

# **Eloro Resources Ltd.**

## **Management's Discussion and Analysis**

This Management's Discussion and Analysis ("MD&A") provides discussion and analysis of the financial condition and results of operations of Eloro Resources Ltd. (the "Company") for the year ended March 31, 2021 and should be read in conjunction with the consolidated financial statements and the accompanying notes.

The MD&A is the responsibility of management and is dated as of July 29, 2021.

All dollar amounts in the MD&A are stated in Canadian dollars unless otherwise indicated.

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com) and the Company's website at [www.elororesources.com](http://www.elororesources.com).

### **Forward-Looking Statements**

This MD&A may contain, without limitation, statements concerning possible or assumed future operations, performance or results preceded by, followed by or that include words such as "believes", "expects", "potential", "anticipates", "estimates", "intends", "plans" and words of similar connotation, which would constitute forward-looking statements. Forward-looking statements are not guarantees. The reader should not place undue reliance on forward-looking statements and information because they involve risks and uncertainties that may cause actual operations, performance or results to be materially different from those indicated in these forward-looking statements. The Company is under no obligation to update any forward-looking statements contained herein should material facts change due to new information, future events or other factors. These cautionary statements expressly qualify all forward-looking statements in this MD&A.

See page 11 for *Material assumptions and risk factors for forward-looking statements*.

### **The Company**

The Company is a Canadian-based gold exploration and development company with a polymetallic property in Bolivia, a gold-silver property in Peru and base metal properties and royalties in the province of Quebec.

The Company is a reporting issuer in Ontario, Alberta and British Columbia and its common shares are listed for trading on Tier 2 of the TSX Venture Exchange ("TSXV") under the symbol ELO and on the Frankfurt Stock Exchange under the symbol WKN 909833.

### **Overall Performance**

#### ***Bought deal financings***

On March 26, 2021, the Company completed a bought deal financing of 6,670,000 units of at a price of \$3.75 per unit for gross proceeds of \$25,012,500. Each unit consists of one common share one-half of one warrant, with each of the 3,335,000 whole warrants entitling the holder to purchase one common share for \$5.25 until March 26, 2023. In connection with the financing, the Company paid a cash commission of \$1,500,750 (representing 6% of the gross proceeds of the financing); issued 400,200 compensation warrants (representing 6% of the number of units issued pursuant to the financing) entitling the holder to purchase one common share for \$3.75 until March 31, 2023; and paid a financing bonus of \$200,000 to officers and consultants of the Company.

On January 5, 2021, the Company completed a bought deal short-form prospectus financing, including the exercise in full of the over-allotment option, of 4,080,660 units of at a price of \$1.55 per unit for gross proceeds of \$6,325,023. The financing was underwritten on a bought deal basis by a syndicate of underwriters led by Haywood Securities Inc. and including Echelon Wealth Partners Inc. Each unit consists of one common share one-half of one warrant, with each whole warrant entitling the holder to purchase one common share for \$2.00 until January 5, 2023. In connection with the financing, the Company paid a cash commission of \$442,752 (representing 7% of the gross proceeds of the financing); issued 285,642 compensation warrants (representing 7% of the number of units issued pursuant to the financing) entitling the holder to purchase one common share for \$1.55 until January 5, 2023; and paid a financing bonus of \$100,000 to officers and consultants of the Company.

**Status of use of proceeds for January 2021 and March 2021 bought deal financings**

The Company completed the program outlined in the January 2021 Prospectus in line with the estimated costs:

	Metres	Estimated cost (in 000's)	Status
<b>Iska Iska Technical Report</b>			
<i>Phase I</i>		52	Completed
<i>Phase II</i>			Completed
Diamond drilling	3,500	875	Completed
Field costs		165	Completed
Exploration personnel		150	Completed
Miscellaneous		110	Completed
<b>Iska Iska</b>			
Geophysics (ground magnetics)		60	Completed
Diamond drilling			
Santa Barbara/Huayra Kasa	6,000	1,920	Completed
Central Breccia	4,000	1,280	Completed
	13,500	4,612	

The status of the use of proceeds outlined in the March 2021 Prospectus is as follows:

	Metres	Estimated cost (in 000's)	Expected completion	Status
<b>Drilling</b>				
Santa Barbara	6,000	1,950	July 2021	In progress
Central Breccia	15,000	4,875	September 2021	In progress
Porco (South)	16,000	5,200	November 2021	In progress
Huayra Kasa	2,000	650	December 2021	
Other targets	3,000	975	March 2022	To be reallocated (note)
Pache	3,000	975	March 2022	
	45,000	14,675		
<b>Other</b>				
Infrastructure improvements		754	April 2022	Ongoing
Geophysics		325	January 2022	Down hole IP survey in progress; CSAMT planned
Resource estimate, metallurgical studies, mineralogical studies		468	April 2022	Metallurgical and mineralogical studies in progress
Other		473	March 2022	In progress
Payment of US\$2,500,000 pursuant to an option to acquire a 99% interest in Iska Iska for US\$10,000,000		3,250	September 2021 (rescheduled from June 2021)	
		5,270		
<b>Total</b>		<b>19,895</b>		

Note: The meterage originally allocated for Huayra Kasa/Other Targets and Pache will be reallocated for resource definition at Santa Barbara Breccia Pipe as the mineralized zone has been expanded significantly since the March 2021 Prospectus.

Of the planned 45,000 metres of drilling, the Company has completed approximately 8,900 metres of drilling.

**Private placements of units**

On June 9, 2020, the Company completed a private placement of 5,000,000 units at a price of \$0.30 per unit for proceeds of \$1,500,000. Each unit consisted of one common share and one-half of one warrant, with each whole warrant entitling the holder to purchase one common share for \$0.50 until June 9, 2022. In connection with the private placement, the Company paid a commission of \$2,100; issued 7,000 broker warrants with the same terms as the unit warrants; and paid a financing bonus of \$30,000 to officers of the Company.

In connection with the purchase of 4,500,000 units, the Company granted the right for the subscriber to maintain its percentage holding of common shares by participating in any private placement of common shares or units until June 9, 2023.

