CANUC RESOURCES CORPORATION

(Formerly Santa Rosa Silver Mining Corp.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE PERIOD ENDED SEPTEMBER 30, 2021

The following discussion of the results of operations and financial condition ("MD&A") of Canuc Resources Corporation ("Canuc" or "the Corporation") prepared as of November 29, 2021 consolidates Management's review of the factors that affected the Corporation's financial and operating performance for the period ended September 30, 2021, and factors reasonably expected to impact on future operations and results. This discussion should be read in conjunction with the quarterly consolidated financial statements of the Corporation for the periods ended September 30, 2021 and December 31, 2020, together with the notes thereto.

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 period ended September 30, 2021 are not necessarily indicative of the results that may be expected for any future period.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, 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 Canuc's common shares; or (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 of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

The Corporation's financial statements, as well as additional information, are available at www.sedar.com. The Corporation's reporting currency is the Canadian dollar and all amounts disclosed herein are in Canadian dollars, unless otherwise stated.

On February 21, 2017, Santa Rosa Silver Mining Corp. ("Santa Rosa") and Canuc Resources Corporation ("Former Canuc") completed a reverse takeover transaction and continued as one Corporation, Canuc Resources Corporation (the "Transaction"). The Corporation is listed on the TSX-V under the symbol CDA. The registered office is located at 130 Queen's Quay East, Suite 607, Toronto, Ontario, M5A 3Y5.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

Except for statements of historical fact relating to the Corporation, certain information contained in this MD&A constitutes "forward-looking information" under Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to the potential of the Corporation's properties; the future prices of base and precious metals; success of exploration activities; cost and timing of future exploration and development; the estimation of mineral reserves and mineral resources; conclusions of economic evaluations; requirements for additional capital; and other statements relating to the financial and business prospects of the Corporation. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, and is inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Corporation to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks related to: unexpected events and delays during permitting; the possibility that future exploration results will not be consistent with the Corporation's expectations; timing and availability of external financing on acceptable terms and in light of the current decline in global liquidity and credit availability; future prices of precious metals; currency exchange rates; government regulation of mining operations; failure of equipment or processes to operate as anticipated; risks inherent in precious metals exploration and development including environmental hazards, industrial accidents, unusual or unexpected geological formations; and uncertain political and economic environments. Although management of the Corporation has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The Corporation does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

DESCRIPTION OF THE BUSINESS

The Corporation is a junior resource corporation focused, through its subsidiary Minera Stramin S. de R.L. de C.V. ("Minera Stramin"), on the acquisition, exploration and development of the San Javier Project, a silver-gold-copper exploration project located in the state of Sonora in northwest Mexico, roughly 134 km southeast of the Sonora capital city of Hermosillo. This project presently has no NI 43-101 resources or reserves. As a result of its business combination with the Former Canuc, the Corporation also oil and gas interests in Texas, U.S.A. held through its subsidiary Midtex Oil & Gas Corporation ("Midtex").

The Corporation is currently a mineral exploration company and, accordingly, the Corporation is dependent upon equity financings and the optioning and/or sale of resource or resource-related assets for funding. The Corporation's oil and gas assets are producing net income at this time. The recoverability of the carrying value of exploration and evaluation projects, and ultimately the Corporation's ability to continue as a going concern, is dependent upon this oil and gas income and also upon the Corporation's ability to finance exploration of its projects through equity financings and the optioning and/or sale of resource or resource-related assets.

Prospective investors should carefully consider the risk factors described in the section entitled "Risks and Uncertainties" below.

MERGER BETWEEN CANUC AND SANTA ROSA

On February 21, 2017 Canuc executed a business combination agreement dated August 26, 2016 (the "Transaction"). The Transaction involved the combination of Former Canuc and Santa Rosa by way of an amalgamation of Santa Rosa and a wholly owned subsidiary of Canuc, to form one company as a wholly owned subsidiary of Canuc. Pursuant to the amalgamation, all issued and outstanding securities in the capital of Santa Rosa were converted into like issued and outstanding securities of Canuc on a two-for one basis. This Transaction resulted in 22,365,000 shares being issued to Santa-Rosa shareholders. All Santa Rosa options and warrants were converted to options and warrants of Canuc, on the same two-for-one basis.

