the effect of outstanding share options and warrants would be anti-dilutive.

(k) Provisions:

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the consolidated statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

(l) Income taxes:

The Company follows the asset and liability method for accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and losses carried forward. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that includes the substantive enactment date. Deferred tax assets are recognized to the extent that recovery is considered probable.

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4. Management of Capital

The Company is an exploration stage company and its activities involve a high degree of risk. The Company has not yet determined whether its mineral property interests contain reserves and currently has not earned any revenues from its mineral property interests and does not generate cash flows from operations. The Company's primary sources of funds are from debt capital and the issuance of share capital.

The Company defines its capital as debt and share capital. Capital requirements are driven by the Company's exploration activities on its mineral property interests. To effectively manage the Company's capital requirements, the Company has a planning and budgeting process in place to ensure that adequate funds are available to meet its strategic goals. The Company monitors actual expenses on all exploration projects and overhead to manage its costs, commitments and exploration activities.

The investment decision is based on cash management to ensure working capital is available to meet the Company's short-term obligations while maximizing liquidity and returns of unused capital.

Management reviews the capital availability and needs on a regular basis to ensure the above-noted objectives are met. There have been no changes to the Company's approach to capital management during the year ended December 31, 2023.

Although the Company has raised funds in the past from the issuance of share capital, it is uncertain whether it would be able to continue this financing in the future. The Company will continue to rely on debt and equity financings to meet its commitments as they become due, to continue exploration work on its mineral property interests, and to meet its administrative overhead costs for the coming periods.

As at December 31, 2023, the Company was not subject to any externally imposed capital requirements.

5. Financial Instruments and Management of Financial Risk

The Company has classified its cash as FVTPL; receivables as amortized cost; and accounts payable and accrued liabilities as amortized cost.

The fair values of the Company's receivables and accounts payable and accrued liabilities approximate their carrying values due to the short terms to maturity. Cash is measured at fair value using Level 1 inputs.

The Company is exposed in varying degrees to a variety of financial instrument-related risks, including credit risk, liquidity risk, and market risk which includes foreign currency risk, interest rate risk and other price risk. The types of risk exposure and the way in which such exposure is managed are as follows.

(a) Credit risk:

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations.

The Company's credit risk is primarily attributable to its cash. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality Canadian financial institutions. Non-contractual taxes receivables from government agencies are not considered financial instruments.

Management has reviewed the items comprising the accounts receivable balance, and determined that the accounts are collectable (Note 6(b)).

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5. Financial Instruments and Management of Financial Risk (continued)

(b) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due.

The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash and its ability to raise debt and equity financings. As at December 31, 2023, the Company had working capital (current assets less current liabilities) of \$375,451 (December 31, 2022 - \$1,581,732). The Company will require additional funding to meet its short-term liabilities and administrative overhead costs, and to maintain its mineral property interests in 2023.

Accounts payable and accrued liabilities are due in less than 90 days.

(c) Market risk:

The significant market risk to which the Company is exposed are foreign currency risk, interest rate risk and other price risk.

(i) Foreign currency risk:

The Company has certain cash and accounts payable stated in United States dollars and Mexican pesos, mineral property interests which are in the USA and Mexico, and a portion of its operations are in Mexico, resulting in expenditures subject to foreign currency fluctuations. Fluctuations in the United States dollar and Mexican peso would impact the losses of the Company and the values of its assets and liabilities as the Company's functional and presentation currencies are the Canadian dollar. The Canadian dollar fluctuates with the United States dollar and Mexican peso.

At December 31, 2023 and 2022, the Company was exposed to currency risk for its Canadian dollar equivalent of financial assets and liabilities denominated in currencies other than Canadian dollars as follows:

	Stated in Canadian Dollars		
	Held in		Total
	United States Dollars	Mexican Pesos	
Cash	\$ 85,924	\$ 7,705	\$ 93,629
Accounts receivable	73,487	-	73,487
Accounts payable and accrued liabilities	(106,216)	(94,140)	(200,356)
Net financial assets (liabilities), December 31, 2023	\$ 53,195	\$ (86,435)	\$ (33,240)
Cash	\$ 61,683	\$ 594	\$ 62,277
Accounts receivable	262,643	-	262,643
Accounts payable and accrued liabilities	(126,028)	(96,920)	(222,948)
Net financial assets (liabilities), December 31, 2022	\$ 198,298	\$ (96,326)	\$ 101,972

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5. Financial Instruments and Management of Financial Risk (continued)

(c) Market risk: (continued)

(i) Foreign currency risk: (continued)

Based upon the above net exposure as at December 31, 2023 and assuming all other variables remain constant, a 10% (December 31, 2022 - 10%) depreciation or appreciation of the Canadian dollar relative to the United States dollar and the Mexican pesos could result in a decrease/increase of approximately \$3,300 (December 31, 2022 - \$14,000) in the Company's net losses.

The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

(ii) Interest rate risk:

In respect of financial assets, the Company's policy is to invest excess cash at floating rates of interest in cash equivalents, in order to maintain liquidity, while achieving a satisfactory return. Fluctuations in interest rates impact on the value of cash equivalents. Interest rate risk is not significant to the Company as it has no cash equivalents at year-end.

(iii) Other price risk:

Other price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. The Company currently does not have any financial instruments which fluctuate with market prices.

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6. Mineral Property Interests

	December 31, 2023		
	Mexico	USA	Total
	Cervantes	Tombstone	
Acquisition Costs:			
Balance, December 31, 2022	\$ 582,611	\$ 478,312	\$ 1,060,923
Acquisition	-	90,471	90,471
Balance, December 31, 2023	582,611	568,783	1,151,394
Deferred Exploration Expenditures:			
Balance, December 31, 2022	6,144,193	1,825,242	7,969,435
Access and facilities	221,267	-	221,267
Assays	103,961	31,997	135,958
Drilling	249,944	943,777	1,193,721
Equipment and systems	11,875	37,036	48,911
Environmental	-	126,392	126,392
Field, camp, supplies	19,636	36,118	55,754
General, administrative, legal, sundry	78,948	44,300	123,248
Geology	341,028	83,430	424,458
Salaries and local labour	86,994	116,271	203,265
Surface taxes	18,490	41,783	60,273
Surveying	1,876	-	1,876
Transportation and travel	56,213	69,132	125,345
Value added tax	132,445	-	132,445
Contribution by joint venture partner	-	(388,184)	(388,184)
Balance, December 31, 2023	\$ 7,466,870	\$ 2,967,294	\$ 10,434,164
Mineral Property Interests:			
December 31, 2022	\$ 6,726,804	\$ 2,303,554	\$ 9,030,358
December 31, 2023	8,049,481	3,536,077	11,585,558

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6. Mineral Property Interests (continued)

	December 31, 2022		
	Mexico	USA	Total
	Cervantes	Tombstone	
Acquisition Costs:			
Balance, December 31, 2021	\$ 582,611	\$ 478,203	\$ 1,060,814
Acquisition	-	109	109
Balance, December 31, 2022	582,611	478,312	1,060,923
Deferred Exploration Expenditures:			
Balance, December 31, 2021	3,120,680	1,724,012	4,844,692
Access and facilities	348,367	-	348,367
Assays	295,816	-	295,816
Drilling	1,282,981	-	1,282,981
Equipment and systems	70,790	262	71,052
Environmental	6,627	51,939	58,566
Field, camp, supplies	50,922	1,357	52,279
General, administrative, legal, sundry	138,136	27,655	165,791
Geology	219,813	15,588	235,401
Salaries and local labour	138,008	37,671	175,679
Surface taxes	10,999	9,074	20,073
Surveying	41,254	16,873	58,127
Transportation and travel	81,918	7,142	89,060
Value added tax	337,882	-	337,882
Contribution by joint venture partner	-	(66,331)	(66,331)
Balance, December 31, 2022	\$ 6,144,193	\$ 1,825,242	\$ 7,969,435
Mineral Property Interests:			
December 31, 2021	\$ 3,703,291	\$ 2,202,215	\$ 5,905,506
December 31, 2022	6,726,804	2,303,554	9,030,358

(a) Cervantes property (Mexico):

On September 30, 2016, the Company entered into the Option Amendment and Assignment Agreement for the Cervantes Property (“Option Assignment Agreement”) for the Cervantes Property with Aztec Metals Corp. (“AzMet”), which share common directors with the Company, AzMet, and Kootenay Silver Inc. (“Kootenay”), whereby AzMet assigned to the Company all of its rights and interests in the Property Option Agreement dated July 25, 2015 between AzMet and Kootenay (the “Option Agreement”). In July 2019, the Company earned its 65% interest in the Cervantes property.

In December 2020, the Company entered into a joint venture agreement with Kootenay whereby the Company holds 65% interest in the joint venture entity, Aztec Minerals (Mexico) JV Corp. (“Aztec Mexico JV”). Minera Azteca Dorada SA de CV is a wholly owned subsidiary of Aztec Mexico JV and owns the Cervantes property. The Company determined that the 65% interest in Aztec Mexico JV does not constitute a loss of control. The issuance of the shares is accounted for as an equity transaction and resulted in a non-controlling interest of \$954,847.

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6. Mineral Property Interests (continued)

(a) Cervantes property (Mexico): (continued)

In August 2022, the Company closed the purchase transaction with Kootenay whereby the Company acquired Kootenay's 35% interest in the joint venture, Aztec Mexico JV, resulting in the Company owning a 100% interest in the Cervantes project. As consideration for the 35% interest in Aztec Mexico JV, the Company issued to Kootenay 10,000,000 common shares in the capital of the Company at a fair value of \$0.24 per share, and Kootenay retains a 0.5% net smelter return royalty.

For the year ended December 31, 2023, the Company received \$Nil (2022 - \$303,000) in cash contributions from Kootenay and as at December 31, 2022, had an estimated amount receivable from Kootenay of \$158,100 and this was fully settled in May 2023.

(b) Tombstone property (USA):

On November 30, 2017, as amended on February 28, 2018, the Company entered into a Purchase Option Agreement for the Tombstone property (the "Tombstone Option Agreement") with Baroyeca Gold & Silver Inc. and its two wholly owned U.S. subsidiaries (collectively, "Baroyeca"). In February 2021, the Company earned a 75% interest by making cash payments of \$100,000, incurred exploration expenditures of \$1 million and issued 1 million common shares over a three-year period starting from March 2018.

In February 2021, the Company entered into a joint venture with Baroyeca's two U.S. subsidiaries whereby the Company holds 75% interest in the joint venture. The Company records its proportionate share of their 75% interest in the Tombstone property in mineral property interests. For the year ended December 31, 2023, the Company recognized an amount contribution of \$388,184 (December 31, 2022 - \$66,331) in relation to the joint venture and as at December 31, 2023, had an estimated amount receivable of \$27,300 (2022 - \$104,600) from Baroyeca.

During the year ended December 31, 2023, the company recognized an other income of \$147,000 (2022 - \$Nil) from Joint venture partner as share of royalty income from sale of aggregate.

(c) Title to mineral property interests:

The Company has investigated rights of ownership of all of its mineral properties/concessions and, to the best of its knowledge, all agreements relating to such ownership rights are in good standing. However, all properties/concessions may be subject to prior claims, agreements or transfers, and rights of ownership may be affected by undetected defects.

(d) Realization of assets:

The Company's investment in and expenditures on its mineral property interests comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent on establishing legal ownership of the properties, on the attainment of successful commercial production or from the proceeds of their disposal. The recoverability of the amounts shown for mineral property interests is dependent upon the existence of reserves, the ability of the Company to obtain necessary financing to complete the development of the properties, and upon future profitable production or proceeds from the disposition thereof.

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6. Mineral Property Interests (continued)

(e) Environmental matters:

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous materials and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former mineral property interests that may result in material liability to the Company.

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation of the Company's operation may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the mineral properties, the potential for production on the property may be diminished or negated.

7. Equipment

	Office Furnishings	Office Equipment	Total
Cost:			
Balance, December 31, 2021	\$ 4,121	\$ 10,859	\$ 14,980
Add: Acquisitions	-	596	596
Balance, December 31, 2022	4,121	11,455	15,576
Add: Acquisitions	-	-	-
Balance, December 31, 2023	4,121	11,455	15,576
Accumulated amortization:			
Balance, December 31, 2021	3,112	8,692	11,804
Add: Amortization	708	784	1,492
Balance, December 31, 2022	3,820	9,476	13,296
Add: Amortization	219	629	848
Balance, December 31, 2023	\$ 4,039	\$ 10,105	\$ 14,144
Net book value:			
Balance, December 31, 2022	\$ 301	\$ 1,979	\$ 2,280
Balance, December 31, 2023	82	1,350	1,432

8. Share Capital

(a) Authorized:

The authorized share capital of the Company is comprised of an unlimited number of common shares without par value.