On May 20, 2020, the Company completed a private placement of 2,200,000 units at a price of \$0.25 per unit for proceeds of \$550,000. Each unit consisted of one common share and one-half of one warrant, with each whole warrant entitling the holder to purchase one common share for \$0.50 until November 20, 2021. In connection with the private placement, the Company paid a commission of \$5,679 and issued 22,750 broker warrants with the same terms as the unit warrants. Directors and officers acquired 245,000 units.

**Grants of stock options**

On June 10, 2020, the Company granted 1,005,000 stock options to directors, officers, employees and consultants, entitling the holders to exercise each stock option and purchase one common share for \$0.60 until June 10, 2025.

On February 1, 2021, the Company granted 1,030,000 stock options to directors, officers, employees and consultants, entitling the holder to purchase one common share for \$4.45 until February 1, 2026.

**Grant of interest in Minera Tupiza SRL**

On July 29, 2020, the Company granted a 2% interest in its wholly-owned Bolivian subsidiary, Minera Tupiza S.R.L. (“Minera Tupiza”) to Dr. Osvaldo Raúl Arce Burgoa, P. Geo. (“Dr. Osvaldo Arce”), an officer of Minera Tupiza. The Company has an option to increase its interest in Minera Tupiza to 99% by purchasing a 1% interest from Dr. Osvaldo Arce for US\$3,000,000. The Company also has the right of first refusal to acquire any property in Bolivia that Dr. Osvaldo Arce finds or acquires until one year from the date that Dr. Osvaldo Arce ceases to be an officer or owner of an interest in Minera Tupiza.

**Iska Iska**

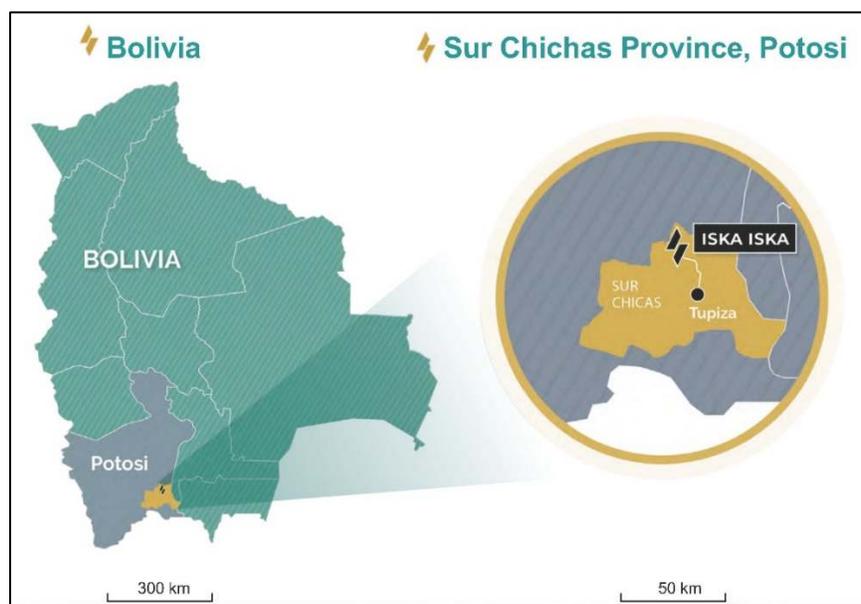
On January 6, 2020, the Company signed a Definitive Agreement, whereby its Bolivian subsidiary, Minera Tupiza was granted an option to acquire a 99% interest in Iska Iska, a silver-polymetallic property consisting of one mineral concession totaling 900 hectares (“ha”) located in Bolivia. In order to acquire its interest in Iska Iska, the Company will conduct an exploration and development program in the 4 years ended January 6, 2024 and issue common shares and make an option payment, as follows:

	Common shares		Option payment
	Number	\$	US\$
February 5, 2020 (issued)	250,000	100,000	–
January 6, 2022	250,000	–	–
January 6, 2024	–	–	10,000,000
	500,000	100,000	10,000,000

Iska Iska is located in the Sud Chichas Province of the Department of Potosi, southern Bolivia, approximately 48 kilometres (“km”) north of Tupiza city. The project is road accessible and royalty-free, wholly-controlled by the title holder, Empresa Minera Villegas S.R.L. and can be classified as a silver polymetallic-(silver (Ag), zinc (Zn), lead (Pb), gold (Au), copper (Cu), bismuth (Bi), tin (Sn), indium-(In) and porphyry-epithermal complex, which is an important mineral deposit type in the prolific South Mineral Belt of Bolivia. Iska Iska is within the Porvenir Concession, which is comprised of 36 cuadrículas (current mining measure unit which is used in Bolivia and which is an inverted pyramid with the inferior vertex pointing to the earth’s core, with an exterior perimeter equal to 25 ha) totalling 900 ha.

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## Location Map – Iska Iska Polymetallic Property, Bolivia



Iska Iska is in the southwest part of the Eastern Cordillera geological province of Bolivia, which is endowed with several major/world class polymetallic mines and mineral deposits including Chorolque, Silver Sand, San Bartolome, Pulacayo, San Cristobal, San Vicente, Tasna, Choroma and Siete Suyos.

A National Instrument 43-101 Technical Report on Iska Iska was completed by Micon International Limited on April 27, 2020, and is available on the Company's website and under its filings on SEDAR. Following the completion of the NI 43-101 Technical Report, the next phase in the development is geared towards the preparation of a maiden mineral resource estimate. To ensure that the highest level of technical and commercial standards is upheld, the Company has retained Micon International Limited as Independent Engineer ("Micon") to review, on an on-going basis, all its exploration activities and data collection methods. Micon will also advise on how best to proceed with preliminary metallurgical test-work of which the results will be critical in the definition of the mineral resources.