After evaluating all the facts surrounding this Transaction, Management determined that IFRS 3, Business Combinations, is applicable and that the Transaction was accounted for as a business combination with Santa Rosa as the acquirer for accounting purposes.

The following table summarizes the fair value of the total consideration deemed issued by Santa Rosa to acquire Former Canuc and the fair value of assets acquired and liabilities assumed.

Purchase Price	
Common shares issued	**$ 2,037,350**
Share-based compensation	**103,095**
Warrants	**363,610**

Total Purchase Price	**$**	**2,504,055**
Net Assets Acquired		
Cash	**$**	**1,267**
Receivables and prepaids		**35,588**
Oil and gas properties and interests (i)		**349,519**
Accounts payable and accrued liabilities		**(336,429)**
	$	**49,945**
Goodwill	**$**	**2,454,110**

(i) The Corporation used a discounted cash flow model to estimate the expected future cash flows from its oil and gas properties and interests. Expected future cash flows are based on estimates of future production and commodity prices, operating costs and forecast capital expenditures based on the life of production as at the acquisition date.

Goodwill resulted from the acquisition of Former Canuc, and primarily relates to price paid over the net assets acquired. Goodwill was assessed as having "day 1 impairment" and has been written off.

ACQUISITION OF FULL CIRCLE ENERGY

On November 2, 2018 Canuc executed a business combination agreement dated September 25, 2018 (the "Transaction"). The Transaction involved the combination of Full Circle Energy Ltd by way of an amalgamation of Full Circle Energy and a wholly-owned subsidiary of Canuc, to form one company as a wholly owned subsidiary of Canuc. Pursuant to the amalgamation, all issued and outstanding securities in the capital of Full Circle Energy Ltd were converted into like issued and outstanding securities of Canuc on a one-for one basis. This Transaction resulted in 11,810,000 shares being issued to Full Circle Energy shareholders.

After evaluating all the facts surrounding this Transaction, Management has determined that IFRS 3, *Business Combinations*, is not applicable and the Transaction was accounted for as an asset purchase.

Purchase Price	**Quantity**		**Amount**
Common shares issued	**11,810,000**	**$**	**1,299,100**
Legal Expenses			**88,726**
Total Purchase Price		**$**	**1,387,826**
Net Assets Acquired			
Cash		**$**	**373,834**
Receivables and prepaids			**126,328**
Exploration Asset			**1,391,453**
Accounts payable and accrued liabilities			**(503,789)**
		$	**1,387,826**

THE SAN JAVIER SILVER-GOLD-COPPER PROJECT

The following description is based, in part, on the Corporation's National Instrument 43-101 Technical Report titled "NI 43-101 Technical Report on the San Javier Project, State of Sonora, Mexico"[1], dated

[1] Although as a private Corporation at the time the Corporation did not fall under NI43-101, this report and related disclosure followed the requirements and standards of NI43-101 regarding technical disclosure and were filed on SEDAR by Canuc Resources Inc. as part of its filings related to the Amalgamation.

August 17, 2016 prepared by Seymour M. Sears, B.A., B.Sc., P.Geo. of Sears, Barry and Associates Limited of Sudbury, Ontario (the “Technical Report”). Mr. Sears is an independent Qualified Person under National Instrument 43-101.

Through Its Mexican subsidiary, Mlnera Canuc SA. de CV, the Corporation currently holds title, has an option to acquire title and/or has title pending issue to 24 contiguous mineral concessions. The concessions cover 851.9 hectares.

On May 22nd, 2018 the company announced that it had released from option two of the 19 San Javier claims which were held at that time. These 2 claims, which represent just over 8% of the total claim package at that time, were deemed to have metal budgets insufficient to support their option costs. The remaining claims which were held at that time are owned outright.

Net Smelter Return royalties totaling 1.5% on future production of metals from San Javier are held by four individuals.

