



## **SILVER MOUNTAIN RESOURCES INC.**

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**Management's Discussion and Analysis**  
**Years Ended December 31, 2022 and 2021**

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## Introduction

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of Silver Mountain Resources Inc. ("AGMR" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the years ended December 31, 2022 and 2021. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited annual consolidated financial statements of the Company for the years ended December 31, 2022 and 2021, together with the notes thereto (the "Financial Statements"). The Company's financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee.

This MD&A has been prepared as at April 20, 2023. All dollar figures in this MD&A are expressed in United States dollars, unless otherwise stated.

This MD&A contains forward-looking statements and should be read in conjunction with the risk factors described in the "Risks and Uncertainties" and the "Cautionary Note Regarding Forward-Looking Information" sections at the end of this MD&A.

Unless otherwise stated, the scientific and technical information contained in this MD&A has been reviewed and approved by Antonio Cruz, an independent consultant of the Company and a Qualified Person within the meaning of National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101").

## Description of Business

Silver Mountain Resources Inc. (TSXV:AGMR | OTCQB:AGMRF | BVL:AGMR) is a publicly traded silver explorer and mine developer listed on the TSX Venture Exchange (the "TSXV"), which is planning to re-start production at the Reliquias underground mine and undertake exploration activities at its highly prospective silver camps at the Castrovirreyna Project (the "Project") located in Huancavelica, Peru.

The Company, through its subsidiary Sociedad Minera Reliquias S.A.C ("AGMR Peru") owns a 2,000 tonnes per day (tpd) processing plant, an operating tailings dam, and over 39,000 hectares ("ha") of mining concessions. The Company targets the acquisition of mining concessions for exploration, exploitation, extraction, and processing of all types of minerals with a special focus on precious metals.

The Project includes mine infrastructure that supported the Reliquias underground operations, which were operated by Corporación Minera Castrovirreyna ("CMC") from 2005 to 2015. In 2018, AGMR Peru acquired certain liquidated assets from CMC that comprised the Project. The Project, includes the following infrastructure:

- Reliquias and Caudalosa underground mines: consisting of ventilation system, water pumping system, explosives magazine, and mining equipment
- Concentrator Plant: a 2,000 tpd conventional concentrator plant to produce silver, lead, zinc, and copper concentrates
- Tailings storage facility (TSF): sufficient remaining capacity for two years of tailings production
- Infrastructure: power supply line, water supply system, fuel storage, a 370-person camp, warehouses, maintenance shops, and paved roads

AGMR has 39,559 ha in 318 mining concession rights. The total concessions are divided among the Project mining concessions with mineralization potential in Reliquias (19,872 ha | 236 Mining Concessions) and Dorita (17,078 ha | 65 Mining Concessions), the plants and tailings associated to the Project (139 ha | 3 Mining Concessions), El Milagro area (2,400 ha | 7 Mining Concession), and other concessions with mineralization potential (70 ha | 7 Mining Concessions).

AGMR owns 100% of its concessions which are currently held in the name of AGMR Peru, its subsidiary.

On May 7, 2021, a reverse takeover transaction (the "RTO Transaction") between AGMR and AGMR Peru was completed. The shareholders of AGMR Peru exchanged 100% of their issued and outstanding shares for shares of AGMR, representing 56% of the issued and outstanding shares of AGMR. On completion of the RTO Transaction, AGMR Peru was determined to be the accounting acquirer and accordingly, the combined entity is a continuation of AGMR Peru. Before the RTO transaction, AGMR closed a private placement of 33,333,330 units at a price of \$0.30 for gross proceeds of \$9,999,999. Each unit was comprised of one class A common share in the capital of the Company (each, a "Common Share") and one-half of one Common Share purchase warrant. Each warrant will be exercisable to acquire one Common Share at an exercise price of \$0.90 per share for a period of 36 months from the closing.

On February 2, 2022, the Company successfully closed its initial public offering ("IPO" or the "Offering"), pursuant to which the Company issued an aggregate of 52,900,000 units (each, a "Unit") at a price of \$0.39 (C\$0.50) per Unit for aggregate gross proceeds of \$20,863,760 (C\$26,450,000). Each Unit was comprised of one Common Share and one-half warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder thereof to acquire one Common Share at an exercise price of \$0.55 (C\$0.70) per Common Share for a period of 24 months following the closing of the Offering.

On March 1, 2022, the Company fully repaid the outstanding balance of its loan payable to Trafigura Beheer BV ("Trafigura") with a cash payment of \$2,920,988 for the principal payable and \$23,040 for the interest payable. Since then, the Company has not held any additional debt.

## Corporate Strategy

The Company owns a past producing underground mine located in Huancavelica, Peru. The Company's strategy is to convert its historical resources into a NI 43-101 compliant resource as well as to grow the existing resources within its underground mines and brownfield targets on the 19,872 hectares that comprise the Reliquias Block. Furthermore, AGMR expects to commence drilling activities on the 17,078 hectares that comprise the Dorita Block, located in the northern part of the Project, where surface exploration has been performed. Finally, AGMR's goal is to commence production at the Reliquias underground mine utilizing its existing concentrator plant.

As part of the Company's area consolidation strategy, AGMR is constantly reviewing prospective targets in the project's vicinity to stake additional mining concessions and to keep growing its land package.

The Company's mission is to become a premier silver producer by delivering superior returns to its shareholders and long-term benefits to its stakeholders.

## Corporate Highlights

- On February 2, 2022, the Company closed its Initial Public Offering (the "IPO") and issued 46,000,000 Units at a price of \$0.39 (C\$0.50) per Unit, for aggregate gross proceeds of \$18,142,400 (C\$23,000,000). The Company also issued an additional 6,900,000 Units at a price of \$0.39 (C\$0.50) per Unit, for additional gross proceeds of \$2,721,360 (C\$3,450,000), in connection with the exercise in full of the overallotment option.

Concurrently with the closing of the IPO, the Company issued 1,419,000 stock options with an exercise price of \$0.39 (C\$0.50).

- The Common Shares commenced trading on the TSXV on February 2, 2022 under the symbol "AGMR".
- Upon closing of the IPO, on February 2, 2022, the Company appointed Victoria Vargas and Bryan Coates to the Company's board of directors (the "Board") as independent non-executive directors.
- On March 1, 2022, the Company announced that it had repaid the full amount of the outstanding loan with Trafigura. The payment has satisfied all outstanding amounts under the loan.

- On March 8, 2022, the Company announced its 2022 exploration plan that included a 12,000-metre drilling program in the Reliquias underground mine.
- On March 9, 2022, the TSXV accepted the listing of 26,450,000 Warrants issued in connection with the IPO. The Warrants commenced trading on the TSXV at the open of markets on March 11, 2022, under the symbol "AGMR.WT".
- On March 17, 2022, the Company granted stock options to certain consultants and advisors of the Company and its subsidiaries to purchase up to 891,000 common shares of the Company, exercisable at a price of \$0.40 (C\$0.50) per share and expiring on February 2, 2026.
- On April 15, 2022, the Company commenced drilling activities in the Reliquias underground mine.
- On May 3, 2022, the Company replaced Marrelli Trust Company as the registrar and transfer agent for the Common Shares with Odyssey Trust Company. The Company also replaced Marrelli Trust Company with Odyssey Trust Company as warrant agent for the Warrants.
- On May 12, 2022, Mr. Bryan Coates voluntarily resigned from the Board. The 660,000 stock options, with a strike price of C\$0.50, previously issued to Mr. Coates were cancelled concurrently with his resignation.
- On May 16, 2022, the Company appointed Mr. Blair Zaritsky to the Board, as an independent non-executive director, and appointed him to serve as the Chair of the Audit Committee and the Chair of the Compensation Committee. Concurrently with his appointment, as part of Mr. Zaritsky's compensation, the Company issued 660,000 stock options to Mr. Zaritsky, each with an exercise price of \$0.39 (C\$0.50) and expiring on May 16, 2026.
- On June 16, 2022, the Common Shares commenced trading on the OTCQB Venture Market under the symbol "AGMRF".
- On June 23, 2022, the shareholders of the Company elected Julio Jose Arce Ortiz, Alfredo Plenge Thorne, Alfredo Bazo, Jose Vizquerra (Chair), Victoria Vargas, and Blair Zaritsky as directors of the Company for the ensuing year. The shareholders of the Company also approved the re-appointment of BDO Canada LLP as the auditors of the Company for the ensuing year. The shareholders of the Company also approved the Company's ten percent rolling option plan in accordance with the TSXV rules and policies.
- On June 28, 2022, AGMR appointed Juan Carlos Ortiz as a director of the Company. Concurrently with his appointment, as part of Mr. Ortiz's compensation, the Company issued 660,000 stock options to Mr. Ortiz, each with an exercise price of \$0.39 (C\$0.50) and expiring on June 28, 2026.
- On July 18, 2022, the Common Shares commenced trading in the Lima Stock Exchange (BVL) under the symbol "AGMR".
- On August 2, 2022, the Common Shares became eligible for electronic clearing and settlement through the Depository Trust Company (DTC) in the United States.
- On August 15, 2022, the Company filed a preliminary short form base shelf prospectus with the securities regulatory authorities in all of the provinces and territories of Canada, other than Quebec.
- On September 12, 2022, the Company entered into an advertising agreement with Gold Standard Media, LLC ("Gold Standard"), whereby Gold Standard agreed to provide certain promotional and advertising services to the Company. The agreement is valid until February 2, 2024, and either party has the right to terminate the agreement at any time.
- On October 25, 2022, the Company appointed Richard Contreras to act as the Chief Operating Officer of the Company.

