

**OROSUR MINING INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THREE AND NINE MONTHS ENDED FEBRUARY 28, 2021**  
**EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS**  
**(except where indicated)**

## Introduction

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of Orosur Mining Inc. ("Orosur" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the three and nine months ended February 28, 2021. This MD&A was written to comply 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 year ended May 31, 2020 and May 31, 2019, together with the notes thereto, and the condensed unaudited interim consolidated financial statements of the Company for the three and nine months ended February 28, 2021 and the notes thereto. **Results are reported in thousands of United States Dollars (US\$), unless otherwise noted.** In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results for the three and nine months ended February 28, 2021, are not necessarily indicative of the results that may be expected for any future period. Information contained herein is presented as of April 13, 2021, unless otherwise indicated.

The Company's unaudited condensed interim consolidated 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 ("IFRIC").

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, (the "Board") considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Orosur common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations is available on Orosur's website at [www.orosur.ca](http://www.orosur.ca) or on the System for Electronic Documents Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com).

## Caution Regarding Forward-looking Statements

All statements, other than statements of historical fact, contained in this MD&A constitute "forward looking statements" within the meaning of applicable securities laws, including but not limited to the "safe harbour" provisions of the United States Private Securities Litigation Reform Act of 1995 and are based on expectations estimates and projections as of the date of this news release.

Forward-looking statements include, without limitation, the exploration plans in Colombia and the funding from Minera Monte Aguila SAS ("Monte Aguila") (a 50:50 joint venture between Newmont Corporation and Agnico Eagle Mines Limited) of those plans, Monte Aguila's decisions to continue with the Exploration and Option agreement, the ability for Loryser SA ("Loryser") to continue and finalize the remediation in Uruguay, the ability to implement the Creditors' Agreement successfully as well as continuation of the business of the Company on a going concern and other events or conditions that may occur in the future. The Company's continuance as a going concern is dependent upon its ability to obtain adequate financing, and to reach a satisfactory implementation of the Creditor's Agreement in Uruguay. These material uncertainties may cast significant doubt upon the Company's ability to realize its assets and discharge its liabilities in the normal

course of business and accordingly the appropriateness of the use of accounting principles applicable to a going concern. There can be no assurance that such statements will prove to be accurate. Actual results and future events could differ materially from those anticipated in such forward-looking statements. Such statements are subject to significant risks and uncertainties including, but not limited, those as described in Section "Risks Factors" of this MD&A and the Annual Information Form ("AIF"). The Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events and such forward-looking statements, except to the extent required by applicable law.

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 news release.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Orosur's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements.

### **Description of Business**

Orosur Mining Inc. (TSX: OMI; AIM: OMI) is a precious metals developer and explorer focused on identifying and advancing gold projects in South America. The Company operates in Colombia and Uruguay.

- In Colombia, the Company wholly owns the Anzá exploration gold project located in the Middle Cauca Belt in Antioquia, Colombia which hosts such projects as Buriticá, Titiribí, Marmato and La Colosa. On September 10, 2018, the Company completed a non-brokered private placement of \$2 million with Newmont Corporation ("Newmont") and an exploration agreement with a venture option ("Exploration Agreement") with Newmont Colombia S.A.S., a wholly-owned subsidiary of Newmont, for the Anzá exploration property. On September 30, 2020, it was announced that Newmont would enter into a Joint Venture Agreement ("Joint Venture") with Agnico Eagle Mines Limited ("Agnico") whereby the two companies will jointly assume and advance Newmont's prior rights and obligations with respect to the Anzá Project in Colombia on a 50:50 basis with Agnico as operator of the Joint Venture.
- In Uruguay, the Company has historically operated the San Gregorio gold mining complex in the northern Department of Rivera. The Company has been exploring in Uruguay since 1996 and acquired the San Gregorio operation in October 2003. On June 14, 2018 the Company applied for Reorganization Proceedings and creditor protection over Loryser S.A. ("Loryser"), the Company's primary operating subsidiary in Uruguay, in the best interests of Loryser, the Company and their stakeholders. In August 2018, production ceased and the mine was placed on care and maintenance status. In December 2018, Loryser reached an agreement with the majority of its creditors (the "Creditors Agreement"), achieving a support level of approximately 72% of creditors by value, comprising 67 different creditors. The Creditors Agreement was ratified by the Court in September 2019. The ratification by the Court means that the Agreement is legally binding on all trade creditors and that the Intervenor's control over Loryser ceases.