On September 14, 2020, the Company commenced with a planned 3,500m drilling program at Iska Iska and on November 18, 2020, the Company announced the discovery of a major breccia pipe with extensive silver polymetallic mineralization just east of the Huayra Kasa underground workings and a high-grade gold-bismuth zone in the underground workings. Diamond drilling intersected a number of extensive mineralized intersections within the major breccia pipe including 54.48 g Ag/t, 1.45% Zn and 1.60% Pb over 16.39m (140.91 g Ag eq/t<sup>1</sup>) within a broader interval of 122.74m grading 14.29 g Ag/t, 0.81% Zn and 0.41% Pb (53.67 g Ag/t eq) in Hole DHK-04 (see press release November 18, 2020). Additionally, a high-grade gold(Au)-bismuth(Bi) zone was outlined in channel samples in the underground workings, which averaged 7.1 g Au/t and 0.2% Bi (8.29 g Au eq/t) over 3.04m width for strike length of 47m. Hole DHK-05 on the strike extension of the high-grade Au-Bi zone intersected 6.51g Au/t, 0.07% Bi and 31.96 g Ag/t (7.68 g Au eq/t) over 11.85m grading including 29.56 g Au/t, 0.26% Bi/t and 63.69 g Ag/t (31.94 g Au eq/t) over 2.31m in this high grade zone.

On November 24, 2020, the Company announced that diamond drilling has confirmed the presence of a second major breccia pipe southwest of the Huayra Kasa underground workings at Iska Iska, labelled as the Santa Barbara Breccia Pipe ("SBBP") as shown in Figure 1. On January 26, 2021, Eloro announced significant results from drilling at the SBBP, including:

- 129.60 g Ag eq/t over 257.5m (29.53g Ag/t, 0.078g Au/t, 1.45%Zn, 0.59%Pb, 0.080%Cu, 0.056%Sn, 0.0022%In, 0.0064%Bi and 0.0083%Cd) from 0.0m to 257.5m in hole DHK-15, the deepest of the three holes reported within the SBBP;
- 79.00 g Ag eq/t over 121.33m (21.77g Ag/t, 0.034g Au/t, 0.35%Zn, 0.23%Pb, 0.18%Cu, 0.056%Sn, 0.0011%In, 0.004%Bi and 0.0055%Cd) from 0.0m to 121.33m in Hole DHK-14 within the SBBP;

<sup>1</sup> Metal prices and conversion factors used for the calculation of all gram Ag eq/t in this MD&A are detailed in the referenced respective press releases.

- 74.16 g Ag eq/t over 40.88m (33.43g Ag/t, 0.032g Au/t, 0.04%Zn, 0.33%Pb, 0.13%Cu, 0.045%Sn, 0.0010%In and 0.0012%Bi) from 30.40m to 71.28m in Hole DHK-13 which is within the approximately 100m wide mineralized envelope that surrounds the breccia pipe.

Drill results for two additional underground holes and the first radial surface hole were announced on February 23, 2021, Highlights of the underground SBBP drill results included 67.39 g Ag eq/t over 213.10m including 205.17 g Ag eq/t over 13.04m in Hole DHK-16 drilled at -10 degrees 50m southwest and parallel to Hole DHK-14 and 279.82 g Ag eq/t over 8.57m, 74.21 g Ag eq/t over 52.93m and 121.61 g Ag eq/t over 37.85m in Hole DHK-17, drilled at -50 degrees 50m southwest and parallel to Hole DHK-15. The radial surface drill hole returned 114.43 g Ag eq/t over 33.25m in Hole DSB-01 which was drilled at -45 degrees south.

On April 13, 2021, further drilling results from five additional holes (DSB-02 to DSB-06) on the SBBP were reported, including: i) 442 g Ag eq/t (165 g Ag/t, 3.46% Pb and 0.46% Sn) over 166m including 1,092 g Ag eq/t (including 446 g Ag/t, 9.03% Pb and 1.16% Sn) over 56.19m in continuous channel sampling of the Santa Barbara adit. This high-grade interval includes two exceptional sections with 2,445.88 g Ag eq/t (1,024 g Ag/t, 25.0% Pb and 1.16% Sn) over 8.11m and 1.941 g Ag eq/t (870 g Ag/t, 7.58% Pb and 2.43% Sn) over 12.3m, ii) 155.15 g Ag eq/t including notably high Sn, 0.43 %Sn over 73.29m in drill hole DSB-06, iii) 115.76 g Ag eq/t over 84.0m and 66.44 g Ag eq/t over 217.9m in Hole DSB-03, iv) 96.71 g Ag eq/t over 29.4m and 120.03 g Ag eq/t over 13.57m in Hole DSB-05, and v) 65.72 g Ag eq/t over 83.3m including 120.91 g Ag eq/t over 25.0m in Hole DSB-02.

On May 4, 2021, the Company reported the results from the first drill hole (DCN-01) to test the Central Breccia Pipe (“CBP”) which intersected multiple mineralized intercepts including 196.09 g Ag eq/t (150.25 g Ag/t, 0.10% Sn and 0.05 g Au/t) over 56.2m and containing 342.98 g Ag eq/t (274.0 g Ag/t, 0.16% Sn and 0.16 g Au/t) over 27.53m, from 252.84m to 309.04m.

Drill results for hole DSB-07 which tested the SBBP were announced on May 26, 2021 and included the following multiple mineralized intercepts: i) 122.66 grams silver equivalent/tonne (“g Ag eq/t”) (35.05 g Ag/t, 0.72% Zn, 0.61% Pb, 0.11% Sn and 0.06 g Au/t) over 123.61m from 236.60m to 360.21m including 205.74 g Ag eq/t (92.30 g Ag/t, 0.57% Zn, 0.85% Pb, 0.18% Sn and 0.07 g Au/t) over 32.32m, from 317.21m to 349.53m, ii) 105.41 g Ag eq/t (8.55 g Ag/t, 1.01% Zn, 0.48% Pb, 0.06% Sn and 0.38 g Au/t) over 173.58m from 449.87m to 623.45m including 199.77 g Ag eq/t (21.90 g Ag/t, 1.18% Zn, 0.93% Pb 0.12% Sn and 0.94 g Au/t) over 39.08m, from 551.19m to 590.27m, iii) 146.19 g Ag eq/t (1.70 g Ag/t, 0.00% Zn, 0.01% Pb, 0.42% Sn and 0.02 g Au/t) over 10.20m from 171.60m to 181.80m in the oxide zone indicating potential for significant Sn mineralization in this strongly leached nearer surface zone, and iv) In aggregate, 64% of this 683.4m long hole returned reportable mineralized intervals.