- On November 3, 2022, the Company announced that it had entered into a purchase agreement to acquire a 100% interest in the Lira de Plata project from Pan American Silver Corp. ("Pan American Silver"), which includes a package of 14 mining concessions. The agreement was reached with a local subsidiary of Pan American Silver (Pan American Silver Peru S.A.C.), which held the mining title to the 14 claims covering a total area of 799.5078 ha. The Lira de Plata mining concessions are situated in the vicinity of the Company's Reliquias silver mine in Huancavelica, central Peru. The cash consideration payable by AGMR to Pan American Silver for the transfer of the mining titles consisted of a payment of \$80,000. Pan American Silver does not retain any interest nor any net smelter return on the Lira de Plata concessions. The effective date for the transaction is October 26, 2022.
- On November 9, 2022, the Company filed a short form base shelf prospectus ("Prospectus") relating to the offering for sale by AGMR from time to time, during the 25-month period that the Prospectus, including any amendments thereto, remains valid, of up to \$25,000,000 in the aggregate of: (i) Common Shares; (ii) Warrants to purchase other Securities (as defined below) of the Company; (iii) units comprising of one or more of other Securities ("Units"); (iv) subscription receipts ("Subscription Receipts"); and (v) debt securities of the Company (the "Debt Securities" and together with the Common Shares, Warrants, Units and Subscription Receipts, collectively referred to herein as the "Securities"). The Securities may be offered separately or together, in amounts, at prices and on terms determined based on market conditions at the time of the sale and as set forth in an accompanying prospectus supplement.
- On December 1, 2022, the Company announced the completion of a NI 43-101 compliant technical report on its El Milagro project (the "Technical Report") with an effective date of October 17, 2022 and titled "NI 43-101 Technical Report for El Milagro Project Huancavelica and Ayacucho Regions, Peru". The Technical Report was prepared by the qualified persons: Mr. Antonio Cruz and Victor Rivasplata. The El Milagro project is situated approximately 40 km southeast of the Company's Reliquias concession block, straddling the boundary between the Huancavelica and Ayacucho regions of Peru. The purpose of the proposed technical report was to assess the geological potential of the El Milagro project area and to review the historic exploration work completed by previous owners.
- On December 1, 2022, the Company granted stock options to certain directors, officers and employees of the Company to purchase up to 5,460,000 common shares of the Company, exercisable at a price of \$0.28 (C\$0.38) per share and expiring on December 1, 2026.

## Subsequent Events

- On February 9, 2023, the Company completed its bought deal prospectus offering (the "Prospectus Offering") of 27,000,000 units of the Company (the "2023 Units") at a price of \$0.22 (C\$0.30) per 2023 Unit (the "Offering Price"), for gross proceeds of \$6,032,880 (C\$8,100,000). The Company also issued an additional 4,050,000 2023 Units at the Offering Price, for additional gross proceeds of \$904,932 (C\$1,215,000), in connection with the exercise in full of the overallotment option. Each 2023 Unit is comprised of one Common Share and one half of one Common Share purchase warrant (each, a "2023 Warrant"). Each 2023 Warrant is exercisable into one Common Share at a price of \$0.34 (C\$0.45) per Common Share and expires on February 9, 2026. In connection with the Prospectus Offering, the Company paid underwriters' commissions equal to 5% of the gross proceeds from the sale of the 2023 Units pursuant to the Prospectus Offering, subject to a reduced cash commission of 2.5% of the gross proceeds from the sale of the 2023 Units to certain president's list purchasers.
- The 2023 Warrants commenced trading on the TSXV at the open markets on February 27, 2023, under the trading symbol "AGMR.WT.A".
- On March 21, 2023, the Company announced that it had entered into an amended and restated advertising agreement dated March 20, 2023 (the "Agreement") with Gold Standard, amending and restating the Company's prior advertising agreement with Gold Standard dated September 12, 2022 (the "Original Agreement"). Pursuant to the Agreement, Gold Standard agreed to provide the Company with certain additional advertising services in consideration for an aggregate fee of \$200,000, which additional fee shall be payable in six (6) installments of \$33,333 (with the sixth and final installment in the amount of \$33,335), payable weekly during each of the first six (6) weeks following the date of the Agreement. Aside from the provision of the Additional Services and the payment of the Additional Fee, the terms and conditions of the Original Agreement remain unchanged.

- On April 1, 2023, the Company appointed Alvaro Espinoza as Chief Executive Officer of the Company. In connection with his appointment, the Company granted stock options to Mr. Espinoza to purchase up to 650,000 common shares of the Company, exercisable at C\$0.38 per share and expiring April 1, 2027. In connection with the appointment of Mr. Espinoza, Alfredo Bazo resigned from his role as President and Chief Executive Officer of the Company, effective April 1, 2023. Mr. Bazo also resigned from the Company's board of directors.

## Operational Overview

### Past Production Mine

AGMR Peru has two main underground mines: Reliquias and Caudalosa. Both assets have recorded historical mining activity from 1952 to 2014 with polymetallic production rich in silver also comprising zinc, lead, gold, and copper. Production reached on average over 1 million ounces of silver and close to 3,000 ounces of gold between 2009 to 2014. Moreover, in 2012, an average of 1.4 million ounces of silver and around 4,000 ounces of gold were obtained within a bulk concentrate. At that time, the chosen mining methods were long-hole open stoping and conventional cut-and-fill.

The Reliquias underground mine is located 10 km SW from the existing processing plant. The mine is currently accessible through a ramp, decline, and various haulage levels. Mineralization consists of silver-rich sulfides and sulfosalts towards the upper part of the mine and shows increasing concentrations of base metals at depth. On the other hand, the Caudalosa underground mine, exploited ore that is mainly composed of silver-rich sulfides and sulfosalts, galena, sphalerite, and minor copper sulfides.

The Reliquias and Caudalosa mines have exploration potential not only at depth, but also along strike for extensions of veins that were mined during operations. The mineralization that is exposed in the Meteysaca, Sacasipuedes and Mataballo veins is particularly attractive, making the Project an interesting underground exploration prospect, as all three veins remain open laterally and at depth.

Historical mineral resources reported by AGMR have been prepared for internal exploration planning purposes and are summarized in the table below. Mineral resources, although not independently calculated, are of reasonable quality for the purposes of exploration programs and mine planning particularly at the Reliquias mine.

### NI 43-101 Technical Report Mineral Resource Estimate for the Reliquias Mine

Resource	Volume	Grades					Contained Metal				
		Silver	Gold	Zinc	Lead	Copper	Silver	Gold	Zinc	Lead	Copper
	<i>kt</i>	<i>g/t</i>	<i>g/t</i>	%	%	%	<i>koz Ag</i>	<i>koz Au</i>	<i>Mlb Zn</i>	<i>Mlb Pb</i>	<i>Mlb Cu</i>
Measured	107	104.9	0.3	3.5%	2.3%	0.3%	362	1.2	8.2	5.3	0.7
Indicated	754	99.9	0.2	3.3%	2.5%	0.4%	2,421	5.9	55.3	41.9	6.8
<b>M&amp;I</b>	<b>861</b>	<b>100.5</b>	<b>0.3</b>	<b>3.3%</b>	<b>2.5%</b>	<b>0.4%</b>	<b>2,783</b>	<b>7.1</b>	<b>63.5</b>	<b>47.2</b>	<b>7.5</b>
Inferred	969	99.6	0.2	2.7%	1.9%	0.3%	3,103	6.6	57.5	41.4	7.3

For additional information, please refer to the Company's news release dated April 12, 2023. A technical report prepared in accordance with NI 43-101 will be filed on SEDAR ([www.sedar.com](http://www.sedar.com)) under the Company's issuer profile within 45 days of the date of such news release.