## Corporate Highlights

Financial and operational highlights for the three and nine months ended February 28, 2021 include:

### Colombia

- As noted above in the Description of Business section, on 30<sup>th</sup> September 2020, Newmont Corporation, entered into a Joint Venture with Agnico whereby the two companies will jointly assume and advance Newmont's prior rights and obligations with respect to the Anzá Project in Colombia on a 50:50 basis, with Agnico as operator of the Joint Venture. Agnico's and Newmont's JV vehicle was renamed Minera Monte Aguila.
- Following receipt of exploration funds from its JV partner Minera Monte Aguila, Minera Anzá began the process of re-establishing its field camp at the Anzá project in readiness for commencement of field operations. A substantial team of geoscientists and support staff were recruited to manage the work.
- Drilling operations commenced on the 15<sup>th</sup> of November 2020 with a total of 2,994.7m drilled to the end of February 2021, with 2,762m completed during the quarter.
- Two announcements have been made related to assay results from the ongoing drilling campaign – on 25<sup>th</sup> January 2021 and 22<sup>nd</sup> February 2021. Key intersections include:

**MAP-072** 4.1m @ 6.52g/t Au, 29.73g/t Ag and 0.28% Zn from 108m.  
5.90m @ 4.55g/t Au, 2.74g/t Ag and 0.30% Zn from 171.1m, and  
70.50m @ 3.53g/t Au, 9.33g/t Ag and 1.62% Zn from 184.80m

**MAP-073** 21.60m @ 6.02g/t Au, 6.02g/t Ag and 3.23 %Zn from 271.75m

**MAP-074** 5.20m @ 1.17g/t Au 4.97g/t Ag and 3.02% Zn from 195.40m

**MAP-075** 19.85m @ 0.90g/t Au 2.17 g/t Ag and 6.46% Zn from 226.15m

**MAP-076** 12.25m @ 5.39g/t Au, 1.65 g/t Ag and 0.18 % Zn from 228.65m

- A considerable volume of samples remains at the laboratory of ALS in Peru, which has experienced substantial delays in turnaround times due to Covid related staff shortages. These issues are slowly being resolved and it is anticipated that assay delays will be reduced in the next quarter.
- Apart from drilling at the APTA prospect, work commenced on regional mapping and sampling across the wider lease holding. A large program of BLEG sampling was commenced, which once analyzed should provide vectors to more targeted programs in following quarters.
- The company has commenced work on converting the last of its secure license applications to granted status so that they can be accessed for exploration work later in the year.

### Uruguay

- In Uruguay, the Company has focused its activities on the implementation of the Creditors Agreement, which was approved by the Court in September 2019, and the sale of the assets of its Uruguayan subsidiary Loryser. As part of that Agreement, Orosur issued in December 2019, 10,000,000 Orosur common shares to a trust for the benefit of Loryser's creditors as contemplated in the court-approved Creditors Agreement.

- At the same time, and in line with Company's expectations, during Q3 2020, Loryser signed a Settlement Agreement with DINAMA (Uruguay environmental agency) in order to recover the \$1,326 from an environmental guarantee it had executed previously. Pursuant to the Settlement Agreement, Loryser is continuing with the reclamation of the tailings dam and Dinama will pay in instalments upon completion of a nine-phased closure plan. The agreement is now effective after getting final approval from the Audit Tribunal, who oversees all Governmental accounts. The reclamation is progressing well. The first of the payments from DINAMA in an amount of \$150 was received by the Company on May 21, 2020 and the second payment of \$269 was received post period end on December 7, 2020.
- On August 6, 2020, the Company sold its mining and exploration permits in the San Gregorio Project area of Uruguay to Kiwanda Group LLC for an aggregate cash consideration of \$550 of which \$250 was received on completion and a further \$300 is payable on August 1, 2021.
- Good progress is being made on the sale of Loryser's other assets including plant and equipment. The proceeds from all of these sales will be used to pay liabilities in Uruguay in connection with the aforementioned Creditors Agreement.