The San Javier district is located along the western margin of the Sierra Madre Occidental Physiographic Province and the terrain is characterized by steep hills cut by v-shaped valleys. It has a long mining history, both for precious metals and for anthracite coal mining. There are no detailed production records for any of these deposits.

The Corporation's San Javier Project is interpreted to lie on the eastern end of an east-west trending volcano-sedimentary basin referred to as the Barranca Basin. This basin may have originally developed as a pull-apart basin, formed along the axis of a major transform fault that passes through this area. The San Javier Project area has undergone faulting, fracturing and igneous activity as evidenced by complex structural features and local felsic to mafic intrusive bodies. This geological environment is favorable for the emplacement of of several types of mineral deposits including epithermal vein deposits, porphyry deposits and other intrusive related deposits.

Exploration on the property focuses on three styles of mineralization observed within the San Javier concessions. These include:

- quartz vein and vein breccia, having northeasterly strikes and southeasterly dips,
- silica and clay alteration associated with igneous dykes, and
- quartz stockwork breccia.

All mineralization types appear to be related to linear fault structures that pass through the project area. Large oxidized and clay altered zones observed in the project area may represent the presence of porphyry or iron-oxide-copper-gold style mineralization. The styles of mineralization are broadly classified as intrusion related in the Technical Report. The concessions cover numerous showings of mineralization, many showing evidence of old workings over a strike length in excess of 3 kilometers.

There are at least two areas within the San Javier property with historical mine workings and accessible exploration adits. The first of these is Cerro Colorado, on the Las Bellotas Concession in the center of the San Javier Property. These workings include two areas with underground and limited open-cut workings, named Jasmin and Cerro Colorado (also known as La Colorada). It appears that both workings may be accessed by an adit which is named the Carlotita Adit. The extent of the underground workings at Cerro Colorado is currently unknown. Lying between the Santa Rosa Mine and Cerro Colorado, within the Las Bellotas Concession, are two other old adits of unknown age (most likely late 19th or early 20th century).

Numerous other short adits and shallow shafts/pits are located within the Property. The geologic significance of these is presently unknown, other than to indicate a wide distribution of mineralized material. In 2020 extensive old workings and multiple adits were also found on the El Tule claim area. This area has become the focus of increased exploration interest.

Trends

The Corporation is a Canadian precious metal exploration corporation, focused on exploring its current property interests. The Corporation's future financial success will be dependent on management's successful development of the San Javier Project and other mineral projects. Such development may take years to complete, and the resulting income, if any, is difficult to determine with certainty.

There are always uncertainties regarding the prices of metals and the availability of equity financing for the purposes of exploration and development. The future performance of the Corporation is largely tied to the outcome of its exploration activities, the development of its property interests and other prospective business opportunities, and the overall financial markets.

Financial markets are likely to continue to be volatile, reflecting ongoing concerns about the stability of the global economy and global growth prospects. As a result, the Corporation may have difficulties raising equity financing for the purposes of metal exploration and development, particularly without diluting the interests of shareholders. These trends may limit the ability of the Corporation to discover and develop its current mineral exploration properties and exploration property interests that may be acquired in the future. See "Risks and Uncertainties" and "Cautionary Note Regarding Forward-Looking Information".

Overall Performance

The Coody Morales well has proven to be a good producer and came back on-stream in 2018. This currently provides the Corporation with a modest source of revenues and may generate some cash flow for many years. The Corporation's Mexican exploration activities are at an early stage, and it has not yet been determined whether its properties contain economically recoverable metals. In this low interest rate environment, the Corporation does earn some moderate amount of interest on cash on hand. Within the Corporation's mineral exploration claims there are no deposits of minerals presently known to be economic, and any activities of the Corporation thereon will constitute exploratory searches for minerals.

Exploration Projects

San Javier Project, Mexico

The Corporation's goal has been to consolidate properties adjacent to the Santa Rosa concession into a regionally meaningful target block and to explore contiguous claims in an effort to demonstrate economic viability. Claim consolidation has succeeded in assembling a contiguous block of concessions that presently covers 3 kilometers of prospective strike length and a comfortable zone of down-dip and hanging wall protection. Exploration conducted by the Corporation includes underground mapping in all accessible workings, surface mapping of trenched and open cut areas, channel sampling of mineralized veins, geological mapping and drilling.