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8. Share Capital (continued)

(b) Issued:

During the year ended December 31, 2023, the Company:

Completed a non-brokered private placement for 4,378,168 shares at \$0.25 per share for total proceeds of \$1,094,542.

Issued 200,000 common shares on the exercise of stock options for gross proceeds of \$24,000, resulting in a fair value reallocation of \$12,859 from reserve for share-based payments to share capital.

Completed a non-brokered private placement in two tranches totaling 6,891,839 units at \$0.225 per unit for gross proceeds of \$1,550,663. Each unit was comprised of one common share and one-half of one share purchase warrant; each whole share purchase warrant is exercisable to acquire one common share at an exercise price of \$0.30 for a period of three years. The Company closed the first tranche for 4,051,450 units for gross proceeds of \$911,577. The Company closed the second tranche for 2,840,389 units for gross proceeds of \$639,087. Finders fees were comprised of \$18,324 in cash and 75,700 warrants of which 56,520 warrants have an exercise price of \$0.30 and expiry date of August 29, 2026 and 19,180 warrants have an exercise price of \$0.225 and expiry date of August 29, 2025.

Additional share issue costs of \$33,233 were incurred in connection with these financing, and was recorded as an offset to share capital, as share issue costs.

During the year ended December 31, 2022, the Company:

Completed a non-brokered private placement for 11,388,089 at \$0.30 per unit for gross proceeds of \$3,416,426. Each unit is comprised of one common share and one share purchase warrant which is exercisable to acquire one common share at an exercise price of \$0.40 until June 6, 2024. Each underlying warrant has a fair value of \$0.005.

Issued 10,000,000 common shares at a fair value of \$0.24 per share to acquire 35% of Kootenay's interest in the Cervantes project (Note 6(a)).

Issued 2,480,000 common shares on the exercise of warrants and 1,300,000 common shares on the exercise of stock options for gross proceeds of \$384,500, resulting in a fair value reallocation of \$557,977 from reserve for share-based payments to share capital.

Incurred share issue costs of \$71,967 in connection with these financing, and was recorded as an offset to share capital, as share issue costs

(c) Stock option plan:

On January 20, 2017, the Company adopted a stock option plan that allows it to grant stock options to its directors, officers, employees, and consultants, provided that the aggregate number of stock options granted shall not at any time exceed 10% of the total number of issued and outstanding common shares of the Company. The exercise price of each stock option shall be based on the market price of the Company's shares as traded on the TSX-V at the time of grant. Stock options have a maximum term of ten years and terminate 30 days following the termination of the optionee's employment, except in the case of death, in which case they terminate one year after the event. Vesting of stock options is made at the discretion of the Board at the time the stock options are granted.

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8. Share Capital (continued)

(c) Stock option plan: (continued)

The continuity of stock options for the years ended December 31, 2023 and 2022 is as follows:

	2023		2022	
	Number of Shares	Weighted average exercise price	Number of Shares	Weighted average exercise price
Outstanding balance, December 31, 2022	5,135,000	\$0.30	4,845,000	\$0.25
Granted	3,225,000	\$0.26	1,975,000	\$0.30
Exercised	(200,000)	\$0.12	(1,300,000)	\$0.105
Forfeitures and cancellations	(640,000)	\$0.35	(285,000)	\$0.30
Expired	-	\$0.00	(100,000)	\$0.12
Outstanding balance, December 31, 2023	7,520,000	\$0.29	5,135,000	\$0.30

The following table summarizes information about stock options outstanding and exercisable at December 31, 2023 and 2022:

Exercise Prices	Options Outstanding			Options Exercisable		
	Number Outstanding at Dec 31, 2023	Weighted Average Remaining Contractual Life (Number of Years)	Weighted Average Exercise Prices	Number Exercisable at Dec 31, 2023	Weighted Average Remaining Contractual Life (Number of Years)	Weighted Average Exercise Prices
\$0.12	600,000	0.51	\$0.12	600,000	0.51	\$0.12
\$0.40	1,330,000	1.60	\$0.40	1,330,000	1.60	\$0.40
\$0.30	865,000	2.28	\$0.30	865,000	3.28	\$0.30
\$0.30	1,500,000	3.24	\$0.30	1,500,000	4.24	\$0.30
\$0.26	3,025,000	4.16	\$0.26	2,268,750	4.16	\$0.26
\$0.26	200,000	4.48	\$0.26	150,000	4.48	\$0.26
	7,520,000	3.03	\$0.29	6,713,750	3.03	\$0.29

Exercise Prices	Options Outstanding			Options Exercisable		
	Number Outstanding at Dec 31, 2022	Weighted Average Remaining Contractual Life (Number of Years)	Weighted Average Exercise Prices	Number Exercisable at Dec 31, 2022	Weighted Average Remaining Contractual Life (Number of Years)	Weighted Average Exercise Prices
\$0.12	800,000	1.51	\$0.12	800,000	1.51	\$0.12
\$0.40	1,630,000	2.60	\$0.40	1,630,000	2.60	\$0.40
\$0.30	100,000	2.75	\$0.30	-	-	-
\$0.30	955,000	3.28	\$0.30	782,000	3.28	\$0.30
\$0.30	1,650,000	4.24	\$0.30	1,350,000	4.24	\$0.30
	5,135,000	3.09	\$0.30	4,562,000	3.01	\$0.30

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8. Share Capital (continued)

(c) Stock option plan: (continued)

On March 28, 2022, the Company granted stock options for 1,875,000 common shares to directors, officers, and employees with an exercise price of \$0.30 and expiry date of March 28, 2027. The stock options are subject to vesting provisions in which 20% vest on grant date and 20% vest every three months thereafter.

On October 1, 2022, the Company granted stock options for 100,000 common shares to a consultant with an exercise price of \$0.30 and expiry date of October 1, 2025. The stock options fully vest on February 1, 2023.

On February 27, 2023, the Company granted stock options for 3,025,000 common shares to directors, officers, an employee, and a consultant with an exercise price of \$0.255 and expiry date of February 27, 2028. The stock options are subject to vesting provisions in which 25% vest on May 27, 2023 and 25% vest every three months thereafter.

On June 22, 2023, stock options were granted for 200,000 common shares to a consultant with an exercise price of \$0.30 and expiry date of June 22, 2028. The stock options are subject to vesting provisions whereby the initial 25% vest on June 30, 2023 and 25% vest every three months thereafter.

During the year ended December 31, 2023, the Company recognized share-based payments of \$564,988 (2022 - \$424,923), net of forfeitures, based on the fair value of options that were earned by the provision of services during the period.

The weighted average fair value of stock options granted and the weighted average assumptions used to calculate share-based payments for stock option grants are estimated using the Black-Scholes option pricing model as follows:

	December 31,	
	2,023	2,022
Number of stock options granted	3,225,000	1,975,000
Fair value of stock options granted	\$0.18	\$0.21
Market price of shares on grant date	\$0.25	\$0.29
Pre-vest forfeiture rate	7.23%	5.60%
Risk-free interest rate	3.92%	2.54%
Expected dividend yield	0%	0%
Expected stock price volatility	109.38%	116.37%
Expected option life in years	3.47	3.28

Expected stock price volatility is based on the historical price volatility of the Company. The risk-free interest rate assumption is based on yield curves on Canadian government zero-coupon bonds with a remaining term equal to the stock options' expected life. The Company uses historical data to estimate option exercise, forfeiture and employee termination with the valuation model. The Company has not paid and does not anticipate paying dividends on its common shares.

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8. Share Capital (continued)

(d) Warrants:

At December 31, 2023, the Company had outstanding warrants as follows:

Exercise Prices	Expiry Dates	Outstanding at December 31, 2022	Issued	Exercised	Expired	Outstanding at December 31, 2023
\$0.40	October 29, 2023 ⁽¹⁾	3,332,453	-	-	(3,332,453)	-
\$0.40	October 29, 2023 ⁽²⁾	980	-	-	(980)	-
\$0.40	November 17, 2023 ⁽³⁾	1,917,939	-	-	(1,917,939)	-
\$0.40	June 6, 2024 ⁽⁴⁾	11,388,089	-	-	-	11,388,089
\$0.30	August 29, 2026 ⁽⁵⁾	-	2,025,725	-	-	2,025,725
\$0.30	August 29, 2026 ⁽⁶⁾	-	56,520	-	-	56,520
\$0.23	August 29, 2025 ⁽⁷⁾	-	19,180	-	-	19,180
\$0.30	September 25, 2026 ⁽⁸⁾	-	1,420,195	-	-	1,420,195
		16,639,461	3,521,620	-	(5,251,372)	14,909,709

(1) On October 29, 2021, the Company issued 3,332,453 warrants with an exercise price of \$0.40 and an expiry date of October 29, 2023, and have a total fair value of \$99,973 as determined by the excess private placement price over the market price of the common share on closing date. These warrants expired unexercised on the expiry date and \$99,973 was transferred from share compensation reserve to deficit.

(2) These finders fee warrants have a fair value of \$147 and were recorded as share issuance expense as applied to share capital with a corresponding credit to reserve for share-based payments calculated using the Black-Scholes option pricing model with the following assumptions: volatility 126%, risk-free rate 1.08%, expected life 2 years, and expected dividend yield 0%. These warrants expired unexercised on the expiry date and \$147 was transferred from share compensation reserve to deficit.

(3) On November 17, 2021, the Company issued 1,917,939 warrants with an exercise price of \$0.40 and an expiry date of November 17, 2023, and have a total fair value of \$38,358 as determined by the excess private placement price over the market price of the common share on closing date. These warrants expired unexercised on the expiry date and \$38,358 was transferred from share compensation reserve to deficit.

(4) On June 6, 2022, the Company issued 11,388,089 warrants with an exercise price of \$0.40 and an expiry date of June 6, 2024, and have a total fair value of \$56,940 as determined by the excess private placement price over the market price of the common share on closing date (Note 8(b)).

(5) On August 29, 2023, the Company issued 2,025,725 warrants with an exercise price of \$0.30 and an expiry date of August 29, 2026, and have a total fair value of \$60,772 as determined by the excess private placement price over the market price of the common share on closing date (Note 8(b)).

(6) These finders fee warrants have a fair value of \$5,444 and was recorded as share issuance expense as applied to share capital with a corresponding credit to reserve for share-based payments calculated using the Black-Scholes option pricing model with the following assumptions: volatility 80%, risk-free rate 4.38%, expected life 3 years, and expected dividend yield 0%.

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Notes to the Consolidated Financial Statements

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(Stated in Canadian dollars)

8. Share Capital (continued)

(d) Warrants: (continued)

(7) These finders fee warrants have a fair value of \$1,698 and was recorded as share issuance expense as applied to share capital with a corresponding credit to reserve for share-based payments calculated using the Black-Scholes option pricing model with the following assumptions: volatility 77%, risk-free rate 4.63%, expected life 2 years, and expected dividend yield 0%.

(8) On September 25, 2023, the Company issued 1,420,195 warrants with an exercise price of \$0.30 and an expiry date of September 25, 2026, and have a total fair value of \$56,808 as determined by the excess private placement price over the market price of the common share on closing date (Note 8(b)).

9. Related Party Transactions

Key management includes directors (executive and non-executive) and senior management. The compensation paid or payable to key management for employee services is disclosed in the table below.

Except as disclosed elsewhere in the consolidated financial statements, the Company had the following transactions with related parties:

	Years ended December 31,		Net balance receivable (payable) as at December 31,	
	2023	2022	2023	2022
Key management compensation:				
Executive salaries and remuneration ⁽¹⁾	\$ 526,338	\$ 538,564	\$ (16,805)	\$ -
Severance pay ⁽²⁾	40,000	-	(30,000)	-
Directors fees	20,250	19,311	(20,250)	-
Share-based payments	462,613	358,987	-	-
Executive salaries and remuneration ⁽¹⁾	<u>\$ 1,049,201</u>	<u>\$ 916,862</u>	<u>\$ (67,055)</u>	<u>\$ -</u>
Net office, sundry, rent and salary allocations recovered from (incurred to) company(ies) sharing certain common director(s)	<u>\$ -</u>	<u>\$ (15,992)</u>	<u>\$ -</u>	<u>\$ -</u>

(1) Includes key management compensation which is included in mineral property interests and employee remuneration.

(2) Includes the final settlement pay for the former CFO of the Company.

The above related party transactions are incurred in the normal course of business. Any amounts payable to related parties are due in less than 90 days.