### **Financial and Corporate**

The unaudited consolidated financial statements have been prepared on a going concern basis under the historical cost method except for certain financial assets and liabilities which are accounted for as Assets and Liabilities held for sale (at the lower of book value or fair value) and Profit and Loss from discontinuing operations. This accounting treatment has been applied to the activities in Uruguay and Chile.

On February 28, 2021, the Company had a cash balance of \$7,006, (May 31, 2020 - \$782). As at the date of this MD&A the Company had a cash balance of \$7,595 which includes the proceeds from the private placement and from the exercise of options, both detailed below.

On July 17, 2020 Brad George was appointed Chief Executive Officer and Thomas Masney was appointed as a non-executive director, replacing Ignacio Salazar and HD Lee respectively.

On August 14, 2020 8,370,000 warrants expired unexercised.

On October 30, 2020, 2,876,670 were exercised by a number of employees and former employees

On December 7, 2020, the Company completed a private placement financing consisting of the sale of 23,529,412 units (the "Units") at 17 pence per Unit for aggregate gross proceeds of £4 million (\$5,372). Each Unit consisted of one (1) common share in the capital stock of the Company ("Common Share") and one-half (1/2) of one Common Share purchase warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder thereof to acquire an additional Common Share at a price of 25.5 pence for a period of 12 months from the date of issuance.

On December 10, 2020, the Company granted an aggregate of 5,600,000 stock options of which 4,300,000 were granted to certain directors and officers of the Company, at an exercise price of CAD\$0.325 with an expiration date of December 10, 2030. These options vest 50% immediately and the 50% on December 10, 2021.

On January 12, 2021, the Company appointed Mr. Nicholas (Nick) von Schirnding to the Company's Board as an Independent Non-Executive Director. The Company also appointed Mr. Louis Castro, then non-executive chairman of the Company, to the role of Executive Chairman.

## **Outlook and Strategy**

During the period, the company continued its focus on developing the potential at Anza and continuing the orderly closure of its historical operations in Uruguay in accordance with the court agreed settlement process.

Work on both facets of the corporate strategy is progressing well and the recent capital raising in November 2020 has provided sufficient balance sheet strength to continue progress.

The company is also examining new business opportunities in South America, subject to travel limitations caused by the Covid-19 pandemic.

## **Off-Balance-Sheet Arrangements**

As of the date of this filing, 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 financial performance or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

## **Proposed Transactions**

The Company routinely evaluates various business development opportunities which could entail optioning properties, direct acquisitions, trades and/or divestitures. In this regard, the Company is currently in discussions with various parties, but no definitive agreements with respect to any proposed transactions have been entered into as of the date of this MD&A. There can be no assurances that any such transactions will be concluded in the future.

## **Overview of Financial Results**

### **Selected Quarterly Information**

A summary of selected financial information of Orosur for each of the eight most recent completed quarters is as follows:

Orosur Mining Inc.  
Management's Discussion & Analysis  
Three And Nine Months Ended February 28, 2021  
Dated – April 13, 2021

Three Months Ended	Total Revenue (\$)	Income (Loss)		Total Assets (\$)
		Total (\$)	Per Share (\$)	
February 28, 2021		(1,232)	(0.01)	14,596
November 30, 2020	-	(668)	(0.01)	9,741
August 31, 2020	-	(1,356)	(0.01)	10,018
May 31, 2020	-	1,665	0.01	10,544
February 29, 2020	-	(573)	0.00	13,186
November 30, 2019	-	193	0.00	13,324
August 31, 2019	-	207	0.00	13,932
May 31, 2019	-	(1,842)	(0.01)	13,826

The unaudited condensed interim consolidated financial statements have prepared on a going concern basis under the historical cost method except for certain financial assets and liabilities which are accounted as Assets and Liabilities held for sale and Profit and Loss from discontinuing operations: This accounting treatment is applied to the activities in Uruguay and Chile. Assets held for sale in Uruguay are measured at the lower of book value or fair value.

### Discussion of Operations

#### Profit and loss for the three months ended February 28, 2021 and February 29, 2020

##### *Continued operations*

For the three months ended February 28, 2021, Orosur recorded a net loss from continued operations of (\$1,166), with basic and diluted loss per share of (\$0.01). This compares with a net loss of (\$344) for the three months ended February 29, 2020. The increase in net loss of \$822 is principally attributable to an increase in share-based compensation of \$867 due to the issue and vesting of 5,900,000 options.