Eloro Resources reported additional multiple holes with significant silver-tin polymetallic Intercepts in the Santa Barbara and Central Breccia Pipes on July 6, 2021 including:

- Hole DSB-08, testing the northeast quadrant of the SBBP, encountered eighteen reportable mineralized intercepts beginning near surface to its terminus at 614.4 m. The longest intercept was 69.89 g Ag eq/t over 252.89m from 355.12 to 608.02m including several higher-grade sections of 196.60 g Ag eq/t including 131.13 g Ag/t over 14.52m, 134.62 g Ag eq/t including 93.25 g Ag/t over 21.08m and 145.35 g Ag eq/t including 2.38% Zn over 10.11m.
- Hole DSB-10, testing the southwest quadrant of the SBBP and northern part of the CBP, encountered twenty-nine reportable mineralized intercepts beginning near surface to its terminus at 1,019.4m. Tin was notably elevated in many intervals suggesting proximity to a mineralizing intrusive source in this area. Notable intercepts include 114.96 g Ag eq/t including 0.325% tin (Sn) over 56.2m from 322.18m to 378.30m including a higher-grade section of 187.98 g Ag eq/t including 0.535% Sn over 28.86m, 80.71 g Ag eq/t including 0.213% Sn over 74.39m from 474.86 to 549.25m and 118.69 g Ag eq/t over 10.77m from 829.97 to 840.74m.

Further holes with significant silver-tin polymetallic intercepts in the Santa Barbara and Central Breccia Pipes were reported on July 28, 2021, including:

- Hole DHK-18, drilled due south at -10 degrees from the west drill bay in the Huayra Kasa underground workings to test the mineralized envelope of the SBBP, intersected 129.65 g Ag eq/t (18.38 g Ag/t, 2.14% Zn, 0.67%Pb, and 0.047% Sn) over 300.75m from 65.14m to 365.91m. This includes higher grade intervals of 215.54 g Ag eq/t over 72.76m, 163.35 g Ag eq/t over 31.83m and 224.48 g Ag eq/t over 19.39m. This hole intersected significant mineralization approximately 230m below the eastern part of the Santa Barbara adit from which continuous channel sampling previously reported returned 442 g Ag eq/t over 166m (see press release April 13, 2021). 82% of this 446.5m long hole contained reportable intervals;

- Hole DSB-11, drilled to the southeast at -40 degrees from the SBBP radial centre to test the area approximately 300m below the Santa Barbara adit intersected 121.90 g Ag eq/t (40.27g Ag/t, 0.10 g Au/t 0.48% Pb, 0.11% Cu and 0.14% Sn) over 137.4m from 190.02m to 327.36m. This includes a higher-grade interval grading 173.53 g Ag eq/t over 80.54m. Notable intercepts lower in the hole include 76.59 Ag eq/t over 55.9m from 407.60m to 463.51m including a higher-grade section of 105.56 g Ag eq/t over 33.31m and 78.82 g Ag eq/t over 143.03m from 520.7m to 773.73m including 105.48 g Ag eq/t over 34.82m and 120.70 g Ag/t over 19.54m. Overall 61% of this 665.3m hole contains reportable intersections.
- Hole DCS-01 drilled due east at -60 degrees was the first reconnaissance hole drill from the south radial platform on CBP. This hole, which was drilled to 1,007.5m, intersected 25 reportable Ag-Zn-Pb-Sn mineralized intervals ranging in size from 1.43m to 34.86m from the start of the hole to its end. Best results include 87.75 g Ag eq/t over 21.67m, 161.07 g Ag eq/t over 13.25m, 100.60 g Ag eq/t over 15.15m, 54.44 g Ag eq/t over 34.86m, 90.24 g Ag eq/t over 26.91m and 117.48 g Ag eq/t over 16.51m.
- Hole DCN-03 was drilled southeast at -60 degrees from the northern radial platform of the CBP. This hole intersected nine mineralized intersections principally Sn-Ag over its 464.5m length. The best result was 48.59 g Ag eq/t (16.23 g Ag/t, 0.12% Pb and 0.064% Sn) over 15.05m.

Currently, there are two surface drills and one underground drill operating at Iska Iska. Drill productivity by the Company's contractor Leduc Drilling has been excellent. Drilling on the Huayra Kasa Breccia Pipe and area which was the first area drill-tested was completed in November 2020 as part of the original 3,500 metre drill program. To date, on Santa Barbara 11,145 metres has been completed which includes the 6,000 metres allocated in the March 18, 2021 budget. Approximately 50% of the budgeted metres have been completed on the Central Breccia Pipe and to date 2,098 metres has been completed at the Porco (South) target. The meterage originally allocated for Huayra Kasa/Other Targets (5,000 metres) and Pache (3,000 metres) will be reallocated for resource definition at Santa Barbara Breccia Pipe as the mineralized zone has been expanded significantly since the March 2021 Prospectus. Drilling is continuing on the Central Breccia Pipe and Porco (South) Targets. It is anticipated that the 51,000 metres of drilling outlined in the March 2021 Prospectus will be completed by March 31, 2022

Assay turnaround unfortunately has been slow due to the impact of COVID-19 on critical supplies for the ALS Global Laboratory in Lima, Peru. Currently there is a backlog of some 2,600 samples. It is hoped that this situation will improve soon with the laboratory being able to return to more normal turnarounds as the restrictions on critical supplies are lifted. The Company will consider adding an additional surface drill to further increase drill productivity once assay turnaround improves.