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10. Segment Disclosures

The Company has one operating segment, being mineral exploration, with assets located in Canada, Mexico, and U.S.A, as follows:

	December 31, 2023				December 31, 2022			
	Canada	Mexico	USA	Total	Canada	Mexico	USA	Total
Mineral property interests	\$ -	\$ 8,049,481	\$ 3,536,077	\$ 11,585,558	\$ -	\$ 6,726,804	\$ 2,303,554	\$ 9,030,358
Prepays, non current	-	43,099	19,428	62,527	-	37,128	3,386	40,514
Equipment	1,432	-	-	1,432	2,280	-	-	2,280

11. Deferred Income Taxes

(a) A reconciliation of income tax provision computed at Canadian statutory rates to the reported income tax provision is provided as follows:

	2023	2022
Loss for the year	\$ (1,812,552)	\$ (1,697,706)
Canadian statutory tax rate	27.0%	27.0%
Income tax benefit computed at statutory rates	(489,389)	(458,381)
Origination and reversal of temporary differences	448,043	(12,150)
Permanent differences	(264,988)	152,564
Under (overprovided) in prior years	(156,695)	(291,179)
Effect of changes in tax rates	9,335	6,941
Unused tax losses and tax offsets not recognized in tax asset	453,694	602,205
	\$ -	\$ -

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11. Deferred Income Taxes (continued)

- (b) The Company recognizes tax benefits on losses or other deductible amounts generated in countries where it is probable the Company will generate taxable income for the recognition of deferred tax assets. The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

	December 31,	
	2023	2022
Non-capital losses	\$ 8,430,630	\$ 7,434,385
Equipment	13,552	12,700
Resource properties	15,663	-
Share issue costs	4,604	69,222
Investments	50,000	50,000
Unrecognized deferred tax assets	\$ 8,514,449	\$ 7,566,307

The Company's unrecognized unused non-capital losses have the following expiry dates:

Year	Canada	Mexico	USA	Total
2036	\$ 183,048	\$ -	\$ -	\$ 183,048
2037	917,735	16,584	-	934,319
2038	840,296	25,699	9,231	875,226
2039	584,584	112,524	72,500	769,608
2040	1,301,251	15,509	565,257	1,882,017
2041	1,106,028	163,316	-	1,269,344
2042	1,253,698	624	-	1,254,322
2043	1,261,994	752	-	1,262,746
	\$ 7,448,634	\$ 335,008	\$ 646,988	\$ 8,430,630

12. Subsequent events

Subsequent to December 31, 2023, the Company:

Completed a non-brokered private placement for 7,333,333 units at \$0.15 per unit for gross proceeds of \$1,100,000. Each unit is comprised of one common share and one share purchase warrant which is exercisable to acquire one common share at an exercise price of \$0.225 until February 20, 2027.

Granted 3,275,000 stock options to directors, management and consultants at an exercise price of \$0.165 for a period of five years, subject to certain vesting provisions.

HEAD OFFICE

#1610 – 777 Dunsmuir Street
Vancouver, BC, Canada, V7Y 1K4

Telephone: (604) 685-9770

DIRECTORS

Simon Dyakowski (Chief Executive Officer and President)
J. Patricio Varas
Mark Rebagliati
James Schilling
Stewart Lockwood (Corporate Secretary)

OFFICERS

Allen David Heyl ~ Vice President (Exploration)
Blaine Bailey ~ Chief Financial Officer

**REGISTRAR AND
TRANSFER AGENT**

Computershare Investor Services Inc.
3rd Floor, 510 Burrard Street
Vancouver, BC, Canada, V6C 3B9

AUDITORS

Smythe LLP
#1700 – 475 Howe Street
Vancouver, BC, Canada, V6C 2B3

SOLICITORS

Maxis Law Corporation
#910 – 800 West Pender Street
Vancouver, BC, Canada, V6C 2V6



AZTEC MINERALS CORP.

Fourth Quarter Report

Management Discussion and Analysis

(expressed in Canadian dollars)

Years ended December 31, 2023 and 2022

AZTEC MINERALS CORP.
(the “Company”)

Fourth Quarter Report

Management’s Discussion and Analysis
For the Years ended December 31, 2023 and 2022
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CAUTION – FORWARD LOOKING STATEMENTS

Certain statements contained herein regarding the Company and its operations constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995. All statements that are not historical facts, including without limitation statements regarding future estimates, plans, objectives, assumptions or expectations of future performance, are “forward-looking statements”. We caution you that such “forward looking statements” involve known and unknown risks and uncertainties that could cause actual results and future events to differ materially from those anticipated in such statements. Such risks and uncertainties include fluctuations in precious metal prices, unpredictable results of exploration activities, uncertainties inherent in the estimation of mineral reserves and resources, if any, fluctuations in the costs of goods and services, problems associated with exploration and mining operations, changes in legal, social or political conditions in the jurisdictions where the Company operates, lack of appropriate funding and other risk factors, as discussed in the Company’s filings with Canadian and American Securities regulatory agencies. The Company expressly disclaims any obligation to update any forward-looking statements, other than as may be specifically required by applicable securities laws and regulations.

Preliminary Information

The following Management’s Discussion and Analysis (“MD&A”) of Aztec Minerals Corp. (the “Company”) should be read in conjunction with the accompanying audited consolidated statement of financial position as at December 31, 2023 and 2022 and the consolidated statements of comprehensive loss, changes in shareholders’ equity and cash flows for the years ended December 31, 2023 and 2022, and a summary of significant accounting policies and other explanatory information, prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), all of which are available at the SEDAR website at www.sedarplus.com.

All dollar amounts are expressed in Canadian dollars unless otherwise indicated.

All information contained in the MD&A is as of April 25, 2024, unless otherwise indicated.

David Heyl, BSc, PGeo, Vice President (Exploration), is the Qualified Person who reviewed and approved any technical information in this MD&A for 2023 and 2022.

Background

The Company was incorporated on July 6, 2007, under the laws of British Columbia, Canada, pursuant to the *Business Corporations Act* (British Columbia) and had been dormant until 2016. The Company is engaged primarily in the business of evaluating, acquiring and exploring natural resource properties.

The Company acquires properties by staking initial claims, negotiating for permits from government authorities, negotiating with holders of claims or permits, entering into property option agreements to acquire interests in claims, or purchasing companies with claims or permits. On these properties, the Company explores for minerals on its own or in joint ventures with others. Exploration for metals usually includes surface sampling, airborne and/or ground geophysical surveys and drilling. The Company is not limited to any particular metal or region, but the corporate focus is on precious and base metals in North America.

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As the Company is focused on its mineral exploration activities, there is no mineral production, sales or inventory in the conventional sense. The recoverability of amounts capitalized for mineral property interests is dependent upon the existence of reserves in its mineral property interests; the ability of the Company to arrange appropriate financing and receive necessary permitting for the exploration and development of its property interests; confirmation of the Company's interest in certain properties; and upon future profitable production or proceeds from the disposition thereof. Such exploration and development activities normally take years to complete and the amount of resulting income, if any, is difficult to determine with any certainty at this time. Many of the key factors are outside of the Company's control. As the carrying value and amortization of mineral property interests and capital assets are, in part, related to the Company's mineral reserves and resources, if any, the estimation of such reserves and resources is significant to the Company's financial position and results of operations.

Overall Performance

Cervantes Property

The Cervantes is a highly prospective porphyry gold-copper property located in southeastern Sonora state, Mexico. The project lies 160 km east of Hermosillo, Sonora, Mexico within the prolific Laramide porphyry copper belt approximately 265 km southeast of the Cananea porphyry copper-molybdenum mine (Grupo Mexico). Cervantes also lies along an east-west trending gold belt 60 km west of the Mulatos epithermal gold mine (Alamos Gold), 35 km northeast of the Osisko Development San Antonio gold mine, 45 km west of the La India mine (Agnico Eagle), and 40 km northwest of Santana gold deposit (Minera Alamos).

On September 30, 2016, the Company entered into the Option Amendment and Assignment Agreement for the Cervantes Property ("Option Assignment Agreement") for the Cervantes property with Aztec Metals Corp., which share common directors with the Company, ("AzMet") and Kootenay Silver Inc. ("Kootenay"), whereby AzMet assigned to the Company all of its rights and interests in the Property Option Agreement dated July 25, 2015 between AzMet and Kootenay (the "Cervantes Option Agreement"). In July 2019, the Company earned its 65% interest in the Cervantes property whereby the Company issued 500,000 common shares to Kootenay; paid US\$50,000 in cash; and incurred exploration expenditures totalling US\$1.2 million. The Company entered into a joint venture agreement with Kootenay in December 2020. The property is composed of 4 concessions of 3,649 hectares.

In late August 2022, the Company closed the purchase transaction whereby the Company acquired Kootenay's 35% interest in the joint venture, resulting in the Company owning a 100% interest in the Cervantes project. As consideration for the 35% interest in joint venture entity, the Company issued to Kootenay 10,000,000 common shares in the capital of the Company at a fair value of \$0.24 per share, and Kootenay has retained a 0.5% net smelter return royalty.

In December 2021, the Company mobilized a reverse circulation drilling program which was completed in March 2022 for 26 holes totaling 5,249 metres. The primary objectives of the drilling program were to better define the open pit, heap leach gold potential of the porphyry oxide cap at California, evaluate the potential for deeper copper-gold porphyry sulfide mineralization underlying the oxide cap, test for north and west extensions of the California mineralization at California North and Jasper, and assess the breccia potential of Purisima East. The holes drilled at California have intersected near surface, oxidized gold mineralization with minor copper oxides. The drilling program expanded the primary California porphyry zone to an area measuring approximately 900 meters long by 250 to 500 meters wide, with demonstrated, continuous anomalous mineralization up to 265 meters depth vertically and expanded the identified California Zone mineralization to 900 meters long by 750 meters wide.

Multi-element analysis for the RC drill program was performed in the second quarter of 2022. The multi-element ICP results show good relationships between Au, Cu, Bi, Ag and As, which will assist in vectoring exploration targets for potentially economic grades and widths for Cu and Ag in a porphyry deposit model. The multi-element ICP values support the exploration model of the California zone being at the highest portion of a porphyry system, where an overlying high sulfidation zone has been eroded away.

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In the second quarter of 2022, the Company completed drill hole collar surveying, field work for Drone Photogrammetry survey to create a detailed ortho-topographic base map, and Terraspec readings on the RC drill chips.

In July 2022, the Company mobilized a core drilling program which was completed in October 2022 for 11 holes totaling 2,516 metres. The primary focus of the Phase 3 Core drilling program at Cervantes was to expand the previously drilled California target, California North and Jasper targets, to enhance geologic understanding of the targets, and to collect samples for metallurgical testing. The oriented core drilling program tested step-outs of 35 to 450 meters using varying azimuths and inclinations.

Highlights from the 2022 RC and core drilling programs are as follows:

- 94m @ 1.04 gpT Au incl 15.2m @ 3.96 gpT Au, 55m @ 0.36% copper in CAL22-001
- 165m @ 1.00 gpT Au incl 24.4m @ 4.25 gpT Au, 160m @ 0.065% copper in CAL22-004
- 137m @ 1.49 gpT Au incl 51.7m @ 3.42 gpT Au, 119m @ 0.091% copper in CAL22-005
- 100m @ 0.75 gpT Au incl 9.14m @ 3.087 gpT Au, 138m @ 0.10% copper in CAL22-006
- 152m @ 0.87 gpT Au, incl 33.5m @ 2.05 gpT Au, 123m @ 0.095% copper in CAL22-012
- 120m @ 0.677 gpT Au, incl 27 m @ 1.456 gpT Au in CAL22-027
- 135 m @ 0.56 gpT Au, incl 12.0 m @ 2.297 gpT Au in CAL22-031

In February 2023 the Company mobilized two field crews to conduct a surface exploration program comprised of road cut, reconnaissance outcrop and soil sampling, Terraspec SWIR data collection and geological mapping. It plans to collect and analyze for multi-elements and SWIR over 1,300 geochemical samples including 950 road cut, 120 soils and 250 outcrop chips to expand and enhance geochemical and geological knowledge throughout the Cervantes project. Mapping is focused on the exposed road cuts with detailed lithological, structural and alteration mapping of the California target, while reconnaissance surface work is to be conducted on the California North, Estrella, Jasper, Purisima, Jacobo, La Verde, Brazil, El Indio targets. To gain efficiency, the surface exploration program is being conducted during the regional dry season. The field teams are examining outcrop exposures generated from recently constructed drill roads with detailed geological mapping for the lithologies, alterations (Terraspec), mineralization, structures and geotechnical aspects. The road cuts are being continuously chip channel sampled and then surveyed to consolidate surface data with the geochemistry of the drill hole dataset, as well as to assist in 3D modeling. A structural geology study will be conducted, especially to help establish the displacements of the mineralization since its emplacement. Project data evaluation also continues to advance including using the understandings gained on the multi-element relationships with Au and applying them to the soil sampling data, reviewing the subsequent results to the geophysical data and the SWIR-Terraspec data, 3D modeling of the data, metallurgical, and multiple other investigations. The primary objectives of the 2023 exploration program are to continue to define the open pit, heap leach gold potential of the porphyry oxide cap at California, test the down dip extensions of the phyllic alteration in the Qfp intrusive for deeper copper-gold porphyry sulfide mineralization underlying the oxide cap, and test for extensions of the at California Norte.