TABLE 2: Exploration Expenditures at San Javier Project *(Canadian dollars)*				
	Nine Month ended September 30, 2021 $ (unaudited)	**Nine Month ended September 30, 2020 $ (unaudited)**	**Year ended December 31, 2020 $**	**Cumulative: inception in 2011 to Dec 31, 2020 (unaudited) $**
Option payments	**---**	**---**	---	$455,420
Renewal and staking	**76,240**	**---**	28,475	127,741
Labor and contractors	**365,651**	**---**	157,762	895,883
Field supplies and	**339,376**	**34,347**	30,370	133,673
Drilling	**356,422**	**7,006**	---	295,838
Transportation	**38,231**	**---**	47,219	202,851
Assaying	**71,751**	**---**	---	158,561
Communications	**---**	**---**	---	396
Other	**65,574**	**94,470**	571	152,010
Totals	**1,313,245**	**135,824**	**264,297**	**2,422,373**

Subsequent to the underground sampling program conducted in 2012, a program of reconnaissance mapping, prospecting and sampling was carried out under the guidance of Seymour Sears, P.Geo, whose NI 43-101 report on the San Javier project can be viewed on SEDAR. During this program, a total of 9 prospects were identified within the property as constituted at that time. A mineralized "corridor" about 200 m wide extends across the length of the property which is a distance of 3 km.

At least 3 styles of mineralization have been identified. These include vein and vein-breccia zones, alteration zones associated with the margins of felsic to intermediate dykes, as at the Colorado Zone, and quartz stockwork breccia zones as represented by the Carranza Zone. The vein zones range in width from less than 1 m to 4.5 m. The other two styles of mineralization appear to have potential to be much wider.

Silica and clay alteration at the Colorado Zone is evidenced over a width of at least 11 m, and an 11.2 m composite of 4 samples across this zone averaged 284 g/t (8.3 opt) Ag.

The Carranza Zone at one point reaches a width of 31 m on surface. Contained within this section occurs an 11 m interval (4 samples) that averages 238 g/t (6.9 opt) Ag.

The proximity of the Carranza and Cerro Colorado/Jasmin breccia zones to the intersection of the SJMC and the NNE-SSW faults is considered important. The latter faults are believed to be of Paleozoic age and are thought to have been reactivated during the Laramide age when the SJMC was created and mineralized by nearby intrusions.

It has been postulated that the breccia zones may widen with structural controls. This could result in an increase in the possibility of locating substantial silver mineralization associated with this mineralized system.

On September 12, 2017, Canuc announced initial results from its Phase I drill program. A total of 7 holes were completed, testing the Santa Rosa vein (SRV) over a strike length of 430 m northeast-southwest. The SRV was confirmed in all holes for a current strike length of 430 m and is open to the northeast, southwest and at depth.

The Carranza breccia body is manifest about 400 m further northeast of the Santa Rosa claim. The Carranza breccia is located just east of the intersection of a north-south trending fault and the NE-SW trending Noria vein. Previous surface sampling of the Carranza breccia yielded values of 274 g/t Ag and 0.69 g/t Au over 11 m. Elsewhere, the Cerro Colorado breccia zone, located between 600 m and 700 m northeast of Carranza, was also found at the intersection of the SRV trend and a north-south oriented fault. Surface sampling at Cerro Colorado yielded a weighted average of 285 g/t Ag and 0.21 g/t Au over 11.3 m. These two areas highlight the mineralogical potential for breccia bodies along the SRV trend.

Management believes that the drilling supports the Santa Rosa vein along every section line drilled within a mineralized corridor over a strike length of 430 meters which is open in both directions (northeast and southwest) and at depth. Drilling has detected very high-grade silver with high grades of gold and accessory zinc and lead mineralization within the corridor across widths of up to 4.3 meters within the Santa Rosa Vein. A new vein was discovered with high grade silver and gold values.