Since the start of drilling on the Iska Iska project on September 13, 2020, the Company has completed 22,399 metres of diamond drilling in 46 holes. The breakdown of drilling completed by target area is as follows:

Target Area	Date Commenced	Date Completed	No. of Holes	Total Metres
Huayra Kasa Breccia Pipe and area	September 13, 2020	November 11, 2020	13	2,895
Santa Barbara Breccia Pipe and Mineralized Envelope	November 13, 2021	In Progress*	20	10,556
Central Breccia Pipe	March 1, 2021	In Progress	11	7,272
Porco (South) Breccia Pipe target	April 16, 2021	In Progress	2	1,678
Huayra Kasa/Other targets	Not started			
Pache	Not started			
			<b>46</b>	<b>22,399</b>

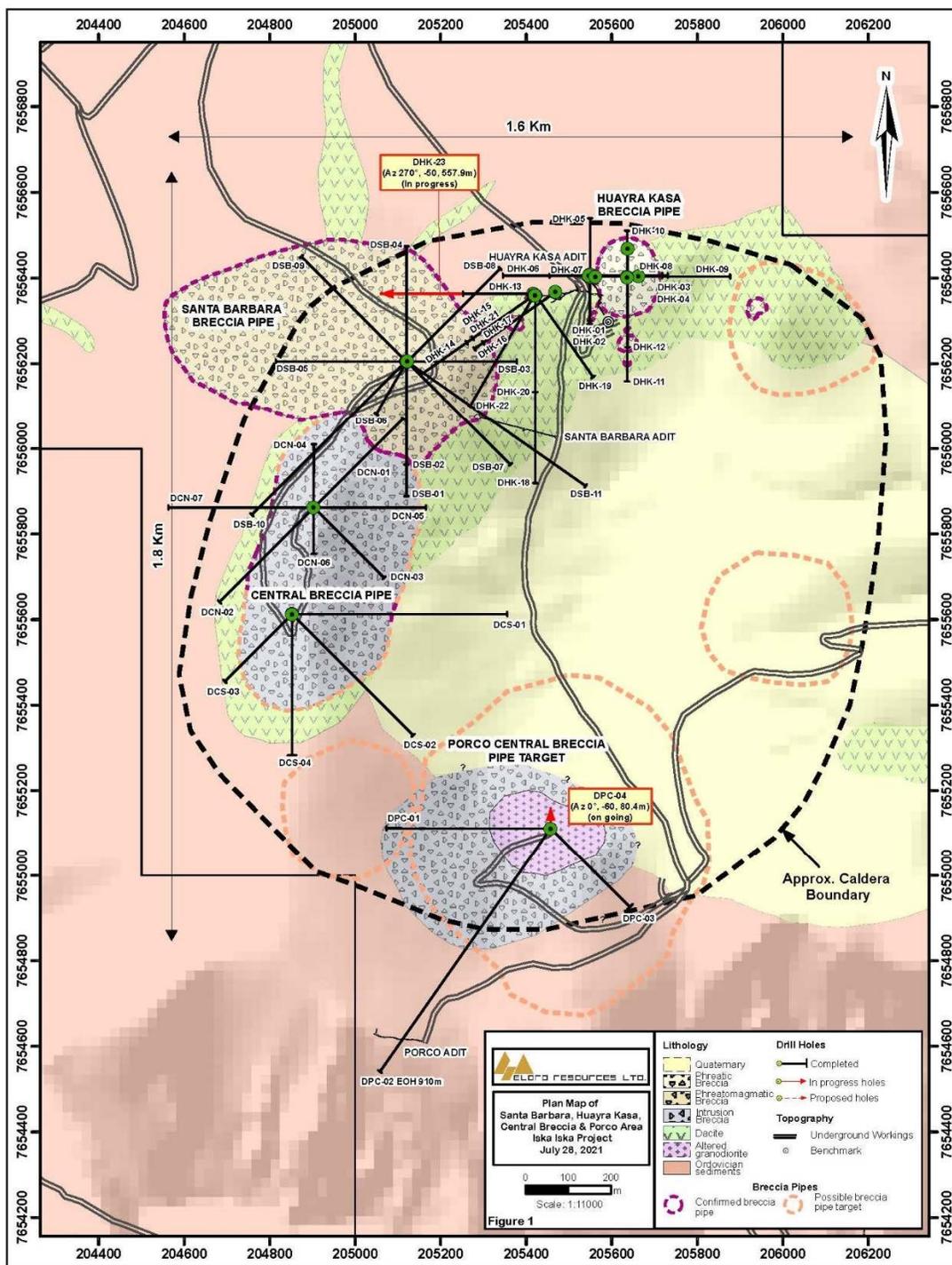
\*The 6,000 metre drilling originally budgeted for Santa Barbara was completed on May 6, 2021.

A detailed ground magnetic survey of the Iska Iska property reported on June 6, 2021 confirmed the extent of the Iska Iska Caldera as determined from geological mapping and satellite interpretation including Aster data. The Santa Barbara and Central Breccia Pipes, both of which have been confirmed by drill-testing, are marked by prominent low anomalies reflecting strong alteration. The magnetic data suggests that the that the Central and Porco Breccia Pipes likely merge at depth. There is a prominent area of low intensity magnetics northwest of the Santa Barbara Breccia Pipe which requires follow-up work.

Geological mapping and satellite interpretation identified a third major breccia pipe target Porco (South) that is approximately 600m in diameter (South) located southeast of CBP in the southern part of the Iska Iska caldera complex. The Porco (South) Breccia Pipe target has a similar magnetic signature to the Santa Barbara and Central Breccia Pipes, further confirming the likelihood of it being a major breccia pipe. This target is currently being drill tested. Previous channel sampling in the Porco adit located adjacent the target area 200m to the southeast returned 50m grading 519.35 g Ag eq/t including 236.13 g Ag/t, 1.89 g Au/t, 0.87% Cu, 0.22% Bi and >0.05% Sn over an average sample width of 2.49m.

A downhole induced polarization/resistivity survey is in progress to further define drill targets and aid resource definition drilling. Preliminary metallurgical tests are also in progress. An updated NI 43-101 Technical Report is being prepared by independent consultant Micon.

**Figure 1: Geology of the Iska Iska Caldera Complex showing locations of Major Breccia Pipe targets and diamond drill holes.**



### ***Staking of Additional Properties in the Iska Iska Area***

On October 14, 2020, the Company announced that Minera Tupiza had staked nine (9) additional properties covering a total of 311.75 square kilometres in the Potosi Department, southern Bolivia where Iska Iska is located. The properties are located on prominent ASTER (Advance Spaceborne Thermal Emission and Reflection Radiometer) anomalies with a similar hydrothermal alteration signature to that of Iska Iska. The Tup-5 property ties directly onto the Iska Iska property.