##### *Discontinued operations*

For the three months ended February 28, 2021, loss from discontinued operations was (\$66). This compares with loss for the three months ended February 29, 2020 of (\$198). The decrease in net loss of \$132 is principally attributable to the obsolescence provision decreased and other income as set out in Note 4 of the unaudited condensed interim consolidated financial statements for the three and nine months ended February 28, 2021.

#### Profit and loss for the nine months ended February 28, 2021 and February 29, 2020

##### *Continued operations*

For the nine months ended February 28, 2021, Orosur recorded a net loss from continued operations of (\$1,711), with basic and diluted loss per share of \$0.01. This compares with a net loss of (\$1,152) for the nine months ended February 29, 2020. The increase in net loss of \$559 is principally attributable to an increase in share-based compensation of \$867 due to the issue and vesting of 5,900,000 options.

**Orosur Mining Inc.**  
**Management's Discussion & Analysis**  
**Three And Nine Months Ended February 28, 2021**  
**Dated – April 13, 2021**

*Discontinued operations*

For the nine months ended February 28, 2021, loss from discontinued operations was (\$1,549). This compares with income for the nine months ended February 29, 2020 of \$479. The increase in net loss of \$1,070 is principally attributable to an increase in care and maintenance costs as well as to an adverse movement in foreign exchange rates between the Uruguayan peso and the US dollar as set out in Note 4 of the unaudited condensed interim consolidated financial statements for the three and nine months ended February 28, 2021.

**Assets and liabilities as at February 28, 2021; May 31, 2020; and, May 31 2019**

The following is selected financial data of the Company as at February 28, 2021, May 31, 2020, and May 31, 2019:

	As at February 28, 2021	As at May 31, 2020	Restated As at May 31, 2019
Total current assets	\$9,221	\$3,993	\$5,256
Total non-current assets	\$5,375	\$6,551	\$8,570
Total assets	\$9,741	\$10,544	\$13,826
Total current liabilities	\$21,070	\$19,712	\$23,494
Total non-current liabilities	\$nil	\$nil	\$nil
Total liabilities	\$21,070	\$19,712	\$23,494
<b>Total shareholders' (deficit) equity</b>	<b>\$(6,474)</b>	<b>(\$9,168)</b>	<b>(\$9,668)</b>

**Liquidity and Capital Resources**

The Company had cash balances from continued operations of \$7,006 at February 28, 2021 (May 31, 2020 - \$782). The increase in cash during the nine months ended February 28, 2021, was primarily due to funds received from financing activities and the Company's JV partner in the Anza project.

Net cash used in operating activities was \$(809) for the nine months ended February 28, 2021. Net cash provided by investing activities amounted to \$1,753 comprising \$461 from proceeds received for the sale of equipment and plant; proceeds received from exploration and option agreement of \$2,893; and, (\$1,540) in expenditure on exploration and evaluation.

Net cash provided by financing activities was 5,697 for the nine months ended February 28, 2021 comprising of \$4,978 net received from issue of units and \$719 from the exercise of options and warrants.

At February 28, 2021, the Company had a net working capital deficiency of \$11,849 (May 31, 2020 – \$15,719). The Company is not generating cash from operations but relies on the cash payments received under the exploration and option agreement for the funding of commitments in Colombia and to cover its financial needs outside Uruguay. The reorganization in Uruguay is, as per the December 2018 Agreement, financing itself by the sale of Loryser's assets proceeds which are intended to cover its outstanding and ongoing liabilities. While Loryser needs to fully cover the labour and environmental liabilities, the Creditors



Agreement provides that all amounts owing by Loryser to its trade creditors would be considered fully satisfied by net proceeds from the sale of Loryser's assets in Uruguay, together with the issuance of 10 million common shares of Orosur into Trust. In the event that the exploration and option partners do not meet its funding requirements, the Company will require external financing to advance its exploration project in Colombia. Such financing may be by way of equity, and / or debt financing. There can be no assurance that financing will be available to the Company when needed or, if available, that this financing will be on acceptable terms. If adequate funds are not available, the Company may not be able to advance its exploration project in Colombia.

During the nine months to February 28, 2021, the Company successfully raised £4 million (\$5,372) through a private placement, and has received a further \$437 through the exercise of options and \$282 through the exercise of warrants

See "Risk Factors" below.