## Historical Resource Estimate – Castrovirreyna Project<sup>(1)</sup>

Resource	Volume	Grades				Contained Metal			
		Silver	Zinc	Lead	Copper	Silver	Zinc	Lead	Copper
	<i>kt</i>	<i>g/t</i>	%	%	%	<i>Moz Ag</i>	<i>Mlb Zn</i>	<i>Mlb Pb</i>	<i>Mlb Cu</i>
Measured	337	254	3.6%	2.7%	0.6%	2.9	26.4	19.9	4.2
Indicated	401	301	3.4%	2.2%	0.5%	3.9	30.2	19.8	4.6
<b>M&amp;I</b>	<b>737</b>	<b>284</b>	<b>3.5%</b>	<b>2.4%</b>	<b>0.5%</b>	<b>6.7</b>	<b>56.6</b>	<b>39.7</b>	<b>8.8</b>
Inferred	2,286	416	3.1%	2.7%	1.7%	30.6	153.9	137.0	84.9

### Notes:

(1) (i) Historical resource estimates have been classified in accordance with the CIM Definition Standards; (ii) Historical resource estimates are not Mineral Reserves or Mineral Resources and do not have demonstrated economic viability. All figures are rounded to reflect the relative accuracy of the estimates; (iii) Information is as of July, 2019 Source: Sociedad Minera Reliquias SAC, the information is based on RM-Master Pro Quality, C. Rodriguez, Abr19; RM-Master Pro Quality, C. Rodriguez, Jul19; (iv) Antonio Cruz Bermudez, MAIG 7065, a "qualified person" (as defined in NI 43-101) considers that the historical resource estimates are relevant for the proper understanding of the Project and additional exploration, including drilling, could be needed to verify the historical estimate as current Mineral Resources; (v) A qualified person has not done sufficient work to classify the historical estimate as current Mineral Resources or Mineral Reserves; and (vi) The Company is not treating the historical estimate as current Mineral Resources or Mineral Reserves. "CIM Definition Standards" means the Canadian Institute of Mining, Metallurgy and Petroleum Definition Standards for Mineral Resources and Mineral Reserves adopted by CIM Council on May 10, 2014, which are incorporated by reference in NI 43-101.

For additional information about the Project, please refer to the Company's NI 43-101 technical report entitled "National Instrument 43-101 Technical Report – Castrovirreyna Project, Peru", dated October 6, 2021 and amended November 18, 2021 with an effective date of August 17, 2021, which is available on the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com).

## Exploration Properties

### Reliquias

After the acquisition of the Project, AGMR Peru has conducted exploration work that consisted of geological mapping, surface rock chip sampling, and the reconstruction of historical geological data. Geological evaluation also included preliminary non-compliant mineral resource assessments for the historic Reliquias and Caudalosa underground mines. Furthermore, the Company obtained the required drill permits to expand exploration work on brownfield targets in the vicinity of Reliquias. Between April and December 2022, AGMR conducted an underground drilling program for a total of 16,955 meters ("m"). Simultaneously, an extensive underground channel sampling program was carried out, which together with the drilling and other exploration activities was aimed at converting historical resources into NI 43-101 compliant resources. Underground rehabilitation of historic mine workings and detailed topographic surveys have started to expand the Company's knowledge of the Reliquias Underground Mine and provide access to other prospective vein structures. The results of the current work will form the basis for the Company's production strategy. The Company has delivered high grade drilling results since June 2022 in both Matabalillo and Sacasipuedes veins. Furthermore, the drilling results have been in line with the historic information, giving a higher level of certainty regarding the past geological data.

Highlights of drilling results from the 2022 campaign include the following intercepts\*:

**Matacaballo Vein<sup>1</sup>:**

- 10.40 m @ 51.9g/t Ag, 0.24% Cu, 2.95% Pb, 4.82% Zn, 0.17g/t Au, in drill hole SMR-001-22-MTC including 2.25 metres with 84.5 g/t Ag, 0.49% Cu, 4.24% Pb, 9.45% Zn, 0.1g/t Au;
- 9.20 m @ 51.9g/t Ag, 0.41% Cu, 0.87% Pb, 1.42% Zn, 0.13g/t Au, including 1.25m @ 175.99g/t Ag, 1.64% Cu, 1.8% Pb, 4.03% Zn, 0.42g/t Au, in drill hole SMR-03-22-MTC
- 3.78 m @ 88.94g/t Ag, 0.75% Cu, 3.9% Pb, 3.57% Zn, 0.06g/t Au, including 1.50m @ 174.3g/t Ag, 1.54% Cu, 6.4% Pb, 3.13% Zn, 0.09g/t Au, in hole SMR-10-22-MTC
- 7.58 m @ 45.4 g/t Ag, 0.34% Cu, 4.54% Pb, 5.59% Zn, 0.03 g/t Au, including 1.40 m @ 116.1 g/t Ag, 0.55% Cu, 12.97% Pb, 19.77% Zn, 0.06 g/t Au, in drill hole SMR-17-22-MTC
- 0.65m @ 488g/t Ag, 1.2% Cu, 15.7% Pb, 9.7% Zn, 0.15g/t Au, in drill hole SMR-25-22-MTC

**Sacasipuedes Vein<sup>1</sup>:**

- 1.00 m @ 235g/t Ag, 0.56% Cu, 4.2% Pb, 5.1% Zn, 0.09 g/t Au; in drill hole SMR-002-22-SCS
- 5.25 m @ 82.51g/t Ag, 0.56% Cu, 3.41% Pb, 5.42% Zn, 0.09 g/t Au, in drill hole SMR-018-22-SCS
- 1.40 m @ 205.0 g/t Ag, 0.76% Cu, 13.5% Pb, 17.8% Zn, 0.30 g/t Au, in drill hole SMR-016-22-SCS;

**Metseysaca Vein<sup>1</sup>:**

- 1.55 m @ 812.7 g/t Ag, 0.27% Cu, 0.75% Pb, 2.17% Zn, 0.36 g/t Au, in drill hole SMR-57-22-MTS
- 0.85 m @ 434.8 g/t Ag, 0.13% Cu, 1.28% Pb, 2.11% Zn, 0.29 g/t Au, in drill hole SMR-58-22-MTS
- 1.10 m @ 244.8 g/t Ag, 0.59% Cu, 3.85% Pb, 7.72% Zn, 0.65 g/t Au, in drill hole SMR-55-22-MTS

**Ayayay Vein:**

- 1.55 m @ 742.3 g/t Ag, 0.25% Cu, 1.5% Pb, 1.4% Zn, 0.26 g/t Au, in drill hole SMR-49-22-SCS

**Sorpresa Vein:**

- 1.35 m @ 248.4 g/t Ag, 1.09% Cu, 2.2% Pb, 3.7% Zn, 0.35 g/t Au, in drill hole SMR-30-22-SCS

**Dorita**

Previous exploration work consisted of geological mapping, rock and soil sampling, induced polarization and magnetic geophysical surveys. The Dorita block of properties includes mining concessions that contain historic small scale underground operations in veins with polymetallic ore. Previous exploitation activities were carried out under the ownership of CMC; however, these operations were suspended in the late 1980s. During 2022, AGMR conducted exploration work consisting in excess of 14 km<sup>2</sup> of geological mapping, extensive rock sampling programs, and preparation of the most promising geological targets for future drilling. Additionally, the Company has completed underground channel sampling at accessible mine workings. AGMR is working to obtain the required permits to expand its exploration activities in this area, including geophysical surveys and drilling. Archaeological permits, which are a prerequisite for drilling, were received in December 2022. In July 2022, AGMR received geochemical results confirming prospective zones of gold and silver mineralization, identified through rock channel sampling at the former Dorita mine and newly identified sub-parallel zones of mineralization at North Dorita.