In December 2023 the Company completed 13 reverse circulation "RC" holes totaling 1,646 meters (m) at the Cervantes project. The RC drilling program was increased from an originally planned 11 holes and RC chip logging of the 13 completed holes indicate favorable geology to support potential expansion of the gold zone mineralization in the vicinities of the area previously drilled. In March 2024, the final results the final results of Au and multi-element analysis for its 2023 RC drill program at the Cervantes project in Sonora, Mexico were announced. The RC drill program comprised 1,646 meters in 13 RC drill holes testing the California porphyry gold target located in the district of Soyopa, Sonora, Mexico. Total drilling by Aztec Minerals on the Cervantes project since 2016 now totals 67 drill holes and 12,134m. The California target of near surface, oxide gold porphyry mineralization was successfully expanded, and the presence of anomalous copper, molybdenum and silver, in addition to significant gold mineralization, corresponds well in relation to the top of large, strong IP chargeability anomaly astride an aeromagnetic low anomaly. RC drill results at the California target returned significant gold mineralization from the 2023 RC drill program on the Cervantes property located in Sonora, Mexico. The multi-element ICP results show good,

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positive relationships between Au, Cu, Bi, Ag, As, W and K (potassic alteration), negative relationships with Mo, Sb and Ca. The multi-element grades support the potential for an Au-Cu porphyry deposit at depth.

Further details of the exploration programs for the Cervantes project are provided in the Company's news releases:

- News Release dated February 16, 2022 and titled, "*Aztec – Kootenay JV Intersects Broad, High-Grade Gold Mineralized Zone in First Hole of Phase 2 RC Drill Program at the Cervantes Project in Sonora, Mexico; Including 1.1 gpt Au over 88.4 metres*".
- News Release dated February 23, 2022 and titled, "*Aztec – Kootenay JV Continues to Intersect Broad, High-Grade Gold Mineralization in Phase 2 RC Drill Program at the Cervantes Project in Sonora, Mexico; Including 1.0 gpt Au over 167.2 metres*".
- News Release dated March 2, 2022 and titled, "*Aztec – Kootenay JV Reports Best Hole Yet from California Zone at Cervantes Project in Sonora, Mexico; Intersects 1.49 gpt Au over 136.8 m Including 3.42 gpt Au over 51.7 m*".
- News Release dated March 22, 2022 and titled, "*Aztec – Kootenay JV Reports Continued Strong Drill Results from California Zone at Cervantes Project in Sonora, Mexico; Intersects 0.53 gpt Au over 138.3 m and 0.88 gpt Au over 54.7 m*".
- News Release dated April 13, 2022 and titled, "*Aztec – Kootenay JV Reports Additional Strong Drill Results from California Zone at Cervantes Project in Sonora, Mexico; Intersects 0.87 gpT Au over 152.4 m Including 2.05 gpT Au over 33.5m*".
- News Release dated May 5, 2022 and titled, "*Aztec – Kootenay JV Reports Drill Intercept of 0.32 gpT Au over 24.3 metres and 6.1 metres of 1.649 gpT Au at California North Prospect, 350 m North of California Zone, Cervantes Project, Sonora, Mexico*".
- News Release dated June 14, 2022 and titled, "*Aztec – Kootenay JV Reports Final Gold and Multi-Element Results from 2021-2022 RC Drill Program on Cervantes Property, Sonora*".
- News Release dated July 27, 2022 and titled, "*Aztec Commences 10-hole, 3000 meter Core Drill Program at its Cervantes Gold-Copper Project, Sonora, Mexico*".
- News Release dated September 6, 2022 and titled, "*Aztec Completes First 7 Holes of Phase 3 Core Drilling Program at its 100%-owned Cervantes Project in Sonora, Mexico and Appoints new Director*".
- News Release dated October 25, 2022 and titled, "*Aztec Completes 11-Hole, Phase 3, Core Drilling Program at the Cervantes Project in Sonora, Mexico*".
- News Release dated November 15, 2022 and titled, "*Aztec Continues to Intersect Gold Mineralization at Cervantes Project in Sonora, Mexico; Including 0.68 gpT Au over 120.0 m*".
- News Release dated November 30, 2022 and titled, "*Aztec Reports Continued Strong Drill Results from California Zone at Cervantes Project in Sonora, Mexico*".
- News Release dated December 12, 2022 and titled, "*Aztec Minerals Reports Final Gold and Multi-Element Results from 2021-2022 Drilling at the Cervantes Project in Sonora, Mexico*".

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- News Release dated January 10, 2023 and titled, “*Aztec Summarizes 2022 Drill Results from Cervantes Project, Sonora, Mexico; Multiple, Shallow and Broad, Oxidized Gold-Copper Intercepts Expand Mineralized Zones Around and Below the California Target, Still Open in All Directions*”.
- News Release dated January 16, 2023 and titled, “*Aztec Plans Two Phase, CAD\$1.2 Million Exploration Program at Cervantes Gold-Copper Project, Sonora, Mexico*”.
- News Release dated March 7, 2023 and titled, “*Aztec Commences 2023 Exploration Program at Cervantes Gold-Copper Project, Sonora, Mexico*”.
- News Release dated May 23, 2023 and titled, “**Aztec 2023 Surface Exploration Program Results Enhance Drill Targeting at Cervantes Gold-Copper Project, Sonora, Mexico**”.
- News Release dated June 22, 2023 and titled, “**Aztec Outlines Expansion Drill Targets and Receives Drill Permit for Planned RC Drill Program at Cervantes Gold-Copper Project, Sonora, Mexico**”.
- News Release dated March 7, 2023 and titled, “*Aztec Commences 2023 Exploration Program at Cervantes Gold-Copper Project, Sonora, Mexico*”.
- News Release dated March 7, 2023 and titled, “*Aztec Commences 2023 Exploration Program at Cervantes Gold-Copper Project, Sonora, Mexico*”.

Tombstone Property

The Tombstone property includes the historic Contention Mine and surrounding patented claims totaling 435.7 acres (176.32 hectares) with an additional 840 acres (339.94 hectares) of 42 unpatented claims. The Tombstone Mining District, located 65 miles southeast of Tucson, Arizona, and accessed by State Highway 80, is well known for its high grade, oxidized, deposits of silver-gold-lead mineralization hosted in veins, mantos, pipes and disseminated orebodies.

On November 30, 2017, as amended on February 28, 2018, the Company entered into a Purchase Option Agreement for the Tombstone property (the “Tombstone Option Agreement”) with Baroyeca Gold & Silver Inc. and its two wholly owned U.S. subsidiaries (collectively, “Baroyeca”). The Company can earn a 75% interest by making cash payments of \$100,000, incurring exploration expenditures of \$1 million and issuing 1 million common shares over a three year period starting from March 23, 2018. In February 2021, the Company earned its 75% interest and entered into a joint venture for the Tombstone property.

In March 2021, the Company acquired two patented claims amounting to 15.17 hectares (37.5 acres), increasing the overall Tombstone joint venture land package to 516.26 hectares (1,275.69 acres). In April 2021, the Company mobilized a reverse circulation drill program at Tombstone which was completed in July 2021 for 23 holes for 2,716 metres. The RC program was designed to step out and downwards from drill patterns drilled in 2020 to expand the shallow, broad, bulk tonnage gold-silver mineralization discovered around and below the Contention pit.

Drill highlights are as follows:

- Hole TR21-13 - 1.8 grams per tonne (gpT) gold and 36.9 gpT silver (2.33 gpT gold equivalent (AuEq*) over 70.1 meters (m), including 6.08 m grading 2.93 gpT gold and 157 gpT silver (5.17 gpT gold equivalent AuEq*) and 1.52 m with visible gold in quartz veining grading 55.71 gpT gold and 176.1 gpT silver (58.22 gpT gold equivalent AuEq*). Hole bottomed in mineralization grading 0.37 gpT AuEq* when ground caving forced early termination of the hole.

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Interval has argillic and siliceous alteration, fine-grained sandstones, siltstones cut by quartz-feldspar porphyry dikes, faults/fissures, and hydrothermal breccias with quartz veining. Moderate to strong iron oxides, weak manganese oxides, orange-red color, and 1-3% oxidized pyrite. The drill hole interval exposed one mine working, adjacent to strong oxidation. Visible gold and cerargyrite (AgCl) was found at 132.6 – 135.7 m in a quartz vein.

- Hole TR21-10 - 1.39 gpT gold and 56.4 gpT silver (2.20 gpT gold equivalent AuEq*) over 96.04 meters (m), including 39.94 m grading 2.47 gpT Au and 28.9 gpT Ag (2.97 gpT AuEq*), 19.82 m grading 0.96 gpT Au and 24.98 gpT Ag (1.31 gpT AuEq*), and 10.67 m grading 0.837 gpT Au and 60.96 gpT Ag (1.71 gpT AuEq*).

Interval has siliceous alteration, fine-grained sandstones, siltstones and limestones cut by quartz-feldspar porphyry dikes, faults/fissures, and hydrothermal breccias with quartz veining. Moderate to strong iron oxides, manganese oxides, orange to red color, and 1 to 4 % oxidized pyrite sites. The drill hole interval exposed two mine workings, adjacent to breccias and dikes.

- Hole TR21-11 - 1.2 gpT gold and 71.6 gpT silver (2.22 gpT AuEq*) over 24.3 m, and 0.17 gpT Au and 6 gpT Ag (0.26 gpT AuEq*) over 16.7 m.

Interval has argillic and siliceous alteration, fine-grained sandstones, siltstones cut by quartz-feldspar porphyry dikes, faults/fissures, and hydrothermal breccias with strong quartz veining. Moderate to strong iron oxides, manganese oxides, orange to red to black color, and 1 to 4 % oxidized pyrite sites. The interval exposed one mine workings below the strong mineralization, a possible development tunnel.

- Hole TR21-15 – 0.22 gpT gold and 18.3 gpT silver (0.487 gpT gold equivalent (AuEq*) over 42.7 meters (m).

Interval has siliceous alteration, fine-grained siltstones and limestones cut by quartz-feldspar porphyry dikes, faults/fissures, and hydrothermal breccias with quartz veining. Weak to strong iron oxides, manganese oxides, orange to red to black color, and trace to 2% oxidized pyrite. The drill hole interval exposed one mine stope of 6.1 m in a mineralized dike.

- Hole TR21-16 – 0.807 gpT gold and 15.9 gpT silver (1.035 gpT AuEq*) over 64.0 m, including 3.61 gpT gold and 51.6 gpT silver (4.34 gpT AuEq*) over 13.7 m.

Interval has argillic and siliceous alteration, fine-grained sandstones, and siltstones cut by quartz-feldspar porphyry dikes, faults/fissures, and hydrothermal breccias with quartz veining. Moderate to strong iron oxides, weak manganese oxides, orange to red color, and 1 to 3 % oxidized pyrite sites. The higher-grade interval of 13.7 m is of hydrothermal breccias with visible gold, strong silicification and quartz veinlets.

- Hole TR21-17 – 1.73 gpT gold and 56.2 gpT silver (2.53 gpT AuEq*) over 64 m, including 6.455 gpT gold and 274 gpT silver (10.37 gpT AuEq*) over 3.04 m, and 4.08 gpT gold and 59.4 gpT silver (4.93 gpT AuEq*) over 10.7 m.

Interval has argillic and siliceous alteration, fine-grained sandstones, siltstones and limestones cut by quartz-feldspar porphyry dikes, faults/fissures, and hydrothermal breccias with quartz veining. Weak to strong iron oxides, manganese oxides, orange to red to black color, and trace to 3 % oxidized pyrite sites. The interval found visible gold from 32.0 to 33.5 m in hydrothermal breccias with strong silicification and quartz veinlets at the contact with overlying limestones and underlying quartz-feldspar porphyry dike. At 82.3 to 85.4 m chrysocolla (copper oxide) was found with abundant quartz veinlets adjacent to a hydrothermal breccia. This zone had the above noted 10.37 gpT AuEq* results.