During 2017 drilling took place on the southwest portion of the Company's combined 24 claims, representing just over 10% of the property. Perhaps the most interesting geological result was the detection of a 43 meter-wide section of stockwork veining exhibiting sphalerite and galena in hole SJ17-006 along the northeastern most section of the Phase 1 drill program. This is the direction of the silver- and gold-bearing breccias which occur further to the northeast on the property.

Both diamond drilling and surface sampling indicate that mineralization in the SRV system increases in the northeast direction. In recognition of this, Canuc concluded an agreement to acquire an important 151-hectare claim block known as Tule 1. This claim envelops the Company's existing San Javier property to the northeast and adds considerable strike length to the SRV mineralized corridor.

There are several mineral showings and historical mine workings within the northeast land package. Of particular significance are several breccia zones which manifest on surface and have been identified from sampling programs: Carranza breccia zone, where previous sampling produced 274 g/t silver over a width of 11 m on surface, Cerro Colorado breccia zone, which yielded 285 g/t silver over 11.3 m on surface (press release, April 13, 2017) and the Silver Mountain breccia zone. These breccia zones occur near the confluence of the SRV trend with another north-south trending fault system.

On October 12, 2017 Canuc reported high grade silver and gold assays from recent sampling of underground workings and from the Carranza breccia zones exposed on surface. A 3-D modeling exercise indicated a concentration of higher grade silver and gold results in underground workings on either side of a north-south fault that cross cuts the Santa Rosa mine workings. A program of check sampling was carried out to confirm and extend these high-grade results along the Polvorin level located west of this fault.

The north-south fault that intersects the SRV trend is deemed to be geologically important as a carrier for silver and gold mineralization. It has been recently recognized that the Carranza and Cerro Colorado breccia zones, which manifest on surface, lie at the intersections of the north-south faults and the NE-SW SRV trend. There are at least four such north-south faults that cross the property.

On October 24, 2017 the Company announced that it had entered into a definitive agreement (the "Agreement") to acquire title to a mining concession which has an area of 151.1443 hectares (the "Concession") from Minerales y Carbones de Mexico S.A. de C.V. ("Carbones"). The newly acquired mining concession envelops existing land holdings to the northeast. Exploration has determined that silver-gold mineralization strengthens to the northeast. The Company has confirmed that silver bearing breccia and stockwork zones are evidenced along this trend. The confirmation of silver-gold bearing breccia zones marks a change in prospects and represents potential for a significant mineral discovery at San Javier.

Two such silver-gold bearing breccia bodies also have already been documented to the south-west, Cerro Colorado and Carranza. Three more breccia bodies have been discovered within the property boundaries. These breccia bodies are exposed on surface and occur at the intersection of the known NE-SW trending San Javier Mineralized Corridor with recently recognized north-south faults.

Santa Rosa, along with all other workings and showings along the nearly 4 km strike length of the SJMC, is hosted in the late Triassic age Barrancas Group, comprised predominantly of sandstone and lesser shale and siltstone. Brecciated hanging wall rocks were observed underground at the Santa Rosa mine, and potentially larger breccia bodies exist at the Carranza and Cerro Colorado zones, both located near the confluence of the SJMC with older faults which crosscut the SJMC.

On July 28, 2020, the Company announced that it has initiated a geological mapping and systematic sampling program along the 3 km structural corridor of the San Javier Silver-Gold Project. On September

22, 2020 the Company announced preliminary results from an ongoing work program on the San Javier Silver-Gold Project.

The current work program has been focused on the eastern and northeast part of the project covering an area that was previously unexplored by the Company. The area of coverage includes the recently acquired, and previously underexplored, El Tule claim. The work program encompassed reconnaissance geological mapping, and rock sampling and drilling. Geological mapping has determined that the eastern part of the San Javier Project is underlain mainly by Triassic aged Barranca Group sandstones and siltstones that are cut by abundant zones of hydrothermal breccia. The matrix to these breccias consists mainly of iron oxide (magnetite, hematite) and related hydroxides (limonite, goethite) with local quartz, carbonate and barite. The mineralogy suggests that the breccia zones may represent the lower part of a large, magmatic hydrothermal system. The breccia zones locally contain relatively narrow (up to 1.5 meters) lenses consisting of massive magnetite matrix material with high grade Ag and elevated Cu.