<sup>1</sup> All drill holes are diamond core holes with HQ or NQ core diameters. Drill core is collected at the underground drill site where recovery measurements are taken before the core is transported by truck to the core logging facility at the Caudalosa Grande mine camp, where it is photographed and geologically logged. The core is then cut in half with a diamond saw blade with half the sample retained in the core box for future reference and the other half placed into a pre-labelled plastic bag, sealed with a plastic zip tie, and identified with a unique sample number. The core is typically sampled over a 1-2 metre sample interval unless the geologist determines the presence of an important geological contact. The bagged samples are then stored in a secure area pending shipment to a certified laboratory sample preparation facility. Samples are sent by batch to the ALS laboratory in Lima. The Company independently inserts certified control standards, fine and coarse blanks, and duplicates into the sample stream to monitor data quality. These standards are inserted "blindly" to the laboratory in the sample sequence prior to departure from the core storage facilities. At the laboratory, samples are dried, crushed, and pulverized and then analyzed using a fire assay-AA finish analysis for gold and a full multi-acid digestion with ICP-AES analysis for other elements. Samples with results that exceed maximum detection values for the main elements of interest (Ag, Zn, Pb, Cu) are re-analyzed using precise ore-grade ICP analytical techniques, while high gold values are re-analyzed by fire assay with a gravimetric finish.



### Some encouraging results include<sup>2</sup>:

- 5.01 m @ 2.2 g/t Au and 36.44 g/t Ag in channel CN-44
- 5.46 m @ 1.49 g/t Au and 17.61 g/t Ag in channel CN-27
- 2.83 m @ 1.95 g/t Au and 64.49 g/t Ag in channel CN-69

The following table provides more detail regarding the mineralized intercepts encountered in channel samples:

Channel	Width (m)	Au g/t	Ag g/t	Cu ppm	Pb ppm	Zn ppm
CN-19	1.87	1.58	19.47	38.22	13.56	36.74
CN-22	2.87	0.72	8.46	96.12	16.12	11.2
CN-27	5.46	1.49	17.61	35.36	13.06	26.36
CN-29	6.96	1.05	10.6	36.99	22.75	18.07
CN-35	1.01	2.91	44.18	33.33	3.79	17.88
CN-37	1.9	0.77	13.01	62.96	24.56	24.25
CN-44	5.01	2.2	36.22	96.06	3,769.85	294.13
CN-50	5.76	1.6	17.13	32.09	1,361.42	413.11
CN-69	2.83	1.95	64.49	38.99	166.29	179.64

### El Milagro

The central area of El Milagro project comprises 1,500 ha, while additional mining properties are in the process of permitting. The project is located 40 km southeast of the Reliquias deposit. This area has been explored by several major mining companies in Peru, based on polymetallic Ag-Pb-Zn mineralization exposed as carbonate replacement bodies and in the form of tabular fracture fill. Historical exploration work including diamond drilling, underground development, and rock sampling returned interesting polymetallic results with high zinc grades. The Company is currently evaluating the historical information to better understand the geological potential of this zone. The review of the property in 2022 led to the completion of a NI 43-101 compliant technical report, identifying historical resources in the central part of the project (see table below). El Milagro is part of AGMR's consolidation and growth strategy.

### Historical Inferred Resource Estimate – El Milagro Project

COG Zinc Eq	Tonnes	Zinc Eq	Silver	Zinc	Lead
%	t	%	oz/t	%	%
≥ 1%	873,259	5.49%	2.01	2.78%	1.10%
≥ 2%	700,444	6.53%	2.38	3.30%	1.32%
≥ 3%	617,905	7.06%	2.55	3.58%	1.44%
≥ 4%	487,778	8.02%	2.97	3.93%	1.71%

### Lira de Plata

In October 2022, the Company entered into a purchase agreement to acquire a 100% interest in the Lira de Plata project from Pan American Silver Corp. for a cash consideration of US\$80,000. The project includes a land package comprised of 14 mining concessions covering a total area of 800 ha. The concessions are located on the western end of the Castrovirreyna mining district in the vicinity of the Reliquias mine, which allows the Company to further consolidate its land holdings on the Reliquias block.

<sup>2</sup> All surface rock samples were collected with an electric diamond saw, typically over a 1-meter sample interval. The sample bags were sealed with a plastic zip tie and identified with a unique sample number, pending shipment to a certified laboratory sample preparation facility. Samples are sent by batch to the ALS laboratory in Lima for assaying. The Company independently inserts certified control standards, fine and coarse blanks, and duplicates into the sample stream to monitor data quality. These standards are inserted "blindly" to the laboratory in the sample sequence prior to departure from the storage facilities. At the laboratory samples are dried, crushed, and pulverized and then analyzed using a fire assay-AA finish analysis for gold and a full multi-acid digestion with ICP-AES analysis for other elements. Samples with results that exceed maximum detection values for the main elements of interest (Ag, Zn, Pb, Cu) are re-analyzed using precise ore-grade ICP analytical techniques, while high gold values are re-analyzed by fire assay with a gravimetric finish.

The silver-rich veins at Lira de Plata were mined intermittently until the 1970s. After picking up the property, Pan American Silver conducted reconnaissance work including 130 rock channel samples and identified several outcropping epithermal veins, highlighting the exploration potential for silver and base metals at Lira de Plata. The Company believes that the vein structures at Lira de Plata are similar to the Ag-Pb-Zn-Cu veins at the Reliquias mine. The Company is planning to conduct geological mapping and sampling at Lira de Plata with the purpose of identifying potential drill targets.

\* The full set of drill results is available electronically on SEDAR ([www.sedar.com](http://www.sedar.com)) under AGMR's issuer profile and AGMR's website ([www.agmr.ca](http://www.agmr.ca)).

### Exploration and Acquisition Costs

	Reliquias	Greenfield Dorita	Other	Total
<b>Balance, December 31, 2020</b>	<b>\$ 4,474,419</b>	<b>\$ 1,975,609</b>	<b>\$ 546,112</b>	<b>\$ 6,996,140</b>
<b>Exploration costs</b>				
General on-site expenses	48,939	93,995	-	142,934
Geology	82,247	13,906	-	96,153
Environmental fees	127,900	-	-	127,900
Outsourced geological studies	110,326	137,494	-	247,820
Right of use	364,520	302,278	19,938	686,736
Salaries and benefits	33,630	41,656	-	75,286
	<b>\$ 767,562</b>	<b>\$ 589,329</b>	<b>\$ 19,938</b>	<b>\$ 1,376,829</b>
<b>Acquisition costs</b>				
Mining rights	23,496	11,556	7,745	42,797
Extinguished rights (i)	(108,833)	(16,512)	409	(124,936)
<b>Balance, December 31, 2021</b>	<b>\$ 5,156,644</b>	<b>\$ 2,559,982</b>	<b>\$ 574,204</b>	<b>\$ 8,290,830</b>
<b>Exploration costs</b>				
Depreciation	7,566	-	-	7,566
Drilling	1,908,266	-	-	1,908,266
Mine rehabilitation	1,042,719	-	56,128	1,098,847
General on-site expenses	1,470,829	187,623	30,219	1,688,671
Geological mapping, sampling & other	524,493	305,099	-	829,592
Right of use	344,232	212,347	16,998	573,577
Salaries and benefits	401,964	147,416	9,546	558,926
Topography and geophysics	195,765	42,393	-	238,158
Complementary environmental services	244,763	20,602	-	265,365
	<b>\$ 6,140,597</b>	<b>\$ 915,480</b>	<b>\$ 112,891</b>	<b>\$ 7,168,968</b>
<b>Acquisition costs</b>				
Mining rights	89,495	48,919	3,125	141,539
<b>Balance, December 31, 2022</b>	<b>\$ 11,386,736</b>	<b>\$ 3,524,381</b>	<b>\$ 690,220</b>	<b>\$ 15,601,337</b>

- (i) The Company decided to withdraw six mining concessions in Reliquias (3,000 ha) and five mining concessions in Dorita (4,600 ha) totaling eleven mining concessions (7,600 ha) that had minimal or non-geological potential. The local authorities confirmed the withdrawal by the end of 2021.