- Hole TR21-18 – 0.76 gpT gold and 20.61 gpT silver (1.049 gpT AuEq*) over 64 m, including 2.46 gpT gold and 37.0 gpT silver (2.99 gpT AuEq*) over 9.1 m.

Interval has siliceous alteration, fine-grained sandstones, siltstones and limestones cut by quartz-feldspar porphyry dikes, faults/fissures, and hydrothermal breccias with quartz veining. Moderate to strong iron oxides, manganese oxides, orange

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to red color, and 1 to 3 % oxidized pyrite sites. The interval found visible gold from 37.2 to 41.1 m in hydrothermal breccias with strong silicification, manganese oxides, and quartz veinlets within siltstones. Lower in the interval from 80.8 to 83.8 m a tunnel was found in 15.2 m of strongly silicified and quartz veined hydrothermal breccias, also hosted siltstone.

- Hole TR21-22 – 2.441 gpT gold and 66.56 gpT silver (3.392 gpT AuEq*) over 65.5 m, including 16.80 gpT gold and 374.36 gpT silver (22.148 gpT AuEq*) over 7.6 m. This hole ended in mineralization grading 1.045 gpT AuEq* where it was terminated due to caving. TR21-22 is a 55 m step out east of drill holes TR21-17 and TR21-18 on section K. It is a twin of USMX hole TR-067 and shows the mineralization in the pit is open to the east and at depth.

The interval has strongly siliceous alteration, fine-grained sandstones and siltstones cut by quartz-feldspar porphyry dikes, faults/fissures, and hydrothermal breccias with quartz veining. Moderate to strong iron oxides, weak manganese oxides, orange to red color, and traces to 3 % oxidized pyrite sites. At the bottom of the drill hole was found the high-grade interval of 7.6 m reported above in hydrothermal breccia.

- Hole TR21-03 - 5.713 gpT gold and 40.5 gpT silver (6.282 gpT gold equivalent (AuEq*) over 32.01 meters (m), including 15.24 m grading 11.891 gpT gold and 62.9 gpT silver (12.79 gpT gold equivalent AuEq*).

Interval of argillic and siliceous alteration, fine-grained sandstones cut by quartz-feldspar porphyry dikes, faults/fissures, and hydrothermal breccias with quartz veining. Moderate to strong iron oxides, orange to red color, and 2 to 3 % oxidized pyrite sites.

- Hole TR21-20 – 0.247 gpT gold and 15.2 gpT silver (0.464 gpT AuEq*) over 47.3 m including 7.6 m of open mine workings. The drill hole was terminated in mineralization due to caving with the last sample assaying 1.283 gpT AuEq*. This hole is a vertical step out 30 m to the west of section M and shows the mineralization is open to the west and at depth.

Interval has argillic and siliceous alteration, fine-grained sandstones and siltstones cut by quartz-feldspar porphyry dikes and faults/fissures, with quartz veining. Moderate to strong iron oxides, weak manganese oxides, orange to red to brown color, and 2 to 3 % oxidized pyrite sites. The 7.6 m high stope encountered is astride the contact between an overlying dike and the siltstones underneath.

- Hole TR21-06 - 0.22 gpT gold and 17.3 gpT silver (0.47 gpT AuEq*) over 74.69 m, including 4.57 m grading 1.26 gpT Au and 18.6 gpT Ag (1.53 gpT AuEq*).

Interval has argillic and siliceous alteration, fine-grained sandstones, siltstones and limestones cut by quartz-feldspar porphyry dikes, faults/fissures, and hydrothermal breccias with quartz veining. Moderate to strong iron oxides, manganese oxides, orange to red color, and 1 to 5 % oxidized pyrite sites.

- Section N, Hole TR21-08 - 2.09 gpT gold and 47.1 gpT silver (2.76 gpT gold equivalent AuEq*) over 39.64 meters (m), including 18.29 m grading 3.53 gpT gold and 58.4 gpT silver (4.37 gpT gold equivalent AuEq*), which bottomed in mineralization grading 1.21 gpT AuEq* when ground caving forced early termination of the hole.

Interval has argillic and siliceous alteration, fine-grained sandstones, hornfels, and siltstones cut by quartz-feldspar porphyry dikes, faults/fissures, and hydrothermal breccias with quartz veining. Moderate to strong iron oxides, orange to red color, and 2 to 3 % oxidized pyrite sites.

- Section O, Hole TR21-23 - 0.556 gpT gold and 16.6 gpT silver (0.793 gpT gold equivalent AuEq*) over 24.4 meters (m), which bottomed in mineralization grading 1.188 gpT AuEq* when ground caving forced early termination of the hole.

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Interval has argillic and siliceous alteration, fine-grained sandstones, hornfels, and siltstones cut by quartz-feldspar porphyry dikes, faults/fissures, and quartz veining. Moderate to strong iron oxides, orange to red color, and 2 to 3 % oxidized pyrite sites.

- Hole TR21-21 – 0.797 gpT gold and 15.1 gpT silver (1.012 gpT AuEq*) over 18.3 m including 3 m of open mine workings. The drill hole was terminated in mineralization due to caving following another intersection of a 4.6 m mine working, with the last sample assaying 1.997 gpT AuEq*. This hole is a horizontal step out 50 m to the north of TR20-09, is the current northernmost drill hole and shows the mineralization is open in all directions and at depth.

Interval has argillic and siliceous alteration, fine-grained sandstones and siltstones cut by quartz-feldspar porphyry dikes and faults/fissures, with quartz veining. Moderate to strong iron oxides, weak manganese oxides, orange to red to brown color, and 2 to 3 % oxidized pyrite sites.

*Gold equivalents are calculated using a 70:1 silver:gold ratio. Reported lengths are apparent widths, not true widths.

Every one of the 23 drill holes intersected shallow oxidized gold-silver mineralization over substantial widths, thirteen drill holes crossed old tunnels where presumably the highest-grade ores were previously mined, several drill holes encountered visible gold, and all drill holes bottomed in mineralization, indicating the main mineralized zones are still open to depth as well as laterally. The drill results continue to show strong grades over broad widths, confirming and expanding the historic gold and silver mineralized zones both along strike and down dip.

In February 2023, the Company mobilized a 10 hole, 1,000 core drilling program for the Tombstone property. The Tombstone core drilling program now underway is planned for 10 holes at approximately 225 m depth as inclined step-outs along the 900 m length of the Contention pit to both sides (East, West) and at depth, with a target of potentially expanding the volume of the known Au-Ag mineralization. The core drilling program is utilizing diameters of PQ, HQ and NQ to 225m, noting that multiple core diameters are required to complete through the historic underground mine workings. The drilling program was designed with data obtained from surveys and modelling completed over 2022, following the conclusion of previous RC drilling program in late 2021. The Company has recently completed an ortho-topo drone survey to construct detailed maps, surveyed all drill hole collars from 2020-21, sampled for Terraspec alteration analysis half of the North Contention pit, completed Terraspec analysis on all the 2020-21 RC chips, and advanced the construction of a wire-frame 3-D Leapfrog model of the historic, extensive, underground mine workings, with drilling, mineralization, geology, alteration, geophysics, and multi-element geochemistry.

In May 2023, the Company and Dragoon Resources LLC (“Tombstone JV Partner”) announce the acquisition of one patented claim (private property rights) amounting to 7.82 hectares (19.33 acres), increasing the overall Tombstone Joint Venture (75% Aztec) land package to 452.02 hectares (1,116.94 acres). Aztec and Dragoon acquired the Westside patented claim from a third-party for cash consideration of US\$65,000. The claim immediately adjoins the Tombstone property core patented claims to the northwest, expanding opportunities to explore new targets in the historic Tombstone Silver District in Southeastern Arizona. The patented claim was purchased outright and has no underlying royalties or work commitments. The drill program was completed in May 2023 and final results were summarized in July 2024 of the 7-hole, core drill program. Every one of the drill holes intersected near surface, oxidized gold-silver mineralization, and all the drill holes crossed multiple historic underground workings where presumably most of the highest-grade ores were previously mined, and all drill holes bottomed in alteration and mineralization, indicating the main mineralized zones are still open to depth and laterally. The drill holes were drilled on an azimuth 103 fence pattern cutting across the NNE trending Contention target zone mineralization with approximately 50 m spacings, with inclined fans varying from near vertical to the east at -60 degrees. The 2023 drill holes are step outs of 40 to 150 metres from the 2020-21 program, in various portions of the Contention pit target zone.

Further details of the exploration program for the Tombstone project are provided in the Company's news releases:

- News Release dated January 12, 2021 and titled, “*Aztec Reviews Geological Highlights of Phase 1 RC Drill Program from Tombstone Project, Arizona*”.
- News Release dated March 4, 2021 and titled, “*Aztec and Tombstone Partners Plan Two Phase, CAD\$1.5 Million*”.

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Exploration Program in 2021 at Tombstone Project, Arizona".

- News Release dated July 7, 2021 and titled, "*Aztec Receives Initial 2021 RC Drill Results from Tombstone Project, Arizona; Intersects Broad and High-Grade Gold-Silver Mineralized Zones; Including 5.71 gpt Gold and 40.5 gpt Silver (6.282 gpt AuEq) over 32.01 m*".
- News Release dated July 27, 2021 and titled, "*Aztec Drilling Intersects Broad, High-Grade Gold-Silver Mineralized Zones at the Tombstone Project, Arizona; Including 1.39 gpt Gold and 56.40 gpt Silver (2.196 gpt AuEq) over 96.04 m*".
- News Release dated September 8, 2021 and titled, "*Aztec Reports Additional RC Drill Results from Tombstone Project, Arizona; Including 1.8 gpt Gold and 36.9 gpt Silver (2.33 gpt AuEq) over 70.1 m*".
- News Release dated September 14, 2021 and titled, "*Aztec Reports Additional RC Drill Results from Tombstone Project, Arizona; Including 1.73 gpt Gold and 56.2 gpt Silver (2.53 gpt AuEq) over 64.0 m*".
- News Release dated September 28, 2021 and titled, "*Aztec Reports Final Phase 2 RC Drill Results from Tombstone Project, Arizona; Including 2.44 gpt Gold and 66.56 gpt Silver (3.39 gpt AuEq) over 65.5 m with 16.80 gpt gold and 374.36 gpt silver (22.15 gpt AuEq) over 7.6 m*".
- News Release dated December 7, 2021 and titled, "*Aztec Summarizes 2021 RC Drill Results from Tombstone Project, Arizona; Multiple, Shallow, Thick, Oxidized Gold-Silver Intercepts Expand Mineralized Zones Around and Below the Contention Pit, Still Open in All Directions*".
- News Release dated January 30, 2023 and titled, "*Aztec to Resume Drilling at the Tombstone Gold-Silver District in Southeastern Arizona*".
- News Release dated February 28, 2023 and titled, "*Aztec Commences Core Drilling at the Tombstone Gold-Silver Project in Southeastern Arizona*".
- News Release dated April 26, 2023 and titled, "*Aztec Drills Bonanza Grade Silver of 3,477 gpt Ag (111.96 oz/t Ag) over 1.52 m within a zone of 733.9 gpt Ag (23.63 oz/t Ag) over 7.6 m, part of a broader intercept of 0.58 gpt Au and 72.19 gpt Ag (1.63 AuEq) over 125.0 m in first hole of 2023 Core Drilling Program at Tombstone Project, Arizona*".
- News Release dated May 2, 2023 and titled, "*Aztec Expands Tombstone JV Patented Land Position in Arizona by Acquiring the Historic High-Grade Silver-Gold Westside Mine*".
- News Release dated July 5, 2023 and titled, "*Aztec Summarizes 2023 Core Drill Results from Tombstone Project, Arizona; Shallow, Broad Intersections of Oxidized Gold-Silver Continue to Expand the Mineralized Zones Around and Below the Contention Open Pit*".

Qualified Person

David Heyl, BSc, CPG, Vice President (Exploration), is the Qualified Person who reviewed and approved any technical information in this MD&A.

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SELECETD ANNUAL INFORMATION

The following selected financial data have been prepared in accordance with IFRS unless otherwise noted and should be read in conjunction with the Company's consolidated financial statements. The following table sets forth selected financial data for the Company for and as of the end of the last three completed financial years.