### **Outstanding Share Data**

As at the date of this MD&A, the Company had the following number of common shares and issuable shares outstanding:

<b>Basic shares outstanding</b>	
Common shares	188,251,966
Issuable under options	8,087,312
Issuable under warrants	10,897,058
<b>Fully diluted shares outstanding</b>	<b>207,236,336</b>

### **Disclosure Controls and Procedures and Internal Controls over Financial Reporting**

Management is responsible for establishing and maintaining adequate disclosure controls and procedures ("DCP") as well as internal controls over financial reporting ("ICFR") as described in our 2020 annual MD&A.

The Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), with the participation of management last completed an evaluation of the design and operating effectiveness of the Company's DCP's and ICFR's as at May 31, 2020. Based on that assessment, management concluded that the Company's ICFR were operating effectively at February 28, 2021, which was based on the COSO Model.

During the nine months ended February 28, 2021, the CEO and CFO have evaluated whether there were changes to the ICFR that have materially affected, or are reasonably likely to materially affect, the ICFR. No such significant changes were identified through their evaluation which was based on the COSO Model.

#### **Limitations of controls and procedures**

The Company's management, including the CEO and CFO, believe that any internal controls over financial reporting and disclosure controls and procedures, no matter how well designed, can have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance that the objectives of the control system are met.

## **Critical Accounting Judgements, Estimates and Assumptions**

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. By definition, estimates and assumptions seldom equal actual results and have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities, and to the amounts of revenues and expenses presented in these financial statements. The areas which require management to make significant judgments, estimates and assumptions are discussed below:

### **Consolidation**

The unaudited condensed interim consolidated financial statements include the accounts of Orosur and its subsidiaries (collectively "the Group"). Subsidiaries are entities controlled directly or indirectly by Orosur. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The Company's list of subsidiaries is included in note 16 to the unaudited condensed interim consolidated financial statements of the Company for the three and nine months ended February 28, 2021. All are 100% owned by Orosur and they include the Company's subsidiaries in Uruguay, Chile and Colombia. In each case the management has deemed that Orosur has control over these and all other subsidiaries on the measures set out above.

### **Discontinued operations.**

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

The Company is accounting for its activities in Chile and Uruguay as discontinued. Chile is recognized as a discontinued operation after all of its mining assets were sold or returned. In Uruguay, the operations are on a care and maintenance basis and the Company's subsidiary, Loryser S.A. is well advanced in the sale of its assets and the liquidation of its liabilities and commitments in other than the normal course of business.

### **Exploration and evaluation expenditure**

The recoverability of amounts shown for capitalized exploration and evaluation costs is dependent upon the discovery of economically recoverable reserves. Management reviews the carrying value of capitalized exploration and evaluation costs at least annually. The review is based on the Company's intention for development of the underlying asset.

### **Environmental rehabilitation provisions**

The fair value of the liability is determined based on the net present value of estimated future costs estimated by management based on feasibility and engineering studies on a site by site basis. While care was taken to estimate the retirement obligations, these amounts are estimates of expenditures that are not due until future years. The Company assesses its provision on an ongoing basis or when new material information becomes available.

### **Stock-based compensation**

The Company uses the fair value method to account for stock-based employee compensation plans. The calculation of this benefit relies on estimates of the anticipated life of the option, risk free rate, forfeiture rate, and the volatility of the Company's share price.

### **Capital Management**

Our capital management objectives are to safeguard the Company's ability to support our operating requirements on an ongoing basis, continue the development and exploration of the Company's mineral properties and support expansion plans while attempting to maximize the return to shareholders through enhancing the share value. The Company defines capital that it manages as net worth, which is comprised of total shareholders' equity and debt obligations (net of cash and cash equivalents).

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by, upon approval of its Board of Directors, issuing new shares, disposing of assets or undertaking other activities as deemed appropriate under the specific circumstances. The Board of Directors reviews and approves any material transactions out of the ordinary course of business, including proposals on acquisitions or other major investments or divestitures, as well as capital and operating budgets.

The Company does not have a numeric target for its capital structure. The capital structure is reviewed by management and the Board of Directors on an ongoing basis. The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures and other investing and financing activities. Selected information is frequently provided to the Board of Directors of the Company.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the three and nine months ended February 28, 2021.