### Selected Annual Financial Information

	Year Ended December 31, 2022 (\$)	Year Ended December 31, 2021 (\$)	Year Ended December 31, 2020 (\$)
Revenue	nil	nil	nil
Net loss	(5,262,122)	(2,143,160)	(818,469)
Net loss per share – basic and diluted	(0.03)	(0.02)	(0.01)
	As at December 31, 2022 (\$)	As at December 31, 2021 (\$)	As at December 31, 2020 (\$)
Total assets	27,751,151	16,902,934	8,467,429
Total long-term liabilities	488,201 <sup>(i)</sup>	1,137,652	2,038,415

(i) Warrant Liability (Note 13 of the Audited Consolidated Financial Statements as of December 31, 2022) generated in 2022 of \$488,201

### Summary of Quarterly Results

(In thousands of United States dollars, except per share amounts)

For the period ended (\$ '000)	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
Current assets <sup>1</sup>	\$ 9,718	\$ 13,724	\$ 18,162	\$ 22,048
Total assets <sup>1</sup>	\$ 27,751	\$ 28,533	\$ 31,011	\$ 32,742
Current liabilities	\$ 2,143	\$ 1,851	\$ 1,856	\$ 920
Total liabilities	\$ 2,631	\$ 2,526	\$ 3,498	\$ 1,974
Working capital* <sup>1</sup>	\$ 7,575	\$ 11,873	\$ 16,306	\$ 21,128
Revenues	\$ -	\$ -	\$ -	\$ -
Net (loss) income after restatement <sup>1</sup>	\$ (1,040)	\$ (1,690)	\$ (3,409)	\$ 877
Loss per share (basic & diluted)	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.00)
Common shares outstanding	186,419,860	186,419,860	186,419,860	186,419,860

\*Working capital is a non-IFRS measurement with no standardized meaning under IFRS. For further information and a detailed reconciliation, please see section "Non-IFRS Measure".

1. Net (loss) income for the interim periods ended September 30, 2022, June 30, 2022, and March 31, 2022 and current assets, total assets and working capital have been restated to correctly reflect the prepayment for a 24-month advertising agreement. Previously, this payment was expensed in the period that it was paid rather than being recorded as a prepaid expense for that portion of the payment that relates to future months of the 24-month agreement. This restatement resulted in a reduction in net loss for the March 31, 2022 interim period of \$1,192, and an increase in net loss for the June 30, 2022 and September 30, 2022 interim periods of \$182 and \$190 respectively. This restatement resulted in an equal and offsetting increase in current assets, total assets and working capital at each interim period as a result of the recording of the related prepaid expense.

(In thousands of United States dollars, except per share amounts)

<i>For the period ended</i> (\$ '000)	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
Current assets	\$ 7,424	\$ 8,375	\$ 8,863	\$ 702
Total assets	\$ 16,903	\$ 17,220	\$ 17,727	\$ 10,404
Current liabilities	\$ 2,000	\$ 1,387	\$ 1,221	\$ 719
Total liabilities	\$ 3,138	\$ 2,641	\$ 2,631	\$ 3,536
Working capital*	\$ 5,424	\$ 6,988	\$ 7,643	\$ (17)
Revenues	\$ -	\$ -	\$ -	\$ -
Net loss	\$ (914)	\$ (541)	\$ (400)	\$ (288)
Loss per share (basic & diluted)	\$ (0.02)	\$ (0.00)	\$ (0.04)	\$ (0.00)
Common shares outstanding	133,519,860	133,519,860	133,519,860	74,999,890

\*Working capital is a non-IFRS measurement with no standardized meaning under IFRS. For further information and a detailed reconciliation, please see section "Non-IFRS Measure".

## Results of Operations

### Three months ended December 31, 2022, compared with three months ended December 31, 2021

AGMR's net loss totaled \$1,040,044 for the three months ended December 31, 2022, with basic and diluted loss per share of \$0.01. This compares with a net loss of \$914,353 with basic and diluted loss per share of \$0.01 for the three months December 31, 2021. The increase of \$125,691 was principally due to:

- During the three months ended December 31, 2022, the Company incurred general and administrative expenses of \$1,179,717 compared to \$567,048 for the three months ended December 31, 2021. The increase of \$612,669 is due to an increase in the Company's operating activities. The Company had a significant increase in activities upon closing of the IPO on February 2, 2022. The increase was primarily driven by increases in professional fees of \$347,247, salaries and benefits of \$205,105, and advertising and marketing of \$92,140.
- During the three months ended December 31, 2022, the Company recorded extinguished mining rights of \$nil compared to \$124,936 for the three months ended December 31, 2021. The decrease is due to the Company deciding to withdraw six mining concessions in Reliquias (3,000 ha) and five mining concessions in Dorita (4,600 ha) totaling eleven mining concessions (7,600 ha) that had minimal or non-geological potential during the three months ended December 31, 2021. The local authorities confirmed the withdrawal by the end of 2021. The Company did not withdraw any mining concessions during the three months ended December 31, 2022.
- During the three months ended December 31, 2022, the Company recorded financial expenses of \$6,227 compared to \$131,291 for the three months ended December 31, 2021. The decrease is due to a decrease in accretion on Trafigura loan payable during the three months ended December 31, 2022, as the Company had repaid the full amount of the outstanding loan with Trafigura on March 1, 2022.
- During the three months ended December 31, 2022, the Company recorded foreign exchange gain of \$103,503 compared to \$8,803 for the three months ended December 31, 2021.
- During the three months ended December 31, 2022, the Company recorded an unrealized gain on revaluation of warrant liabilities of \$195,280 compared to \$nil for the three months ended December 31, 2021. The increase is due to the revaluation of warrants granted in connection with the IPO, subsequently valued at its trading market price as of December 31, 2022.

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## Year ended December 31, 2022, compared with year ended December 31, 2021

AGMR's net loss totaled \$5,262,122 for the year ended December 31, 2022, with basic and diluted loss per share of \$0.03. This compares with a net loss of \$2,143,160 with basic and diluted loss per share of \$0.02 for the year ended December 31, 2021. The increase of \$3,118,962 was principally due to:

- During the year ended December 31, 2022, the Company incurred general and administrative expenses of \$5,757,696 compared to \$1,372,327 for the year ended December 31, 2021. The increase of \$4,385,369 is due to an increase in the Company's operating activities. The Company had a significant increase in activities upon closing of the IPO on February 2, 2022. The increase was primarily driven by increases in salaries and benefits of \$1,055,734, operational expenses of \$874,332, professional fees of \$819,655, administrative expenses of \$477,635, advertising and marketing of \$379,610, and filing and listing fees of \$334,211.
- During the year ended December 31, 2022, the Company recorded share-based compensation of \$632,045 compared to \$113,995 for the year ended December 31, 2021, due to the vesting of stock options granted. Share-based compensation will vary from period to period depending upon the number of options granted and vested during a period and the fair value of the options calculated as at the grant date.
- During the year ended December 31, 2022, the Company recorded foreign exchange loss of \$896,460 compared to \$120,450 for the year ended December 31, 2021. The increase of \$776,010 is primarily due to the proceeds from the IPO being received in Canadian dollars resulting in increased exposure to foreign exchange rate fluctuations, and a weaker Canadian dollar during the year ended December 31, 2022.
- During the year ended December 31, 2022, the Company recorded an unrealized gain on revaluation of warrant liabilities of \$2,562,736 compared to \$nil for the year ended December 31, 2021. The increase is due to the revaluation of warrants granted in connection with the IPO, subsequently valued at its trading market price as at December 31, 2022.

## Outlook

The operational outlook below and described herein reflects the Company's current operations.

The Company has successfully raised \$37.7 million since May 7, 2021, including gross proceeds of \$6.9 million (C\$9.3 million) from the Prospectus Offering on February 9, 2023, the IPO gross proceeds of \$20.8 million (C\$26.5 million) on February 2, 2022, and the private placement transaction proceeds of \$10 million on May 7, 2021. The proceeds from these financings have been and will be used to develop the Project. This includes the development of the Reliquias Underground mine, exploration activities, environmental and social permits, the refurbishment works related to the 2,000 tpd concentrator plant, and general and administrative expenses. These budgeted cash outflows are mainly discretionary; amounts could change and be managed by the Company based on market conditions and the Company's needs.

After a successful exploration and drilling campaign was completed in the Reliquias underground mine during 2022, the Company announced the issuance of an initial NI 43-101 compliant Mineral Resource estimate on April 12, 2023. The report is dated as of March 18, 2023, with an effective date of March 27, 2023. This estimate includes information received up to December 16, 2022.

After mid-December 2022, AGMR has continued conducting additional underground drilling activities in Reliquias. This includes a 3,000-m infill drilling campaign with a smaller rig, to further delineate the principal structures as well as to recognize vein splays and tensional structures. In 2023, the Company expects to extend the drilling program by adding two larger drill rigs, with an additional 8,000 m of underground drilling. The objective of this drill program is to evaluate especially the eastern part of the Reliquias deposit, where the Perseguida, Pasteur, and Vulcano vein structures were historically mined on various underground levels but remain open laterally and at depth. With timing depending on approval of surface drill permits, the Company plans to drill a further 3,000 m to investigate the potential to add near-surface, potentially open-pit resources at the higher levels of the Reliquias deposit.