### ***Grant of option for a 25% interest in La Victoria***

The Company owns an 82% interest in La Victoria and Burgundy Diamond Mines Ltd. ("BDM")(formerly EHR Resources Limited) owns an 18% interest in La Victoria. The Company has granted an option to BDM to increase its interest to 25%. The option agreement provides that BDM will have 45 days from the date that the Company receives all permits required to commence drilling at San Markito to provide written notice of its intention to proceed to increase its interest to 25%, failing which, the option will expire. In order to increase its interest, BDM must incur exploration expenditures of \$1,400,000 during the 6 months from 45 days from the date that the Company receives all permits required to commence drilling at San Markito.

Upon the earlier of BDM deciding to maintain an 18% interest in La Victoria or earning a 25% interest in La Victoria, a joint venture, with the Company as operator, will be formed to explore and develop La Victoria. If the Company or BDM does not fund its proportionate share of expenditures, its respective interest will be diluted and when its interest is diluted to less than 10%, the party's interest shall be reduced to a 2% net smelter royalty on all production. The other party will have the option to reduce the royalty from 2% to 1% by making a payment of \$3,000,000.

If either the Company or BDM acquires an interest in any property within 5 kilometres of La Victoria, the acquirer must offer the other party the opportunity to participate in the acquisition up to its participating interest.

In the event the Company or BDM proposes to sell any interest in La Victoria to a third party, the other party has a right of first refusal to match the terms and conditions of the proposed sale. In the event that the Company proposes to sell a majority of its interest in La Victoria to a third party, the Company must first consult with BDM about the identity of the third party and the proposed terms of sale and if the Company proceeds with the sale, BDM will be obliged to sell its interest to the third party on a pro rata basis in accordance with the terms of the sale to the third party.

### ***Ongoing Exploration at La Victoria***

La Victoria is a gold-silver property covering 8,933 hectares, consisting of 9 concessions covering 3,533 hectares (Ccori Orcco 1, Roberto N°1, Rufina, Rufina N° 2, San Felipe 1, San Felipe 2, San Markito, Santa Ana 1 and Victoria-APB) and 7 claims covering 5,400 hectares (Romina 01, 02, 03, 04, 05, 06 and 07) in the Huandoval District, Pallasca Province, Ancash Department, in the North-Central Mineral Belt of Peru.

A National Instrument 43-101 Technical Report ("Technical Report") on La Victoria was filed on September 7, 2016, authored by Luc Pigeon, M.Sc., P.Geol. The Technical Report was filed as one of the terms precedent to the acquisition of La Victoria and is available under the Company's profile on SEDAR ([www.sedar.com](http://www.sedar.com)).

As outlined in the Technical report, four principal mineralized zones are identified at La Victoria: San Markito, Rufina, Victoria and Victoria South. The Rufina and San Markito zones were the most advanced targets and were recommended for drilling whereas the Victoria and Victoria South zones are at an early exploration stage. In general, mineralization occurs within breccias and veins that contain significant gold and silver concentrations and trace element characteristics that are compatible with epithermal deposits especially the low sulphidation type.

La Victoria is located within a prolific epithermal gold deposit belt that extends from Cajamarca to Ancash and includes such gold deposits as Yanacocha, Lagunas Norte and La Arena. The La Arena mine is located 50km northwest of the property.

Work completed to date continues to confirm the presence of a major epithermal system with multiple stages of mineralization in the San Markito-Victoria area in the northern part of the La Victoria property. The intensity of alteration and the wide range of styles of mineralization is very encouraging.

As part of a continuing review of the surface geology of the La Victoria property and environs, a large tract of land bordering the Rufina 2 Concession to the south was seen to host geology similar to what is seen on the Ccori Orcco Concession, and mining rights were available to acquire by staking. This property acquisition makes the Company one of the largest holders of mining rights in the northern Ancash Department section of the North-Central Peru Mineralized Belt.

On June 6, 2018, the Company announced that, together with EHR, they were proceeding with a drilling program to test the Rufina and San Markito target areas. On August 13, 2018, the Company further announced it had completed three diamond drill holes totalling 1,242m testing the Rufina East target area.

A complete summary of the drilling results was provided in the August 13, 2018 news release, available under the Company's profile on SEDAR and on its website.

The drilling by the Company at Rufina was the first diamond drilling ever carried out on the property. The first and second phases which comprised twelve drill holes totaling 4,281m (see press releases January 16, 2018 and June 6, 2018), were designed to provide complete sections across up to 500m strike length of the target zone to test the major NW and NE-SW striking mineralized structures identified in the surface geological mapping. All the reconnaissance drill holes intersected extensive zones of mineralization and alteration, including more than sixty anomalous gold intervals distributed in about 40 mineralized structures. Many of these structures correlated with zones mapped on surface. Gold mineralization and alteration at Rufina occurs over 600 m in width, over 700 m in vertical extent and about 600 m along strike.

#### ***Future Exploration***

Results so far at Rufina are considered positive and provide indications of a large-scale epithermal gold mineralized system at La Victoria, however further drilling needs to focus on the likely overall major core area which is believed to be San Markito. San Markito is the best target zone identified thus far on the property, where gold and silver mineralization are found in an extensive symmetric alteration zone within both the favourable Chimú Formation sediments and dioritic intrusives. This target will be the focus of further drilling at La Victoria going forward.

Further to the drilling program conducted at La Victoria in the summer of 2018, the Company continued its efforts to obtain required permitting in order to drill the San Markito target. On May 27, 2019, the Company provided an update on the ongoing process to obtain all of the necessary permits, including the local approval of the community of Pallasca, Pallasca District, Ancash Department, Peru, and the entering into of a local land rental contract. A further update was announced on December 19, 2019, whereby it was announced that community elections in Pallasca were completed and a new President of the community was elected. The Company has been working with the new community council in order to obtain its required permitting and a land rental contract, which it has yet to obtain.

For additional technical information on the La Victoria Project, the reader is referred to the NI 43-101 Technical Report on the La Victoria Au-Ag Property, Ancash, Peru filed under Eoro's profile on SEDAR ([www.sedar.com](http://www.sedar.com)).

Further exploration programs at La Victoria are contingent upon continued funding from EHR, or alternatively, the Company having the required working capital to dedicate to this project.