	Years Ended December 31,		
	2023	2022	2021
Total revenues	\$ -	\$ -	\$ -
Net loss:			
(i) Total	\$ (1,812,552)	\$ (1,739,623)	\$ (1,425,280)
(ii) Basic per share	\$ (0.02)	\$ (0.02)	\$ (0.02)
(iii) Diluted per share	\$ (0.02)	\$ (0.02)	\$ (0.02)
Total assets	\$ 12,480,464	\$ 10,979,300	\$ 8,321,384
Total long-term liabilities	\$ -	\$ -	\$ -
Dividends per share	\$ -	\$ -	\$ -

During fiscal 2023 the Company completed private placements for gross proceeds of \$2,645,206 and received \$24,000 on the exercise of options and incurred share issue costs of \$51,557. The Company incurred expenditures on exploration and evaluation assets of \$2,464,729 on the Cervantes and Tombstone properties. Details of operating expenses are reviewed under Overview – 2023.

During fiscal 2022 the Company completed private placements for gross proceeds of \$3,416,426 and received \$248,000 on the exercise of warrants and received \$136,500 on the exercise of options and incurred share issue costs of \$71,967. The Company incurred expenditures on exploration and evaluation assets of \$3,124,743 on the Cervantes and Tombstone properties. Details of operating expenses are reviewed under Overview – 2022.

During fiscal 2021 the Company completed private placements for gross proceeds of \$1,575,117 and incurred share issue costs of \$17,702 and proceeds of \$19,200 on the exercise of stock options and \$628,000 on the exercise of warrants. The Company incurred expenditures on exploration and evaluation assets of \$1,502,669 on the Cervantes and Tombstone property. Operating expenses of \$1,405,108 were incurred.

Overview - 2023

Results of Operations for the years ended December 31, 2023.

The following discussion explains the variations in key components of these numbers but, as with most junior mineral exploration companies, the results of operations are not the main factor in establishing the financial health of the Company. Of far greater significance are the mineral properties in which the Company has, or may earn, an interest, its working capital and how many shares it has outstanding. Quarterly results can vary significantly depending on whether the Company has abandoned any properties or granted any stock options.

The Company's general and administrative costs were \$1,892,833 (2022 - \$1,733,444) and a review of the major items are as follows:

- Accounting and audit of \$56,019 (2022 - \$70,957) consisting of consulting fees of \$9,000 (2022 - \$29,481) and audit and tax preparation of \$47,019 (2022 - \$41,476);
- Shareholders relations of \$684,999 (2022 - \$612,989) consisting of advertising and promotion of \$295,473 (2022 -

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\$385,724), conference and trade shows of \$221,362 (2022 - \$87,556), news dissemination of \$16,964 (2022 - \$Nil), consulting of \$136,661(2022 - \$106,125) and other of \$14,539 (2022 - \$33,584);

- Office and sundry of \$107,292 (2022 - \$76,844) consisting of expenditures for office rent, insurance, travel, software and other during the year;
- Regulatory of \$70,530 (2022 - \$112,247) consisting of transfer agent of \$7,369 (2022 - \$3,883), regulatory fees of \$50,847 (2022 - \$64,696) and other of \$12,314 (2022 - \$43,668);
- Employee remuneration of \$404,470 (2022 - \$404,215) which consisted of remuneration to the CEO, CFO, VP Exploration, director fees and other; and
- Share-based payments of \$564,988 (2022 - \$424,923) for options vested and issued during the year.

Other

- Other income of \$147,504 (2022 - \$Nil) from Joint Venture partner as share of royalty income from sale of aggregate.

Overview – 2022

Results of Operations for the years ended December 31, 2022.

During the year ended December 31, 2022, the Company incurred a net loss of \$1,697,706 (2021 – \$1,423,843).

The following discussion explains the variations in key components of these numbers but, as with most junior mineral exploration companies, the results of operations are not the main factor in establishing the financial health of the Company. Of far greater significance are the mineral properties in which the Company has, or may earn, an interest, its working capital and how many shares it has outstanding. Quarterly results can vary significantly depending on whether the Company has abandoned any properties or granted any stock options.

The Company's general and administrative costs were \$1,733,444 (2021 - \$1,405,108) and a review of the major items are as follows:

- Accounting and audit of \$70,957 (2021 - \$87,219) consisting of consulting fees of \$29,481 (2021 - \$37,919) and audit and tax preparation of \$41,476 (2021 - \$49,219);
- Shareholders relations of \$612,989 (2021 - \$394,212) consisting of advertising and promotion of \$385,724 (2021 - \$341,354), conference and trade shows of \$87,556 (2021 - \$22,228), consulting of \$136,661(2021 - \$750) and other of 33,584 (2021 - \$29,880);
- Office and sundry of \$76,844 (2021 - \$101,701) consisting of expenditures for office rent, insurance, travel, software and other during the year;
- Regulatory of \$112,247 (2021 - \$77,160) consisting of transfer agent of \$3,883 (2021 - \$5,471), regulatory fees of \$64,696 (2021 - \$58,322) and other of \$43,668 (2021 - \$13,367);
- Employee remuneration of \$404,215 (2021 - \$414,336) which consisted of remuneration to the CEO, CFO, VP Exploration, director fees and other; and
- Share-based payments of \$424,923 (2021 - \$321,969) for options vested and issued during the year.

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SUMMARY OF QUARTERLY RESULTS (Unaudited)

The following table provides selected financial information of the Company for each of the last eight quarters ended at the most recently completed quarter, December 31, 2023. All dollar amounts are expressed in Canadian dollars unless otherwise indicated.

	2023				2022			
	Dec 31	Sept 30	June 30	Mar 31	Dec 31	Sept 30	June 30	Mar 31
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net loss:								
(i) Total	\$ (535,186)	\$ (480,504)	\$ (444,373)	\$ (352,489)	\$ (437,299)	\$ (260,355)	\$ (609,875)	\$ (432,094)
(ii) Basic loss per share	\$ (0.01)	\$ (0.01)	\$ -	\$ -	\$ -	\$ -	\$ (0.01)	\$ (0.01)
(iii) Diluted loss per share	\$ (0.01)	\$ (0.01)	\$ -	\$ -	\$ -	\$ -	\$ (0.01)	\$ (0.01)
Total assets	\$ 12,480,464	\$ 12,642,751	\$ 11,482,061	\$ 11,855,777	\$ 10,979,300	\$ 11,424,188	\$ 11,607,871	\$ 8,357,333
Total long-term liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Dividends per share	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

In October and November 2021, the Company closed a private placement in two tranches totalling 5.25 million units at \$0.30 per unit for gross proceeds of \$1.58 million.

In 2021, the Company has incurred \$735,200 in exploration expenditures for Cervantes property, and \$302,100 in acquisition related expenses and \$724,700 in exploration expenditures, net of joint venture contributions, for Tombstone property.

In June 2022, the Company closed a private placement for 11.4 million units at \$0.30 per unit for gross proceeds of \$3.4 million. Each unit is comprised of one common share and one share purchase warrant which is exercisable to acquire one common share at an exercise price of \$0.40 until June 6, 2024.

In August 2022, the Company issued 10 million common shares at a fair value of \$0.24 per share to acquire 35% of Kootenay's interest in the Cervantes project.

In 2022, the Company has incurred \$3.02 million in exploration expenditures for Cervantes property, and \$101,200 in exploration expenditures, net of joint venture contributions, for Tombstone property.

On February 23, 2023, the Company closed a private placement for 4.4 million common shares at \$0.25 per share for gross proceeds of \$1.1 million.

In August and September 2023, the Company closed a private placement in two tranches totalling 6.89 million units at \$0.225 per unit for gross proceeds of \$1.55 million.

For the year ended December 31, 2023, expenditures for the Cervantes property \$1.33million and for the Tombstone property \$1.1 million.

Three Months ended December 31, 2023, compared to three months ended December 31, 2022

The Company's general and administrative costs were \$706,432 (2022 - \$437,319) and a review of the major items are as follows:

- Accounting and audit of \$56,000 (2022 - \$45,300) consisting of consulting fees of \$9,000 (2022 - \$1,300) and audit and tax preparation of \$47,000 (2022 - \$44,000);

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- Shareholders relations of \$224,396 (2022 - \$196,903) consisting of advertising and promotion of \$86,877 (2022 - \$42,472), conference and trade shows of \$74,387 (2022 - \$20,705), news dissemination of \$1,719 (2022 - \$4,028), consulting of \$66,820 (2022 - \$105,776) and other of \$(5,407) (2022 - \$23,922);
- Office and sundry of \$50,515 (2022 - \$14,164) consisting of expenditures for office rent, insurance, travel, software and other during the year;
- Regulatory of \$16,656 (2022 - \$26,602) consisting of transfer agent of \$1,542 (2022 - \$826), regulatory fees of \$10,932 (2022 - \$25,338) and other of \$4,091 (2022 - \$438);
- Employee remuneration of \$152,556 (2022 - \$108,656) which consisted of remuneration to the CEO, CFO, VP Exploration, director fees and other; and
- Share-based payments of \$70,715 (2022 - \$57,417) for options vested and issued during the year.

Other

- Other income of \$147,504 (2022 - \$Nil) from Joint Venture partner as share of royalty income from sale of aggregate.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2023, the Company had working capital of \$375,451 (December 31, 2022 - \$1,581,732). Because of economic conditions, globally, there is uncertainty in capital markets and the Company anticipates that it and others in the mineral resource sector may have limited access to capital. Although the business and assets of the Company have not changed, investors continue to attach a high-risk premium to venture capital. The Company continually monitors its financing alternatives and expects to increase its treasury in fiscal 2024 through private placements to support and bolster its exploration activities.

The quantity of funds to be raised and the terms of any equity financing that may be undertaken will be negotiated by management as opportunities to raise funds arise. There can be no assurance that such funds will be available on favorable terms, or at all.

During fiscal 2023 the Company:

Completed a non-brokered private placement for 4,378,168 shares at \$0.25 per share for total proceeds of \$1,094,542.

Issued 200,000 common shares on the exercise of stock options for gross proceeds of \$24,000, resulting in a fair value reallocation of \$12,859 from reserve for share-based payments to share capital.

Completed a non-brokered private placement in two tranches totaling 6,891,839 units at \$0.225 per unit for gross proceeds of \$1,550,664. Each unit was comprised of one common share and one-half of one share purchase warrant; each whole share purchase warrant is exercisable to acquire one common share at an exercise price of \$0.30 for a period of three years. The Company closed the first tranche with 4,051,450 units for gross proceeds of \$911,576. The Company closed the second tranche for 2,840,389 units for gross proceeds of \$639,087. Finders fees were comprised of \$18,324 in cash and 75,700 warrants of which 56,520 warrants have an exercise price of \$0.30 and expiry date of August 29, 2026 and 19,180 warrants have an exercise price of \$0.225 and expiry date of August 29, 2025.

Additional share issue costs of \$33,233 were incurred in connection with these financing, and was recorded as an offset to share capital, as share issue costs.

During fiscal 2022 the Company:

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Completed a non-brokered private placement for 11.4 million units at \$0.30 per unit for gross proceeds of \$3.4 million. Each unit is comprised of one common share and one share purchase warrant which is exercisable to acquire one common share at an exercise price of \$0.40 until June 6, 2024. Each underlying warrant has a fair value of \$0.005.

Issued 10 million common shares at a fair value of \$0.24 per share to acquire 35% of Kootenay's interest in the Cervantes project.

Issued 2.48 million common shares on the exercise of warrants and 1,300,000 common shares on the exercise of stock options for gross proceeds of \$384,500, resulting in a fair value reallocation of \$557,977 from reserve for share-based payments to share capital.

SHARE CAPITAL

(a) As of the date of the MDA the Company has 108,952,934 issued and outstanding common shares. The authorized share capital is unlimited no-par value common shares.

(b) As at the date of the MDA the Company has 10,795,000 incentive stock options outstanding.

(c) As at the date of the MDA the Company has 22,243,042 share purchase warrants.

INVESTOR RELATIONS AND MARKETING

The Company has no investor relations contracts and Simon Dyakowski, CEO handles all matters in regard to investor relations. The Company periodically attends trade shows related to the mineral exploration sector.

OFF BALANCE SHEET ARRANGEMENTS

There are no off-balance sheet arrangements which could have a material effect on current or future results of operations, or the financial condition of the Company, except for those disclosed in this MD&A or in the Company's public filings.

RELATED PARTY TRANSACTIONS

Key management includes directors (executive and non-executive) and senior management. The compensation paid or payable to key management is disclosed in the table below.

Except as disclosed elsewhere in the MD&A, the Company had the following general and administrative costs with related parties during the year ended December 31, 2023:

	Year ended December 31, 2023	Net balance receivable (payable) December 31, 2023
Key management compensation:		
Executive salaries and remuneration ⁽¹⁾	\$ 526,338	\$ (16,805)
Severance pay ⁽²⁾	\$ 40,000	\$ (30,000)
Directors fees	20,250	(20,250)
Share-based payments	462,613	-
	<u>\$ 1,049,201</u>	<u>\$ (67,055)</u>

(1) Includes key management compensation which is included in mineral property interests, employee remuneration, and project evaluation.