Together with ongoing mine rehabilitation and development, the detailed underground mapping and channel sampling program will continue. The development of the principal underground infrastructure such as haulage levels, drifts, and access ramps are programmed to commence in Q2-2023, while the refurbishment of the metallurgical plant is continuing throughout 2023. In late Q3-2023, AGMR expects to complete a Preliminary Economic Analysis (PEA). This study will include an updated resource estimate, geotechnical and hydrological studies of the Reliquias mine, an update of the existing studies on the tailings dam stability, and environmental baseline studies.

The Company intends to expand the brownfield exploration program around the large, underexplored Reliquias and Caudalosa concession block. This includes advancing the highly prospective Yahuarcocha – Guanajato porphyry copper target.

### Initial Public Offering Use of Proceeds

There have been no major variances in the estimated use of proceeds from the net proceeds of the IPO and other available funds since the date of the Company's long form prospectus dated January 26, 2022 (the "Long Form Prospectus") that materially impact the Company's ability to achieve its business objectives and milestones. The following is a tabular comparison of the use of available funds disclosed in the Long Form Prospectus and the estimated use of such funds by the Company subsequent to the filing of the Long Form Prospectus. On December 31, 2022, the daily exchange rate for the United States dollar in terms of Canadian dollars, as quoted by the Bank of Canada, was US\$1.00 = \$1.3544.

*(In millions of United States dollars, except otherwise stated)*

Principal Purpose	IPO Use of Proceeds		Expenses as at December 31, 2022		Remaining Proceeds to Use	
	C\$	US\$	US\$	US\$	US\$	US\$
Resource Upgrade & Exploration	\$ 18.6	\$ 13.7	\$ 8.4	\$ 5.3		
Plant Refurbishment	3.0	2.2	-	2.2		
Tailings Dam	0.6	0.4	-	0.4		
Mine Concession Rights	0.5	0.4	0.7	(0.3)		
Permits and Studies	0.4	0.3	0.3	-		
Working Capital	2.8	2.1	2.9	(0.8)		
Trafigura Loan	3.3	2.4	2.9	(0.5)		
Communities	0.3	0.2	0.1	0.1		
General Corp. Purposes (OAO)	4.0	2.9	0.5	2.4		
<b>Total</b>	<b>\$ 33.5</b>	<b>\$ 24.6</b>	<b>\$ 15.8</b>	<b>\$ 8.8</b>		

In addition, there have been no material adjustments to the cost or timing of the business milestones previously disclosed in the Long Form Prospectus. The following table summarizes the business objectives and milestones disclosed in the Long Form Prospectus, including the status of the milestones and expenditures made on the milestones to date.



(In millions of United States dollars, except otherwise stated)

Business Objective	Milestone(s) that must occur for Business Objective to be Accomplished	Target Date	Expenditures to Date	Estimated Remaining Cost to Complete
Upgrade Resource	Commencement of diamond drill hole and stage one exploration program	Completed	\$8.4	\$5.3
	Obtain first results from diamond drill hole program	Completed		
	Complete stage one exploration program	Completed		
	Commence stage two exploration of brownfield and greenfield projects	Q2-2023		
Refurbish Plant	Begin refurbishment of processing plant	Q4-2023	\$0.0	\$2.2
	Complete refurbishment of processing plant	Q1-2024		
Prepare Tailings Dam for Upgrade	Begin preparation of tailings dam for proposed upgrades	Q2-2023	\$0.0	\$0.4

The Company confirms that there have been no material variances in the estimated use of proceeds from the net proceeds of the Prospectus Offering since the date of the Company's prospectus supplement dated February 6, 2023. In addition, there have been no material adjustments to the cost or timing of the business milestones previously disclosed in such prospectus supplement.

### Liquidity and Capital Resources

The Company has no operating revenues. It finances its exploration and ramp-up activities through proceeds from the initial private placement of its securities, the IPO proceeds, and the proceeds from the Prospectus Offering. There is no assurance that future equity capital will be available to the Company in the amounts or at the times desired by the Company or on terms that are acceptable to it, if at all.

The Company's cash and cash equivalents were \$8,770,989 as at December 31, 2022, compared to \$6,990,383 as at December 31, 2021. Working capital as at December 31, 2022, was \$7,574,493 compared to \$5,423,547 as at December 31, 2021. Working capital increased during the year ended December 31, 2022, by \$2,150,946. The increase was primarily attributed to the net proceeds of \$19,505,638 received from the IPO.

### Operating Activities

Cash used in operating activities for the year ended December 31, 2022, was \$8,824,390 compared to \$1,364,825 for the same period in 2021. The change in outflows were mainly attributable to a net loss of \$5,262,122, non-cash adjustments of \$1,253,687 and non-cash working capital items of \$2,308,581. Non-cash adjustments were mainly driven by depreciation of \$225,885, share-based compensation of \$632,045, accretion on Trafigura loan payable of \$519,099 and offset by unrealized gain on revaluation of warrant liabilities of \$2,562,736. The net change in non-cash working capital balances resulted from an increase in amounts receivable and other assets to \$1,304,309, an increase in prepaid expenses of \$676,959 and an increase in accounts payable and other liabilities to \$327,313.

### Investing Activities

Cash used in investing activities for the year ended December 31, 2022, was \$5,956,614 compared to \$1,299,444 for the same period in 2021. For the year ended December 31, 2022, the Company incurred \$5,411,421 of exploration and evaluation costs, pledged restricted cash of \$247,046, purchased mining concessions and purchased property, plant, and equipment of \$141,539 and \$168,608, respectively. These expenditures were partially and offset by proceeds from the disposal of property, plant and equipment of \$12,000.

## Financing Activities

Cash provided by financing activities for the year ended December 31, 2022, was \$16,561,610 compared to \$9,451,042 for the same period in 2021. For the year ended December 31, 2022, the Company received net proceeds of \$19,505,638 in connection with the IPO, a portion of which was used to repay the loan of \$2,944,028 from Trafigura.

## Financial Instruments

Accounting standards define a financial instrument as any financial asset and liability of a company, considering as such cash, accounts receivable, and accounts payable, among others.

In the opinion of management, the fair value of its financial instruments is not significantly different from their respective carrying amounts as at December 31, 2022 and 2021. Therefore, the disclosure of such information does not affect the consolidated financial statements on those dates.

The following are the amounts of financial assets and liabilities in the consolidated statements of financial position, classified by category:

	As at December 31, 2022			As at December 31, 2021		
	At fair value through profit or loss	At amortized cost	Total	At fair value through profit or loss	At amortized cost	Total
<b>ASSETS</b>						
Cash and cash equivalents	\$ 8,770,989	\$ -	\$ 8,770,989	\$ 6,990,383	\$ -	\$ 6,990,383
Amounts receivable and other assets	-	79,760	79,760	-	40,054	40,054
	<b>\$ 8,770,989</b>	<b>\$ 79,760</b>	<b>\$ 8,850,749</b>	<b>\$ 6,990,383</b>	<b>\$ 40,054</b>	<b>\$ 7,030,437</b>

	As at December 31, 2022			As at December 31, 2021		
	At fair value through profit or loss	At amortized cost	Total	At fair value through profit or loss	At amortized cost	Total
<b>LIABILITIES</b>						
Amounts payable and other payables	\$ -	\$ 2,143,215	\$ 2,143,215	\$ -	\$ 720,547	\$ 720,547
Loan payable	-	-	-	-	2,417,365	2,417,365
Warrant liabilities	488,201	-	488,201	-	-	-
	<b>\$ 488,201</b>	<b>\$ 2,143,215</b>	<b>\$ 2,631,416</b>	<b>\$ -</b>	<b>\$ 3,137,912</b>	<b>\$ 3,137,912</b>

## Fair value hierarchy

To increase the consistency and comparability of fair value measurements, a fair value hierarchy has been established that classifies the input data of valuation techniques used to measure fair value into three levels:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets. A quoted price in an active market provides the most reliable evidence of fair value and will be used without adjustment to measure fair value whenever available; and

Level 2: The information is different from the quoted prices included in Level 1. Other techniques are used by which all the data that have a significant effect on the registered fair value are either directly (i.e. as prices) or indirectly (i.e. derived from prices) observable; and

Level 3: Techniques that use data that are not based on observable market data (unobservable inputs) and significantly affect fair value.