#### **Risks and Uncertainties**

##### ***Mineral exploration and development***

The Company is exposed to the inherent risks associated with mineral exploration and development, including the uncertainty of mineral resources and their development into mineable reserves; the uncertainty as to potential project delays from circumstances beyond the Company's control; and the timing of production; as well as title risks, risks associated with joint venture agreements and the possible failure to obtain exploration permits and mining licenses.

##### ***Commodity price risk***

The Company is exposed to commodity price risk. A significant decline in precious and base metal commodity prices may affect the Company's ability to obtain capital for the exploration and development of its mineral resource properties.

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## Results of Operations

	3 months ended March 31,		Years ended March 31,	
	2021	2020	2021	2020
	\$	\$	\$	\$
<b>Expenses</b>				
Professional fees	53,335	6,250	89,658	25,828
Consulting fees	73,500	54,000	235,500	216,000
Financing bonus	(30,000)	—	—	—
Stock-based compensation	3,041,000	501,000	3,397,000	501,000
Investor relations and marketing	266,949	34,321	545,255	79,167
General and office	134,971	37,405	222,407	144,634
Travel	4,137	23,480	30,621	50,413
Depreciation	10,659	21,318	42,636	42,636
Interest	619	2,665	3,496	5,935
Financing fee	—	—	30,000	—
Foreign exchange loss	23,746	(1,835)	72,832	9,898
Gain on sale of marketable securities	—	(19,865)	(5,805)	(42,995)
Unrealized loss (gain) on marketable securities	7,050	31,275	(12,750)	119,650
Impairment of exploration and evaluation	480	8,392	1,008	35,647
Pre-acquisition exploration and evaluation	—	6,000	—	92,980
Refundable tax credit notices of assessment	10,000	6,000	14,000	26,000
Other	(8)	(2)	(1,139)	(7,350)
	3,596,439	710,404	4,664,718	1,299,443
<b>Loss</b>	<b>(3,596,439)</b>	<b>(710,404)</b>	<b>(4,664,718)</b>	<b>(1,299,443)</b>

### Years ended March 31

The Company recorded a loss of \$4,664,718 which compares to a loss of \$1,299,443 in the comparative year. The increase in the loss was primarily due to the following factors:

- an increase in stock-based compensation to \$3,397,000 (2020 - \$501,000) for grant of stock options.
- an increase in investor relations to \$545,255 (2020 - \$79,167 in the previous year which reflects efforts to increase public awareness of the Company and Iska Iska.

### 3 months ended March 31

The Company recorded a loss of \$3,596,439 for the 3 months ended March 31, 2021 which compares to a loss of \$710,404 in the previous year. The increase in the loss was primarily due to the following factors:

- an increase in stock-based compensation to \$3,041,000 (2020 - \$501,000) for grant of stock options.
- an increase in investor relations to \$266,949 (2020 - \$34,321), which reflects efforts to increase public awareness of the Company and Iska Iska.

## Summary of Quarterly Results

	Q1 2020 \$	Q2 2020 \$	Q3 2020 \$	Q4 2020 \$	Q1 2021 \$	Q2 2021 \$	Q3 2021 \$	Q4 2021 \$
Revenue	—	—	—	—	—	—	—	—
Loss								
- Total	243,555 (note 1)	138,265	206,859 (note 2)	710,404 (note 3)	548,518 (note 4)	293,531	226,230	3,596,439 (note 5)
- Per share	0.01	—	0.01	0.02	0.01	0.01	—	0.07

Note 1: Loss for Q1 2020 includes an unrealized loss on marketable securities.

Note 2: Loss for Q3 2020 includes pre-acquisition exploration and evaluation of \$52,751 was incurred for Iska Iska.

Note 3: Loss for Q4 2020 includes stock-based compensation of \$501,000.

Note 4: Loss for Q1 2021 includes stock-based compensation of \$356,000.

Note 5: Loss for Q4 2021 includes stock-based compensation of \$3,041,000.

## Liquidity and Capital Resources

As the Company is in the exploration stage and does not generate revenue, the Company has financed its operations with the proceeds of equity financings. The Company is dependent upon the Company's ability to secure equity financings to

meet its existing obligations and to fund its working capital requirements and the acquisition, exploration and development of mineral resource properties.

**Estimated working capital requirements for 2022**

Corporate and general	\$ 1,600,000
Accounts payable and accrued liabilities at March 31, 2021	1,065,000
	2,665,000

At March 31, 2021, the Company had cash and cash equivalents of \$28,266,056, which will be sufficient to cover the estimated working capital requirements for 2022. Thereafter, the Company expects that additional financing will be required to fund its operations and the acquisition, exploration and development of its mineral resource properties. Management is of the opinion that sufficient working capital will be obtained from equity financings and the exercise of warrants to meet the Company's liabilities and commitments as they become due.

At July 29, 2021, there are outstanding stock options and warrants (see *Stock options* and *Warrants* on page 12). Based on current market price for the Company's common shares of \$4.19 at July 28, 2021, in-the-money stock options and warrants, if exercised, would provide the Company with proceeds of \$1,686,500 and \$5,427,095, respectively.

**Transactions with Related**

	Consulting fees \$	Financing bonus \$	Stock-based compensation \$	Total \$	Outstanding at March 31, 2021 \$
Gambier Holdings Corp., a company controlled by Thomas G. Larsen, for his services as Chief Executive Officer	108,000	100,000	770,565	978,565	113,610
Pearson Geological Limited, a company controlled by William Pearson, for his services as Executive Vice President, Exploration	14,000	45,000	295,243	354,243	45,000
Marlborough Management Limited, a company controlled by Miles Nagamatsu, for his services as Chief Financial Officer	67,500	37,500	179,502	284,502	75,017
J. Estepa Consulting Inc., a company controlled by Jorge Estepa, for his services as Vice President and Corporate Secretary	67,500	37,500	179,502	284,502	72,400
Francis Sauve, a director	–	–	67,904	67,904	–
Alexander Horvath, a director	–	–	67,904	67,904	–
Duster Capital Corp., a company controlled by Dusan Berka, a director	–	–	67,904	67,904	–
Richard Stone, a director	–	–	67,904	67,904	–

In the year ended March 31, 2020, a company, in which, three officers of the Company hold a minority interest, initially funded pre-acquisition costs for Iska Iska on behalf of the Company. In recognition of that assistance, the Company agreed to pay a financing fee of \$30,000 to that company.