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(2) Includes the final settlement pay for the former CFO of the Company.

The above related party transactions are incurred in the normal course of business. Any amounts payable to related parties are due in less than 90 days.

PROPOSED TRANSACTIONS

There are no proposed material asset or business acquisitions or dispositions, other than those in the ordinary course of business and other than those already disclosed in this MD&A, before the board of directors for consideration, and other than those already disclosed in its regulatory and public filings.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in accordance with IFRS requires management to make estimates, assumptions and judgements that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements along with the reported amounts of revenues and expenses during the period. Actual results may differ from these estimates and, as such, estimates and judgements and underlying assumptions are reviewed on an ongoing basis. Revisions are recognized in the period in which the estimates are revised and in any future periods affected.

Significant areas requiring the use of management estimates relate to the variables used in the determination of the fair values of stock options granted and finders fee warrants issued; and the valuation of deferred tax assets. While management believes the estimates are reasonable, actual results could differ from those estimates and could impact future financial performance and cash flows.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

There were no changes in the Company's significant accounting policies during the year ended December 31, 2023, that had a material effect on its consolidated financial statements. The Company's significant accounting policies are disclosed in Note 2 to its audited annual consolidated financial statements for the year ended December 31, 2023, and 2022.

NEW STANDARDS AND INTERPRETATIONS

Certain new standards, interpretations, amendments and improvements to existing standards were issued by IASB or IFRIC that are mandatory for future accounting periods which are not expected to have a material effect on the Company's consolidated financial statements. There were no new standards adopted by the Company during the period having a material effect on the Company's consolidated financial statements.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company classifies its financial instruments as follows:

Financial Assets

Cash

Receivables

Fair value through profit or loss ("FVTPL")

Loans and receivable at amortized cost

Financial Liability

Accounts payable and accrued liabilities

Other financial liabilities under amortized cost

Management of Financial Risk

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The Company is exposed in varying degrees to a variety of financial instrument related risks, including credit risk, liquidity risk, and market risk which includes foreign currency risk, interest rate risk and other price risk. The types of risk exposure and the way in which such exposure is managed are provided as follows.

The fair value hierarchy categorizes financial instruments measured at fair value at one of three levels according to the reliability of the inputs used to estimate fair values. The fair values of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 are valued using inputs other than quoted prices for which all significant inputs are based on observable market data. Level 3 valuations are based on inputs that are not based on observable market data.

The fair values of the Company's receivables and accounts payable and accrued liabilities approximate their carrying values due to the short terms to maturity. Cash is measured at fair values using Level 1 inputs.

(a) Credit risk:

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality Canadian financial institutions. Management has reviewed the items comprising the accounts receivable balance, which may include amounts receivable from certain related parties and determined that all accounts are collectible.

(b) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash and its ability to raise equity financing. As at December 31, 2023, the Company had working capital (current assets less current liabilities) of \$1.56 million. The Company will require additional funding to meet its short-term liabilities and administrative overhead costs, and to maintain its mineral property interests in 2024.

Accounts payable and accrued liabilities are due in less than 90 days.

(c) Market risk:

The significant market risk to which the Company is exposed are foreign currency risk, interest rate risk and other price risk.

(i) Foreign currency risk:

The Company has certain cash and accounts payable stated in United States dollars and Mexican pesos, mineral property interests which are in the USA and Mexico, and a portion of its operations is in Mexico, resulting in expenditures subject to foreign currency fluctuations. Fluctuations in the United States dollar and Mexican peso would impact the losses of the Company and the values of its assets and liabilities as the Company's functional and presentation currencies are the Canadian dollar. The Canadian dollar fluctuates and floats with the United States dollar and Mexican peso.

At December 31, 2023, the Company was exposed to currency risk for its Canadian dollar equivalent of financial assets and liabilities denominated in currencies other than Canadian dollars as follows:

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	Stated in Canadian Dollars		
	Held in		Total
	United States		
	Dollars	Mexican Pesos	
Cash	\$ 85,924	\$ 7,705	\$ 93,629
Accounts receivable	73,487	-	73,487
Accounts payable and accrued liabilities	(106,216)	(94,140)	(200,356)
Net financial assets (liabilities), September 30, 2023	\$ 53,195	\$ (86,435)	\$ (33,240)

Based upon the above net exposure as at December 31, 2023 and assuming all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar relative to the United States dollar and Mexican peso could result in a decrease/increase of approximately \$3,300 in the Company's net losses. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

(ii) Interest rate risk:

In respect of financial assets, the Company's policy is to invest excess cash at floating rates of interest in cash equivalents, in order to maintain liquidity, while achieving a satisfactory return. Fluctuations in interest rates impact on the value of cash equivalents. Interest rate risk is not significant to the Company as it has no cash equivalents at period-end.

(iii) Other price risk:

Other price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. The Company currently does not have any financial instruments which fluctuate with market prices.

CAPITAL MANAGEMENT

The Company defines capital that it manages as shareholders' equity, consisting of issued common shares, stock options and warrants included in reserve, and subscriptions receivable.

The Company manages its capital structure and adjusts it, based on the funds available to the Company, to support the acquisition, exploration and development of exploration and evaluation assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest is in the exploration stage as such the Company has historically relied on the equity markets to fund its activities. The Company will also assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient economic potential and if it has, or as access to adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital restrictions. There we no changes to the Company's approach to capital management during the year.

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OUTLOOK

The Company will continue to depend upon equity financings to continue exploration work on and to advance its mineral property interests, and to meet its administrative overhead costs for the 2024 fiscal year. There are no assurances that capital requirements will be met by this means of financing as inherent risks are attached therein including commodity prices, financial market conditions, and general economic factors. The Company does not expect to realize any operating revenues from its mineral property interests in the foreseeable future.

RISKS AND UNCERTAINTIES

The following is a brief discussion of those distinctive or special characteristics of the Company's operations and industry that may have a material impact on, or constitute risk factors in respect of, the Company's future financial performance.

Exploration and Development Risks

There is no assurance given by the Company that its exploration and development, if any, programs and properties will result in the discovery, development or production of a commercially viable deposit or ore body.

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 activities will result in any discoveries of bodies of commercial ore. The economics of developing mineral properties are affected by many factors including capital and operating costs, variations of the grades and tonnages of ore mined, fluctuating metal prices, costs of mining 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. Substantial expenditures are required to establish resources or reserves through drilling and other work, 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 funds required for exploration and / or development can be obtained on a timely basis. The marketability of any metals or minerals acquired or discovered may be affected by numerous factors which are beyond the Company's control and which cannot be accurately foreseen or predicted, such as market fluctuations, the global marketing conditions for precious and base metals, the proximity and capacity of required processing facilities, mineral markets and required processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting minerals and environmental protection. In order to commence exploitation of certain properties presently held under exploration concessions, it is necessary for the Company to apply for exploitation concessions. There can be no guarantee that such concessions will be granted.

Financing Risks

There is no assurance given by the Company that it will be able to secure the financing necessary to explore, develop and produce its mineral properties.

The Company does not presently have sufficient financial resources or operating cash-flow to undertake by itself all of its planned exploration and development programs. The development of the Company's properties may therefore depend on the Company's ability to obtain additional required financing. There is no assurance the Company will be successful in obtaining the required financing on terms acceptable to the Company, or at all, the lack of which could result in the loss or substantial dilution of its interests (as existing or as proposed to be acquired) in its properties as disclosed herein. The Company's ability to continue as a going concern is dependent on the ability of the Company to raise equity capital financings, exploration success, the attainment of profitable operations and the completion of further share issuances to satisfy working capital and operating needs. The Company may need to raise further funds to complete further exploration programs at the Cervantes and Tombstone properties, if such programs are warranted.

Estimates of Mineral Deposits

There is no assurance given by the Company that any estimates of mineral deposits or resources will materialize.

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No assurance can be given that any identified mineralization will be developed into a coherent mineralization deposit, or that such deposit will even qualify as a commercially viable and mineable ore body that can be legally and economically exploited. Estimates regarding mineralized deposits can also be affected by many factors such as permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. In addition, the grades and tonnages of ore ultimately mined may differ from that indicated by drilling results and other exploration and development work. There can be no assurance that test work and results conducted and recovered in small-scale laboratory tests will be duplicated in large-scale tests under on-site conditions. Material changes in mineralized tonnages, grades, dilution and stripping ratios or recovery rates may affect the economic viability of projects. The existence of mineralization or mineralized deposits should not be interpreted as assurances of the future delineation of ore reserves or the profitability of any future operations.

Commodity Prices

There is no assurance given by the Company that commodity prices will not change.

The mining industry is competitive and commodity prices fluctuate so that there is no assurance, even if commercial quantities of a mineral resource are discovered, that a profitable market will exist for the sale of same. Factors beyond the control of the Company may affect the marketability of any substances discovered. The prices of precious and base metals fluctuate on a daily basis, have experienced volatile and significant price movements over short periods of time, and are affected by numerous factors beyond the control of the Company, including international economic and political trends, expectations of inflation, currency exchange fluctuations (specifically, the U.S. dollar relative to other currencies), interest rates, central bank transactions, world supply for precious and base metals, international investments, monetary systems, and global or regional consumption patterns (such as the development of gold coin programs), speculative activities and increased production due to improved mining and production methods. The supply of and demand for precious and base metals are affected by various factors, including political events, economic conditions and production costs in major producing regions, and governmental policies with respect to precious metal holdings by a nation or its citizens. The exact effect of these factors cannot be accurately predicted, and the combination of these factors may result in the Company not receiving adequate returns on invested capital or the investments retaining their respective values. There is no assurance that the prices of gold and other precious and base metals will be such that the Company's properties can be mined at a profit.

Competition and Agreements with Other Parties

The Company competes with larger, better capitalized competitors in the mining industry and there is no assurance given by the Company that it can compete for mineral properties, future financings or technical expertise.

The mining industry is intensely competitive in all of its phases, and the Company competes with many companies possessing greater financial resources and technical facilities than itself. Competition in the mining business could adversely affect the Company's ability to acquire suitable producing properties or prospects for mineral exploration in the future.

The Company may, in the future, be unable to meet its share of costs incurred under joint venture or similar 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.

Title Matters

There is no assurance given by the Company that it owns legal title to its mineral properties.

The acquisition of title to mineral properties is a very detailed and time-consuming process. Title to any of the Company's mining concessions may come under dispute. While the Company has diligently investigated title considerations to its mineral properties, in certain circumstances, the Company has only relied upon representations of property partners, legal opinions, and government agencies. There is no guarantee of title to any of the Company's properties. The properties may be subject to prior unregistered agreements or transfers, and title may be affected by unidentified and undetected defects. Native land claims or

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claims of aboriginal title may be asserted over areas in which the Company's properties are located, but unlikely given all surrounding surface rights are privately held. Further, the Company does not own certain claims in the Cervantes and Tombstone properties and only has a right to earn an interest therein pursuant to the property option agreements, as amended. In the event that the Company does not fulfill its obligations contemplated by the property option agreements, as amended, it will lose its interest in the relevant mineral property.

Surface Rights

The Company has acquired rights to certain parts of the property covered by its mineral tenures, and is in continuing negotiations over other parts. In areas where the Company operates there are local populations or landowners who, in the case of the Cervantes Property, do not live on the property but raise cattle throughout the region. The Company understands that it is necessary, as a practical matter, to negotiate surface access, and the Company is continuing to do so. However, there is a risk that local communities or affected groups may take actions to delay, impede or otherwise terminate the contemplated activities of the Company. There can be no guarantee that the Company will be able to negotiate a satisfactory agreement with any such existing landowners/occupiers for such access, and therefore it may be unable to carry out significant exploration and development activities. In addition, in circumstances where such access is denied, or no agreement can be reached, the Company may need to rely on the assistance of local officials or the courts in such jurisdiction, which assistance may not be provided or, if provided, may not be effective. If the development of a mine on the Cervantes Property becomes justifiable it will be necessary to acquire surface rights for mining, plant, tailings and mine waste disposal. There can be no assurance that the Company will be successful in acquiring any such rights.