The work program has identified these swarms of iron-matrix breccia over a large area measuring 900 by 1,200 meters which remains open laterally on the Company's claims. One of the individual breccia zones in this area measures from 30 to 70 meters in width and has been traced for approximately 800 meters along strike. It occurs adjacent to two fault structures.

The work program will continue mapping and sampling on the Company's center to eastern claim area where the property appears to be underlain by the iron-matrixed breccia zones. There is approximately 800 meters of unmapped ground between the current mapping grid and the Company's property boundary. This property boundary is contiguous with a claim group containing two previously identified Cu deposits - Mesa Grande and La Trinidad - explored in 2007 by Constellation Copper Corp. These deposits are considered to be the upper levels of an iron oxide-copper-gold (IOCG) deposit type.

All samples were channel samples ranging in width from 0.1 to 3.0 meters in thickness. Sample locations are spray painted and marked by aluminum tags in the field and the samples are placed in plastic bags with the appropriate sample tag; sample numbers are also written on the outside of the bags; locations are acquired by GPS and recorded at the site along with sample descriptions. They are then stored at a secure site until delivered directly to the certified laboratory of Bureau Veritas in Hermosillo, Mexico. All samples are assayed for Au by Fire Assay, AA finish in Hermosillo and all over-limit samples assayed for Au and Ag by Fire Assay, Gravimetric finish. All samples are analyzed by Aqua Regia digestion, ICP methods for 33 elements in the Bureau Veritas laboratory in Vancouver, BC, Canada.

Natural Gas Assets

<u>Midtex Project, Texas</u>

In July 2011, Canuc completed the acquisition of Midtex Oil & Gas Corporation ‘MidTex’. MidTex was a private Ontario corporation which held a 100% working interest in a natural gas well located on a leased property (collectively the "Midtex Assets"). The Midtex Assets included a producing gas well and undeveloped acreage located on the east half of Section 66, Block 4, T&P Ry. Co. Survey, Stephens County, Texas. The undeveloped acreage has potential to accommodate an additional 3 to 4 wells, which could intersect 2 or 3 known productive gas horizons.

This acreage held by MidTex benefits from a gas pipeline which bisects the property. This pipeline makes the gas immediately saleable without requiring construction of further transportation facilities. A second producing gas well was completed in late August 2011. Production from both wells began to decline in late 2012. The first well was capped in 2013 and repair work on the second well was completed in Q1 2014.

During 2012 the Corporation became an investor in two further parcels of leased land in north-central Texas. The Corporation now has a 20% working interest (16% net revenue interest) in the 2000-acre Thompson project also located in Stephens County, Texas.

In 2012 a first well ‘Thompson 40’ intersected a natural gas reservoir and commenced production on the Thompson project. In February 2013, the Thompson 40 #2 well intersected the same reservoir. After that the Thompson “A” well, drilled to the north of the Thompson 40 in March 2013, intersected the same horizon as the Thompson 40. In July 2013, the Thompson “B-1” well was spudded to the east of the Thompson “A” and was also successful. In March 2014, the Thompson 40 #5 well commenced production. Drilling was initiated on the Thompson C well in June 2014 and this well intersected the same horizons as the other Thompson wells coming on stream in September 2014. The Thompson C well has performed well, but production has not been as strong as that of the other Thompson wells.

Wells drilled on the Thompson lease have identified 3 productive horizons. Decline rates for natural gas production in the lowest and first productive horizon, the Iona Hickey Conglomerate, have proven slow which suggests a robust natural gas endowment and a long field life. Above the Iona Hickey Conglomerate there are 2 further productive horizons. The first of these 2 further horizons, the Caddo Limestone, is a well-known oil producer in the area. Further up pipe is the Strawn Sand which is another natural gas zone. Both the Caddo Limestone zone and the Strawn Sand natural gas zone can be produced pursuant to sufficient decline of natural gas production from the lower Iona Hickey Conglomerate zone.