The carrying amount of cash and cash equivalents corresponds to its fair value. The Company considers that the carrying amount of amounts receivable and amounts payable and other payables is similar to their fair values due to their maturity in the short-term. The fair value of loan payable approximates the carrying amount at amortized cost using the effective interest method. As at December 31, 2022, the Company did not hold financial instruments recorded at fair value that would require classification within the fair value hierarchy, except for warrant liabilities (Level 1).

### Risk management policies

The Company's activities expose it to a variety of financial risks. The main risks that may adversely affect the Company's financial assets and liabilities, as well as its future cash flows, are liquidity, credit, interest, and exchange rates. The Company's risk management program tries to minimize potential adverse effects. Management is aware of the existing market conditions and, based on its knowledge and experience, reviews, agrees, and controls risks, following the policies approved by the Board of Directors.

Discussions of risks associated with financial assets and liabilities are detailed below:

### Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The Company controls the required liquidity through proper management of the maturities of assets and liabilities in such a way as to achieve a match between the flow of financing, future income, and future payments. The liquidity risk was previously covered by the loan payable.

The following table shows the maturities of financial liabilities at their nominal value:

<b>As at December 31, 2022</b>	<b>Less than one year</b>	<b>More than one year</b>	<b>Total</b>
Amounts payable and other payables	\$ 2,143,215	\$ -	\$ 2,143,215

  

<b>As at December 31, 2021</b>	<b>Less than one year</b>	<b>More than one year</b>	<b>Total</b>
Amounts payable and other payables	\$ 720,547	\$ -	\$ 720,547
Loan payable	1,048,437	1,919,506	2,967,943
	<b>\$ 1,768,984</b>	<b>\$ 1,919,506</b>	<b>\$ 3,688,490</b>

### Credit risk

The Company's financial assets potentially exposed to concentrations of credit risk consist mainly of bank deposits, amounts receivable and tax credits receivable. The Company reduces the probability of significant concentrations of credit risk because it maintains its deposits and places its cash investments in well-established financial institutions and limits the amount of exposure to credit risk in any of the financial institutions. The Company also believes that the risk of loss related to amounts receivable and tax credits receivable is minimal.

### Interest risk

The Company's exposure to this risk is due to changes in interest rates on its financial liabilities.

The Company does not have a formal policy to determine how much of its exposure should be at a fixed rate or a variable rate. However, when assuming new loans or indebtedness, management exercises its criteria to decide whether a fixed or variable rate would be more favorable for the Company for a period of time until it becomes due.

The following shows the sensitivity of the consolidated statements of net and comprehensive loss for the possible effect of changes in the variable interest rate on financial expenses for one year, before income tax, assuming that financial liabilities as of December 31, 2022 and 2021, were renewed at the end and will be maintained for the remainder of the following year:

Changes in basis points	Effect on net and comprehensive loss	
	Year Ended December 31,	
	2022	2021
+ (-) 100	\$ -	\$ (18,460)
+ (-) 200	\$ -	\$ (36,921)

The interest rate sensitivities shown in the table above are illustrative only and are based on simplified scenarios. The figures represent the effect of the pro forma movements in the net financial expense based on the projected scenarios of the yield curve and the interest rate risk profile that the Company currently has. However, this effect does not include the actions taken by management to mitigate the impact of this risk on interest rates.

### Exchange risk

Most transactions are made in U.S. dollars. Exposure to exchange rates comes from some supplier invoices and amounts receivable in Soles, and cash and cash equivalents balances in Canadian dollars. In the consolidated statements of financial position, these items are presented at the end-of-period exchange rate.

To mitigate exposure to foreign exchange risk, cash flows denominated in non-functional currencies are continually reviewed. In general, when the amounts to be paid for purchases in Soles exceed the amount available in that currency, a currency exchange operation is carried out.

Operations in foreign currencies are carried out at the available spot exchange rates. The Company has exposure to Peruvian Soles and Canadian dollars.

The financial assets and liabilities in Soles and Canadian dollars are as follows:

	As at December 31, 2022	As at December 31, 2021
Cash and cash equivalents	\$ 5,919,217	\$ 350,285
Amounts receivable and other assets	79,760	15,398
Prepaid expenses	6,194	-
Amounts payable and other payables	(1,312,507)	(604,741)
Warrant liabilities	(488,201)	-
<b>Net liabilities</b>	<b>\$ 4,204,463</b>	<b>\$ (239,058)</b>

As of December 31, 2022 and 2021, management has decided to assume the exchange risk generated by this position. Therefore, it has not carried out hedging operations with derivative products. During the year ended December 31, 2022, the Company recorded a net foreign exchange difference loss of \$896,460 (year ended December 31, 2021 - \$120,450).

A sensitivity analysis of the profit or loss for the years ended December 31, 2022 and 2021 has been carried out with respect to the effect of a reasonably possible variation in the exchange rate of the Sol on financial assets and liabilities denominated in that currency, considering that all other variables will remain constant. If the Sol exchange rate had increased or decreased with respect to the functional currency according to the percentages in the table below, these would have been the effects on the Company's loss before income tax:

Year Ended December 31, 2022		Year Ended December 31, 2021	
Percentage change in exchange rate	Effect on profit or loss for the year	Percentage change in exchange rate	Effect on profit or loss for the year
+ 5	\$ 210,223	+ 5	\$ 24,163
- 5	\$ (210,223)	- 5	\$ (24,163)

## Related Party Transactions

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties include key management personnel and may be individuals or corporate entities. A transaction is a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions are recorded at the exchange amount, being the amount agreed to between the related parties.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and members of the Board of Directors.

Remuneration of key management personnel of the Company was as follows:

	Year Ended December 31,	
	2022	2021
Management salaries <sup>(1)</sup>	\$ 782,370	\$ 370,983
Director and chair fees <sup>(2)</sup>	278,864	-
Share-based compensation <sup>(3)</sup>	464,202	101,243
	<b>\$ 1,525,436</b>	<b>\$ 472,226</b>

(1) During the year ended December 31, 2022, management salaries of \$568,922 (year ended December 31, 2021 - \$297,648) were expensed as salaries and benefits, and \$213,448 (year ended December 31, 2021 - \$73,335) were capitalized as exploration and evaluation costs.

(2) During the year ended December 31, 2022, director and chair fees of \$278,864 (year ended December 31, 2021 - \$nil) were expensed as salaries and benefits.

(3) During the year ended December 31, 2022, the Company recorded share-based compensation expense of \$464,202 (year ended December 31, 2021 - \$101,243) related to stock options granted to certain officers and directors of the Company.

## Off-Balance Sheet Arrangements

As of the date of this MD&A, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

## Outstanding Share Data

As at April 20, 2023, the Company had 217,469,860 common shares issued and outstanding.

As at April 20, 2023, the Company had 4,070,000 stock options issued and outstanding with an exercise price of \$0.30, 2,970,000 stock options issued and outstanding with an exercise price of C\$0.50, as well as 5,460,000 stock options issued and outstanding with an exercise price of C\$0.38.

As at April 20, 2023, the Company had 16,759,870 warrants issued outstanding with an exercise price of \$0.90, 26,450,000 warrants issued outstanding with an exercise price of C\$0.70, as well as 15,525,000 warrants issued outstanding with an exercise price of C\$0.45.

### **Critical Accounting Policies and Estimates**

The preparation of the Financial Statements in conformity with IFRS requires management to make judgments, estimates and assumptions 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 and the reported amounts of income and expenses for the reporting period. The Company also makes estimates and assumptions concerning the future. The determination of estimates and associated assumptions are based on various assumptions including historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Please refer to the Financial Statements for information on the Company's significant judgements in applying accounting policies as well as significant accounting estimates and assumptions.

### **Disclosure of Internal Controls**

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that (i) the financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the financial statements, and (ii) the financial statements fairly present in all material respects the financial condition, results of operations and cash flow of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

- (i) Controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized, and reported within the time periods specified in securities legislation; and
- (ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with the issuer's GAAP (IFRS).

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

### **Cautionary Note Regarding Forward-Looking Information**

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to



differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement.