Community Groups

There is an ongoing level of public concern relating to the effects of mining on the natural landscape, on communities and on the environment. Certain non-governmental organizations, public interest groups and reporting organizations ("NGOs") who oppose resource development can be vocal critics of the mining industry. In addition, there have been many instances in which local community groups have opposed resource extraction activities, which have resulted in disruption and delays to the relevant operation. While the Company seeks to operate in a socially responsible manner and believes it has good relationships with local communities in Sonora State (Mexico) and Arizona (USA), NGOs or local community organizations could direct adverse publicity and/or disrupt the operations of the Company in respect of one or more of its properties due to political factors, activities of unrelated third parties on lands in which the Company has an interest or the Company's operations specifically. Any such actions and the resulting media coverage could have an adverse effect on the reputation and financial condition of the Company or its relationships with the communities in which it operates, which could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

Conflicts of Interest

There is no assurance given by the Company that its directors and officers will not have conflicts of interest from time to time.

The Company's directors and officers may serve as directors or officers of other public mineral exploration and resource companies or have significant shareholdings in other public resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors and management of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. The interests of these companies may differ from time to time. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against any resolution involving any such conflict. From time to time several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. In accordance with the laws of the Province of British Columbia, Canada, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not the Company will participate in any particular exploration or mining project at any given time, the directors will primarily consider the upside potential for the project to be accretive to shareholders, the degree of risk to which the Company may be exposed and its

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financial position at that time.

Negative Operating Cash Flow

The Company had negative operating cash flow during its most recently completed year ended December 31, 2021. In the event that the Company's operating cash flow is not positive in future financial periods it may need to raise additional capital in order to fund operations. There is no guarantee that additional funds will be available on terms acceptable to the Company or at all. In the event that the Company's operating cash flow is negative this may have a material adverse effect on the Company and its stock price.

Uninsured Risks

The Company provides no assurance that it is adequately insured against all risks. The Company maintains insurance in such amounts as it considers to be reasonable, however, such insurance may not cover all the potential risks associated with its activities, including any future mining operations. The Company may not be able to obtain or maintain insurance to cover its risks at economically feasible premiums, or at all. Insurance coverage may not be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration or production may not be available to the Company on acceptable terms. The Company might also become subject to liability for pollution or other hazards which it does not insure against or in future may not insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs which could have a material adverse effect on Company's business, financial condition, results of operations or prospects.

Environmental and Other Regulatory Requirements

There is no assurance given by the Company that it has met all environmental or regulatory requirements.

The current or future operations of the Company, including exploration and development activities and commencement of production on its properties, require permits from various foreign, federal, state and local governmental authorities 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, environmental protection, mine safety and other matters. Companies engaged in the development and operation of mines and related facilities generally experience increased costs, and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that approvals and permits required in order for the Company to commence exploration, development or production on its various properties will be obtained. Additional permits and studies, which may include environmental impact studies conducted before permits can be obtained, are necessary prior to operation of the other properties in which the Company has interests and there can be no assurance that the Company will be able to obtain or maintain all necessary permits that may be required to commence exploration, construction, development or operation of mining facilities at these properties on terms which enable operations to be conducted at economically justifiable costs.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions 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 exploration, development and mining operations may be required to compensate those suffering loss or damage by reason of such activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. New laws or regulations or amendments to current laws, regulations and permits governing operations and activities of exploration and mining companies, or more stringent implementation of current laws, regulations or permits, could have a material adverse impact on the Company and cause increases in 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.

Foreign Countries and Regulatory Requirements

The Company's mineral property interests are located in countries outside of Canada, and mineral exploration and mining activities may be affected in varying degrees by political stability, changes in foreign policy, and government regulations

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relating to the mining industry. Any changes in regulations, foreign policy, or shifts in political attitudes may vary from country to country and are beyond the control of the Company and may adversely affect its business and its ability to operate in foreign jurisdictions. Such changes have, in the past, included nationalization of foreign owned businesses and properties. The Company's ability to operate its business may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, income and other taxes and duties, tariffs, trade, expropriation of property, environmental legislation and mine safety. These uncertainties may make it more difficult for the Company to obtain any required production financing for its mineral properties.

Reclamation

Land reclamation requirements for the Company's properties may be burdensome.

There is a risk that monies allotted for land reclamation may not be sufficient to cover all risks, due to changes in the nature of any potential waste rock and/or tailings and/or revisions to government regulations. Therefore additional funds, or reclamation bonds or other forms of financial assurance may be required over the tenure of the Company's properties to cover potential risks. These additional costs may have material adverse impact on the financial condition and results of the Company.

Unknown Environmental Risks for Past Activities

Exploration and mining operations involve a potential risk of releases to soil, surface water and groundwater of metals, chemicals, fuels, liquids having acidic properties and other contaminants. In recent years, regulatory requirements and improved technology have significantly reduced those risks. However, those risks have not been eliminated, and the risk of environmental contamination from present and past exploration or mining activities exists for mining companies. Companies may be liable for environmental contamination and natural resource damages relating to properties that they currently own or operate or at which environmental contamination occurred while or before they owned or operated the properties. However, no assurance can be given that potential liabilities for such contamination or damages caused by past activities at these properties do not exist.

Currency Fluctuation and Foreign Exchange Controls

The Company maintains a portion of its funds in U.S. dollar and Mexican pesos denominated accounts. Certain of the Company's property and related contracts may be denominated in U.S. dollars and Mexican pesos. The Company's operations in countries other than Canada are normally carried out in the currency of that country and make the Company subject to foreign currency fluctuations and such fluctuations may materially affect the Company's financial position and results. In addition future contracts may not be denominated in Canadian dollars and may expose the Company to foreign currency fluctuations and such fluctuations may materially affect the Company's financial position and results. The Company is or may become subject to foreign exchange restrictions which may severely limit or restrict its ability to repatriate capital or profits from its properties outside of Canada to Canada. Future impositions of such restrictions could have a materially adverse effect on the Company's future profitability or ability to pay dividends.

Dependence on Key Individuals

The Company is dependent on a relatively small number of key personnel, the loss of any one of whom could have an adverse effect on the Company.

The Company does not maintain key-person insurance on the life of any of its personnel. In addition, while certain of the Company's officers and directors have experience in the exploration of mineral producing properties, the Company will remain highly dependent upon contractors and third parties in the performance of its exploration and development activities. There can be no guarantee that such contractors and third parties will be available to carry out such activities on behalf of the Company or be available upon commercially acceptable terms.

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Volatility of Common Shares

Volatility in the price of the Company's common shares could cause investor loss.

The common shares are listed on the TSX Venture Exchange and OTCQB. The market price of a publicly traded stock, especially a junior resource company like the Company, is affected by many variables in addition to those directly related to exploration successes or failures. Such factors include the general condition of the market for junior resource stocks, the strength of the economy generally, the availability and attractiveness of alternative investments, and the breadth of the public market for the stock. The effect of these and other factors on the market price of the common shares on the TSX Venture Exchange and OTCQB suggests that the price of the Company's common shares will continue to be volatile. Therefore, investors could suffer significant losses if the Company's common shares are depressed or illiquid when an investor seeks liquidity and needs to sell the common shares of the Company. There is no guarantee on the future price at which the common shares may trade, and no guarantee that the warrants will ever be in a position of value and may ultimately expire prior to being in-the-money.

Potential Volatility of Market Price of Common Shares and Related Litigation Risks

Securities of publicly listed companies such as the Company have, from time to time, experienced significant price and volume fluctuations unrelated to the operating performance of companies. These broad market fluctuations may adversely affect the market price of the Company's common shares. In addition, the market price of the Company's shares is likely to be highly volatile. Factors such as gold prices, the average volume of shares traded, announcements by competitors, changes in stock market analysts' recommendations regarding the Company and general market conditions and attitudes affecting other exploration and mining companies may have a significant effect on the market price of the Company's common shares. It is likely that the Company's results or development and exploration activities may fluctuate significantly or may fail to meet the expectations of stock market analysts and investors and, in such event, the market price of the Company's common shares could be materially adversely affected. In the past, securities class action litigation has often been initiated following periods of volatility in the market price of a company's securities. Such litigation, if brought against the Company, could result in substantial costs and a diversion of management's attention and resources, which could have a material adverse effect on the Company's business, financial position and results of operations.

Future Sales of Common Shares by Existing Shareholders

Sales of many common shares in the public markets, or the potential for such sales, could decrease the trading price of the common shares and could impair the Company's ability to raise capital through future sales of common shares. The Company has previously completed private placements at prices per share which may be, from time to time, lower than the market price of the common shares at the time of the offering announcement. Accordingly, a significant number of the Company's shareholders at any given time may have an investment profit in the common shares that they may seek to liquidate.

Litigation affecting Mineral Properties

Potential litigation may arise on a mineral property on which the Company has an interest (for example, litigation with the original property owners or neighboring property owners). The results of litigation cannot be predicted with certainty and defense and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. If the Company is unable to resolve these disputes favorably or if the cost of the resolution is substantial, such events may have a material adverse impact on the ability of the Company to carry out its business plan.

Substantial Number of Authorized but Unissued Shares

The Company has an unlimited number of common shares which may be issued by the Board without further action or approval of the Company's shareholders. While the Board is required to fulfil its fiduciary obligations in connection with the issuance of such shares, the shares may be issued in transactions with which not all shareholders agree, and the issuance of such shares will cause dilution to the ownership interests of the Company's shareholders.

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Global Economy Risk

Global financial conditions continue to be characterized as volatile. In recent years, global markets have been adversely impacted by various credit crises and significant fluctuations in fuel and energy costs and metals prices, including as a result of the COVID-19 virus pandemic, inflation rates, interest rates and significant fluctuations in commodity prices as a result of the ongoing military conflict between Ukraine and Russia and the economic sanctions imposed on Russia in connection therewith. Many industries have been impacted by these market conditions. Global financial conditions remain subject to sudden and rapid destabilizations in response to international events, as government authorities may have limited resources to respond to future crises. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to consumer spending, employment rates, business conditions, inflation, supply chain disruptions, sovereign debt crises, fuel and energy costs, economic recession, consumer debt levels, lack of available credit, the state of the financial markets, interest rates and tax rates, may adversely affect the Company's growth and profitability. Future crises may be precipitated by any number of causes, including natural disasters, geopolitical instability (such as the Russian invasion of Ukraine), changes to energy prices or sovereign defaults. If increased levels of volatility continue or in the event of a rapid destabilization of global economic conditions, it may result in a material adverse effect on commodity prices, the strength and confidence in the U.S. dollar, availability of credit, investor confidence, and general financial market liquidity, all of which may adversely affect the Company's business and the market price of the Company's securities.

Cybersecurity Threats

The Company relies on secure and adequate operations of information technology systems in the conduct of its operations. Access to and security of the information technology systems are critical to the Company's operations. To the Company's knowledge, it has not experienced any material losses relating to disruptions to its information technology systems. The Company has implemented ongoing policies, controls and practices to manage and safeguard the Company and its stakeholders from internal and external cybersecurity threats and to comply with changing legal requirements and industry practice. Given that cyber risks cannot be fully mitigated and the evolving nature of these threats, the Company cannot assure that its information technology systems are fully protected from cybercrime or that the systems will not be inadvertently compromised, or without failures or defects. Potential disruptions to the Company's information technology systems, including, without limitation, security breaches, power loss, theft, computer viruses, cyber-attacks, natural disasters, and noncompliance by third party service providers and inadequate levels of cybersecurity expertise and safeguards of third party information technology service providers, may adversely affect the operations of the Company as well as present significant costs and risks including, without limitation, loss or disclosure of confidential, proprietary, personal or sensitive information and third party data, material adverse effect on its financial performance, compliance with its contractual obligations, compliance with applicable laws, damaged reputation, remediation costs, potential litigation, regulatory enforcement proceedings and heightened regulatory scrutiny.

DISCLOSURE OF MANAGEMENT COMPENSATION

In accordance with the requirements of Section 19.5 of TSXV Policy 3.1, the Company provides the following disclosure with respect to the compensation of its directors and officers during the period:

1. During the year ended December 31, 2023, the Company did not enter any standard compensation arrangements made directly or indirectly with any directors or officers of the Company, for their services as directors or officers, or in any other capacity, with the Company or any of its subsidiaries except as disclosed under "Related Party Transactions".
2. During the year ended December 31, 2023, officers of the Company were paid for their services as officers by the Company as noted above under "Related Party Transactions".
3. During the year ended December 31, 2023, the Company entered into an arrangement relating to severance payments

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of \$40,000 to be paid to Phil Yee, former CFO of the Company and its subsidiaries.

APPROVAL

The Board of Directors of the Company has approved the disclosures in this MDA.

ADDITIONAL SOURCES OF INFORMATION

Additional disclosures pertaining to the Company, including its most recent, financial statements, management information circular, material change reports, press releases and other information, are available on the SEDAR website at www.sedarplus.ca or on the Company's website at www.vrr.ca. Readers are urged to review these materials, including the technical reports filed with respect to the Company's mineral properties.