The 7 producing wells on the Thompson lease are connected to a short collector line which ties into a major natural gas line a few miles distance. This line supplies consumers local to Steven's County. The wells are currently producing natural gas from only the first of the three productive horizons, the Iona Hickey Conglomerate. The addition of new wells can potentially contribute further to natural gas operations.

Management believes that the future cashflow for these wells can be unpredictable and have fully impaired the carrying value of the assets as of December 31, 2020. In 2020, results from production on these wells did not improve materially and the wells continue to experience minimal cashflows. As of December 31, 2020, the wells continue to be fully impaired.

Outlook

To bring the wells to profitability Canuc will need to hire an independent engineer to determine the potential for additional extraction and increased production. The costs of engineering cannot be determined at this time. Any additional production will be contingent on the price of natural gas. Given the current price and future projections for natural gas, management has determined that any additional investment will be inefficient and most likely unable to achieve a substantial increase in cashflow. Management is unable to sell the asset at this time given the current levels of cashflow associated with the wells. Management is currently considering temporarily ceasing operations and potentially plugging the wells.

Saskatchewan Project, Saskatchewan

On May 17, 2018, the Company signed a Letter of Intent to acquire "Full Circle Energy". Full Circle Energy's assets consist of 6 sections of undeveloped oil prospective acreage in southwest Saskatchewan, and a Farm-in agreement for a further 6.3 contiguous sections of adjacent land.

On November 2, 2018 the Company acquired Full Circle on a share exchange basis with a valuation which was determined by an Independent Consulting (Petroleum) Engineer. Seismic surveys and subsurface geological mapping on the sections held by Full Circle indicated potential for the Upper Shaunavon formation, a well-known oil producing horizon in this area. The Shaunavon stretches for over 40 miles in a northeast-southwest direction and at its northern end to date has yielded a total of 4.4 million barrels of oil. Full Circle's lands are at the south end of this trend and offset a well that produced a total output of 125,000 barrels.

The Company believes that the acquisition represented an opportunity to enhance existing cash flow from oil and gas operations. Year-round access to producible acreage can be secured in the oil industry friendly jurisdiction of Saskatchewan, Canada.

SELECTED ANNUAL FINANCIAL INFORMATION

	Periods Ended		
	Nine Month ended September 30, 2021 ($)	**December 31, 2020 ($)**	**Nine Month ended September 30, 2020 ($)**
Net loss for the period	3,953,030	2,134,615	1,265,199
Basic and diluted loss per share	(0.04)	(0.03)	(0.01)
Total assets	**2,091,901**	1,294,320	874,781

RESULTS OF OPERATIONS

For the 9 months ended September 30, 2021 compared with nine months ended September 30, 2020

Canuc's net loss totaled $3,953,030 for the nine months ended September 30, 2021, with basic and diluted loss per share of $0.04. This compares with a net income of $716,153 with basic and diluted loss per share of $0.01 for the nine months ended September 30, 2020. The increase of $3,236,877 in net loss was principally because:

- The Corporation issued 6,000,000 stock options with a Black-Scholes Value of $264,000 for the nine-months ended September 30, 2021 compared to nil for the nine months ended September 30, 2020.
- The Corporation incurred $1,313,245 of Exploration expense the nine months ended September 30, 2021 compared to $138,580 for the nine months September 30, 2020. The increase was principally because the company had drilling activities in 2021, but not in 2020.