Inherent in forward-looking statements are risks, uncertainties, and other factors beyond the Company's ability to predict or control. Please refer to those risk factors referenced in the "Risks and Uncertainties" section below, the "Risk Factors" section of the final long form prospectus in respect of the initial public offering filed and dated January 26, 2022, and the "Risk Factors" section of the short form base shelf prospectus filed and dated November 9, 2022. Readers are cautioned that these do not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether because of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

## **Risks and Uncertainties**

### **Risks and Uncertainties**

The Company's business, being the acquisition, exploration, and development of mineral properties in Peru, is speculative and involves a high degree of risk. Certain factors, including but not limited to the ones described below, could materially affect the Company's financial condition and/or future operating results, and could cause actual events to differ materially from those described in forward looking statements made by or relating to the Company. See "Cautionary Note Regarding Forward-Looking Information". The reader should carefully consider these risks as well as the information and other risk factors contained in the Company's Financial Statements, any annual information form filed by the Company, and the other publicly filed disclosure regarding the Company, available on SEDAR ([www.sedar.com](http://www.sedar.com)) under the Company's issuer profile or on the Company's website ([www.agmr.ca](http://www.agmr.ca)).

### **Asset Retirement Obligation (ARO)**

Upon approval of the Company's Mine Closure Plan by the Peruvian mining authorities, and the restart of mining operations, the Company will be responsible for remediation activities and decommissioning costs resultant from its mining activities upon the termination of its mining operations. No provisions for these activities and costs have currently been recorded since the Company is currently waiting for the approval of its Mine Closure Plan, for which a consulting company and a pool of engineers were hired to assist in the development and analysis of its remediation plan and the related decommission costs as well as the timing of the related activities. Even though these numbers are still subject to change, based on the work done to date, external consultants estimate that the budget for these activities could be between \$9.5M and \$12.5M and that the estimated Life of Mine (LOM) could be between 10 and 15 years. Upon approval of the Company's Mine Closure Plan, a provision for decommissioning will be recognized in the consolidated financial statements that will be based on a discounted value of this range.

### **Non-IFRS Measures**

The Company has included a non-IFRS measure for "working capital" in this MD&A to supplement its financial statements, which are presented in accordance with IFRS. The Company believes that this measure provides investors with an improved ability to evaluate the performance of the Company. Non-IFRS measures do not have any standardized meaning prescribed under IFRS. Therefore, such measures may not be comparable to similar measures employed by other companies. The data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

The Company determined working capital as follows (in thousands of United States dollars):

<i>Reconciliation for the period ended</i>	<b>December 31, 2022</b>	<b>September 30, 2022</b>	<b>June 30, 2022</b>	<b>March 31, 2022</b>
Current assets	\$ 9,718	\$ 13,724	\$ 18,162	\$ 22,048
Less: Current liabilities	\$ 2,143	\$ 1,851	\$ 1,856	\$ 920
Working Capital	\$ 7,575	\$ 11,873	\$ 16,306	\$ 21,128

<i>Reconciliation for the period ended</i>	<b>December 31, 2021</b>	<b>September 30, 2021</b>	<b>June 30, 2021</b>	<b>March 31, 2021</b>
Current assets	\$ 7,424	\$ 8,375	\$ 8,863	\$ 702
Less: Current liabilities	\$ 2,000	\$ 1,387	\$ 1,221	\$ 719
Working Capital	\$ 5,424	\$ 6,988	\$ 7,643	\$ (17)

### International Conflict

International conflict and other geopolitical tensions and events, including war, military action, terrorism, trade disputes and international responses thereto have historically led to, and may in the future lead to, uncertainty or volatility in global commodity and financial markets and supply chains. Russia's invasion of Ukraine has led to sanctions being levied against Russia by the international community and may result in additional sanctions or other international action, any of which may have a destabilizing effect on commodity prices, supply chains and global economies more broadly. Volatility in commodity prices and supply chain disruptions may adversely affect the Company's business, financial condition, and results of operations. The extent and duration of the current Russia-Ukraine conflict and related international action cannot be accurately predicted at this time and the effects of such conflict may magnify the impact of the other risks identified in this MD&A, the financial statements of the Company and the Company's other continuous disclosure documents, including those relating to commodity price volatility and global financial conditions. The situation is rapidly changing and unforeseeable impacts, including on shareholders of the Company, third parties on which the Company relies or transacts with, may materialize, and may have an adverse effect on the Company's business, results of operation and financial condition.

### Recent Unrest in Peru

On December 7, 2022, the Peruvian President Pedro Castillo was removed from office and arrested after a failed attempt to dissolve Peru's Congress, was considerable political unrest in Peru and demonstrations related to the political situation led to multiple clashes between protestors and security forces, resulting in casualties and deaths. The political unrest gave rise to many roadblocks across the country. In addition, in response, some airports across Peru suspended their operations. On December 14, 2022, the Peruvian government declared a national state of emergency for 30 days, which was subsequently extended and remains in effect in parts of the country. To date, the unrest and blockades have subsided and did not interfere with the transport of personnel and supplies to the Project. No assurance can be if new unrest and blockades will take place or whether they will disrupt or interfere with transportation of personnel and supplies in the future. The effect of any such disruption or interference cannot accurately be predicted and could have a significant adverse effect on the Company's results of operations, cashflow from operations and financial condition. Since early March 2023, the sociopolitical situation has improved markedly, and no significant further unrest has taken place in the country.

### Negative Cash Flow from Operations and Need for Additional Financing

To date, the Company has had negative cash flow from operating activities. Although the Company anticipates it will have positive cash flow from operating activities in future periods, it expects it will require additional working capital to fund operating activities. To the extent that the Company has negative cash flow in any future period, certain or all of the net proceeds from financings may be used to fund such negative cash flow from operating activities. The Company may require additional financing to fund its operations to the point where it is generating positive cash flows. Continued negative cash flow may restrict the Company's ability to pursue its business objectives. The Company has historically financed its working capital requirements primarily through equity and debt financings. While the Company has been successful in raising financing in the past, there is no assurance that it will be able to obtain additional financing or that such financing will be available on reasonable terms. In addition, the Company's continued development may require additional financing. The failure to raise such capital could result in the delay or indefinite postponement of current business objectives or the Company going out of business. Additional financing may not be available on favorable terms, or at all. If additional funds are raised through issuances of equity or securities (including debt securities)

convertible into equity, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of Common Shares. In addition, from time to time, the Company may enter into transactions to acquire assets or the shares or securities of other entities. These transactions may be financed wholly or partially with debt, which may temporarily increase the Company's debt levels above industry standards. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions.

#### **Estimating Mineral Resources is Risky**

The information on historical Mineral Resources are estimates only, and no assurance can be given that the anticipated tonnages and grades reported in the Technical Report for the Project will be achieved. Mineral Resource estimates may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing and other factors. There are numerous uncertainties inherent in estimating Mineral Resources, including many factors beyond the Company's control. Estimation is a subjective process, and the accuracy of the Mineral Resource estimate is a function of the quantity and quality of available data, and of the assumptions made and judgments used in engineering and geological interpretation of that data and the level of congruence with the actual size and characteristics of the Company's deposits. These estimates may require adjustments or downward revisions based upon further exploration or development work, drilling or actual production experience. Fluctuations in silver prices, results of drilling, metallurgical testing and production, the evaluation of mine plans after the date of any estimate, permitting requirements or unforeseen technical or operational difficulties may require revision of the Company's Mineral Resource estimates. Mineral Resource estimates are based on drill hole information, which is not necessarily indicative of conditions between and around the drill holes. Accordingly, such Mineral Resource estimates may require revision as more geologic and drilling information becomes available and as actual production experience is gained. Should reductions in Mineral Resources occur, the Company may be required to take a material write-down of its investment in the Project, reduce the carrying value of the Project or delay the development of, or production from, some or all of the deposits forming the Project, which could have a material adverse effect on the Project and the Company's business, financial condition, results of operations, cash flows and prospects. Mineral Resources should not be interpreted as assurances of life of mine or of the profitability of future operations. There is a degree of uncertainty in estimating Mineral Resources and of the grades and tonnage that are forecast to be mined and, as a result, the grade and volume of silver that the Company mines, processes and recovers may not be the same as currently anticipated. Any material reductions in estimates of Mineral Resources could have a material adverse effect on the Project and the Company's business, financial condition, results of operations, cash flows or prospects. Mineral Resources are not Mineral Reserves and have a greater degree of uncertainty as to their existence and feasibility. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. There is no assurance that Mineral Resources will be upgraded to Proven or Probable Mineral Reserves. Mineral Resources that are in the Inferred category are even more risky. Due to the uncertainty and speculative nature of Inferred Mineral Resources, economic considerations cannot be applied to this category and there is no assurance that Inferred Mineral Resources will be upgraded to Proven or Probable Mineral Reserves as a result of continued exploration.

#### **Additional Information**

Additional information regarding the Company is available on SEDAR ([www.sedar.com](http://www.sedar.com)) under the Company's issuer profile.