### **New Standard Adopted**

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after May 31, 2020. Many are not applicable or do not have a significant impact to the Company's unaudited condensed interim consolidated financial statements

### **New Standards not yet Adopted**

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after June 1, 2021. Many are not applicable or do not have a significant impact to the Company and have been excluded.

### **Related Party Balances and Transactions**

The Company owns 100% of all of its subsidiaries. Figures contained in this MD&A document include the accounts of Orosur and its subsidiaries and all inter-company transactions have been eliminated on

consolidations. Note 16 to the unaudited condensed interim consolidated financial statements of the Company for the three and nine months ended February 28, 2021 discloses the Company's list of subsidiaries.

## **Risk Factors**

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position. Please refer to the section entitled "Risk Factors" in the Company's Annual Information Form dated October 14, 2020 and Annual MD&A dated October 14, 2020 (available on SEDAR at [www.sedar.com](http://www.sedar.com)).

The principal risks are considered to be those set out below.

### **Covid-19**

In March 2020, the World Health Organization declared the outbreak of the coronavirus (COVID-19) a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, have adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. In Colombia, the Company has established protocols to mitigate against the problems presented by COVID-19, which should allow activity to continue in Anzá. There can, of course, be no assurances that there will be no disruptions from any future outbreaks in the locality and the wider region that would lead to a more protracted exploration program. In Uruguay, the impact of the pandemic has slowed down the realization of assets but sales are still being made, including to foreign buyers, in spite of travel restrictions.

### **Liquidity Risk**

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity.

The Company is not currently generating cash from operations but relies on cash payments from Minera Monte Aguila and its funding of commitments in Colombia to cover its financial needs outside of Uruguay. The business in Uruguay is, as per the Creditors Agreement, financing itself selling its assets while covering its liabilities. There can be no assurance that funding will be available to the Company or, if available on acceptable terms, that it will be sufficient to cover all its needs in the future. The Company may in the future consider raising equity capital in amounts sufficient to fund both exploration work and working capital requirements.

Liquidity risk depends on certain forward-looking statements which include, without limitation, the exploration plans in Colombia and the funding from Monte Aguila (the 50:50 joint venture between Newmont and Agnico) of those plans, Monte Aguila's decision to continue with the option agreement, the satisfactory implementation of the ratified Creditors' Agreement in Uruguay, and the enforcement of the arbitration process in Chile against Fortune Valley Resources Chile S.A. (a subsidiary of the Company) and any effects of that arbitration's decision on the Company. Actual results and future events could differ materially from those anticipated in such forward-looking statements.

### **Key Personnel Risks**

Recruiting and retaining qualified personnel is critical to the Company's success. Although the Company believes that it will be successful in attracting and retaining qualified personnel, there can be no assurance of such success.

### **Foreign currency risk**

Foreign currency risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the entity's functional currency. All of the Company's entities have the United States dollar as the functional currency, except for Waymar Resources Ltd., Cordillera Holdings International Ltd. and Minera Anzá S.A., the functional currency of which is the Canadian dollar and Minera Anzá S.A. (Colombia branch), the functional currency of which is the Colombian peso. The Company conducts some of its activities in currencies other than the US dollar, especially in Uruguayan pesos. The Company also has active exploration programs in Colombia and has some of its expenditure denominated in Colombian pesos. The Company is therefore subject to gains or losses due principally to fluctuations in the Uruguayan peso and the Colombian peso relative to the US dollar. The Company manages its currency rate risk by denominating its contracts and commitments, where possible, in US dollars. The Company does not have a policy, to nor has it entered into derivatives to mitigate foreign currency risks.

### **Credit risk**

Credit risk is the risk that a third party might fail to fulfil its performance obligations under the terms of a financial instrument. The Company's credit risk is primarily attributable to cash and cash equivalents and accounts receivable. The Company has no significant concentration of credit risk. The Company's cash and cash equivalents credit risk is mitigated by using well capitalized financial institutions.

### **Sensitivity to foreign exchange rates**

The Company has financial exposure principally to foreign exchange fluctuations in the Uruguayan, Chilean and Colombian peso and the Canadian dollar relative to the US dollar.

### **Subsequent event**

Subsequent to February 28, 2021, 73,530 warrants were exercised