In December 2020, two officers, Thomas G. Larsen and Miles Nagamatsu, each advanced \$135,000 to the Company. The advances were unsecured, non-interest bearing and due on demand. On January 6, 2021, the Company repaid the advances.

See page 2, *Grant of interest in Minera Tupiza S.R.L.* for a related party transaction.

**Financial instruments and risk management**

The Company's activities expose it to a variety of financial risks that arise as a result of its exploration, development, production and financing activities, including credit risk, liquidity risk and market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout the consolidated financial statements.

The Board of Directors oversees management's establishment and execution of the Company's risk management framework. Management has implemented and monitors compliance with risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

#### ***Credit risk***

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Company's cash balances. The maximum exposure to credit risk is equal to the balance of cash.

The Company's limits its exposure to credit risk on its cash by holding its cash in deposits with Canadian chartered banks.

#### ***Liquidity risk***

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial liabilities that are settled in cash or other financial assets. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities as they come due. The amounts for accounts payable and accrued liabilities are subject to normal trade terms.

The Company has no revenues and relies on financing primarily through the issuance of equity to finance its on-going and planned exploration activities and to cover administrative costs.

#### ***Market risk***

Market risk is the risk that changes in market prices, such as equity prices, foreign exchange rates, and interest rates will affect the Company's income or the value of its financial instruments. The Company is exposed to equity price risk with respect to marketable securities. The Company's approach to managing equity price risk is to optimize the return from its marketable securities within acceptable parameters for equity price risk. The Company estimates that if the fair value of its marketable securities as at March 31, 2021 had changed by 10%, with all other variables held constant, the unrealized gain (loss) would have decreased or increased by \$4,000.

#### ***Interest rate risk***

The Company's exposure to interest rate risk is limited due to the short-term nature of its financial instruments and the Company has no interest-bearing debt.

#### ***Capital management***

Capital of the Company consists of share capital, warrants, contributed surplus, foreign currency reserve and deficit. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can acquire, explore and develop mineral resource properties for the benefit of its shareholders. The Company manages its capital structure and makes adjustments based on the funds available to the Company in light of changes in economic conditions. The Board of Directors has not established quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain the future development of the Company. In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that consider various factors, including successful capital deployment and general industry conditions. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company's principal source of capital is from the issue of common shares. In order to achieve its objectives, the Company intends to raise additional funds as required.

The Company is not subject to externally imposed capital requirements and there were no changes to the Company's approach to capital management during the year.

#### **Material assumptions and risk factors for forward-looking statements.**

The following table outlines certain forward-looking statements contained in this MD&A and provides material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

<b>Page</b>	<b>Forward-looking statement</b>	<b>Assumption</b>	<b>Risk factor</b>
9	Liquidity and Capital Resources "Management is of the opinion that sufficient working capital will be obtained from equity financings to meet the Company's liabilities and commitments as they become due."	Equity financings will be obtained.	The Company is unable to obtain future financing to meet liabilities and commitments as they become due.

## Other Information

### **Additional Disclosure for Venture Corporations without Significant Revenue**

The following table sets forth a breakdown of material components of the general and administration costs, capitalized or expensed exploration and development costs of the Company for the years indicated.

	<b>Years ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
	\$	\$
<b>General and office expenses</b>		
Premises	7,330	6,854
Office	62,126	49,478
Insurance	30,151	25,918
Health plan	11,718	3,078
Public company costs	111,082	59,306
	222,407	144,634

### Exploration and evaluation

	<b>March 31,</b>			<b>March 31,</b>
	<b>2020</b>	<b>Exploration</b>	<b>Impairment</b>	<b>2021</b>
	\$	\$	\$	\$
<b>Property</b>				
La Victoria	4,928,529	251,102	–	5,179,631
Iska Iska	183,145	3,767,368	–	3,950,513
Other	–	1,008	(1,008)	–
	5,111,674	4,019,477	(1,008)	9,130,143

### **Shares Outstanding as at July 29, 2021**

#### **Shares**

##### *Authorized:*

An unlimited number of common shares without par value.

An unlimited number of redeemable, voting, non-participating special shares without par value.

##### *Outstanding:*

61,843,028 common shares

#### **Stock options**

The Company may grant stock options to directors, officers, employees and consultants for up to 10% of the issued and outstanding common shares. The exercise price for stock options will not be less than the market price of the common shares on the date of the grant, less any discount permissible under the rules of the TSXV. The maximum term for stock options is 5 years and stock options granted vest immediately.

##### *Authorized:*

6,184,302 stock options.

*[remainder of page left intentionally blank]*

*Outstanding:*

<b>Exercise price</b>	<b>Expiry date</b>	<b>Number of stock options outstanding and exercisable</b>
\$0.55	January 27, 2022	750,000
\$0.77	February 7, 2022	100,000
\$0.87	November 30, 2022	100,000
\$0.70	June 12, 2023	50,000
\$0.40	February 18, 2025	1,555,000
\$0.60	June 8, 2025	755,000
\$4.45	February 1, 2026	1,030,000
		<hr/> 4,340,000

***Restricted Share Unit Plan (“RSU Plan”)***

The Company adopted the RSU Plan, which was accepted by the TSXV on October 26, 2017, following the approval of the Company’s shareholders on September 30, 2017. The maximum number of common shares in the capital of the Company which may be reserved for issuance under the RSU Plan at any time is 3,200,000, and in combination with all share compensation arrangements, including the Company’s stock option plan, will not exceed 20% of the issued and outstanding common shares in the capital of the Company. To date no RSUs have been issued pursuant to the RSU Plan.

*Authorized:*

3,200,000 restricted share units.

*Outstanding:*

None.

***Warrants***

<b>Exercise price</b>	<b>Expiry date</b>	<b>Number of warrants</b>
\$0.50	November 20, 2021	710,020
\$0.50	June 9, 2022	2,393,850
\$2.00	January 5, 2023	1,327,770
\$1.55	January 5, 2023	162,605
\$3.75	March 26, 2023	397,975
\$5.25	March 26, 2023	3,335,000
		<hr/> 8,327,220