SELECTED QUARTERLY FINANCIAL INFORMATION

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

Three Months Ended	Total Revenue ($)	Loss (Income) Total ($)	Loss (Income) Per Share ($)	Total Assets ($)
2021-September 30	48,829	1,237,926	0.01	2,091,901
2021-June 30	40,525	2,102,675	0.02	3,176,785
2021-March 31	31,685	1,755,566	0.02	4,179,129
2020-December 30	29,998	869,436	0.01	1,294,320
2020-September 30	10,724	716,153	0.01	874,781
2020-June 30	11,981	216,558	0.01	534,924
2020-March 31	25,365	332,468	0.01	545,651
2019-December 31	27,776	526,923	0.01	388,411

LIQUIDITY AND CAPITAL RESOURCES

While the Corporation does receive a modest amount of oil and gas sales cash flow, the activities of Canuc are principally financed through the completion of equity transactions such as equity offerings and the exercise of stock options and warrants. While the Corporation has some natural gas production, it still must utilize funds obtained from the sale of equity and other financing transactions to maintain working capital requirements. There is no assurance that equity capital will be available to the Corporation in the amounts or at the times desired or on terms that are acceptable to the Corporation, if at all. See “Risks and Uncertainties”.

The Consolidated Statement of Financial Position at September 30, 2021 reflects the consolidated balances of Former Canuc and Santa Rosa. On February 21, 2017 Former Canuc completed the reverse takeover transaction resulting in the combination of Former Canuc and Santa Rosa. Pursuant to the amalgamation, all issued and outstanding securities in the capital of Santa Rosa were converted into like issued and outstanding securities of Canuc on a two-for one basis. All equity instruments of Santa Rosa have been retrospectively adjusted to give effect to the share 2-for-1 consolidation from the Transaction. To give effect to the purchase of Santa Rosa: 10,186,751 common shares valued at $2,037,350; 3,550,00 share purchase warrants valued at $363,610; and 805,000 stock options valued $103,095 were deemed to be issued by Santa Rosa to holders of Former Canuc equity instruments.

On February 21, 2017 the Corporation closed a concurrent financing of $2,000,000. The closing of this financing resulted in the issuance of 8,000,000 units, with each unit priced at $0.25 and comprised of one common share and one half of one common share purchase warrant. The Corporation incurred financing costs of $150,617 (cash) and issued 225,064 common shares valued at $30,000 and 602,468 broker warrants valued at $59,102 and 75,064 broker units. Each broker unit had the same terms as a unit in the financing; accordingly, 75,064 common share were valued at $15,000 and the 37,532 warrants were valued at $2,425. The net proceeds after all cash and share-based issuance costs of $1,742,856 were allocated on a relative fair value basis between share capital ($1,468,856) and warrants reserve ($274,000).

On November 27, 2017 the Corporation closed a financing of $464,934. The closing of this financing resulted in the issuance of 1,162,335 units, with each unit priced at $0.40 and comprised of one common share and one half of one common share purchase warrant.

On March 5, 2018 the Company closed a financing of $1,105,000. The closing of this financing resulted in the issuance of 4,420,000 units, with each unit priced at $0.25 and comprised of one common share and one half of one common share purchase warrant.

On February 14, 2020, the Company announced the closing of a private placement for gross proceeds of $850,000. The closing of this Private Placement resulted in the issuance of 8,500,000 common shares and 4,250,000 warrants. Each warrant entitles the holder to purchase one common share of the Company at $0.15 for a period of two years from the date of the closing.

On May 11, 2020, the Company announced the closing of a private placement for gross proceeds of $100,000. The closing of this Private Placement resulted in the issuance of 1,000,000 common shares and 500,000 warrants. Each warrant entitles the holder to purchase one common share of the Company at $0.15 for a period of two years from the date of the closing.

On July 17, 2020, the Company announced the closing of a private placement for gross proceeds of $517,500. The closing of this Private Placement resulted in the issuance of 5,175,000 common shares and 2,587,500 warrants. Each warrant entitles the holder to purchase one common share of the Company at $0.15 for a period of two years from the date of the closing.

On July 17th, 2020, the Company announced that it has entered into an agreement with two royalty holders to extinguish 1% of the total 2.5% Net Smelter Royalty in the San Javier Project. The Company paid a total of $70,000 CAD to the two royalty holders for the extinguishment.

On August 4, 2020, the Company announced the closing of a private placement for gross proceeds of $650,000. The closing of this Private Placement resulted in the issuance of 6,500,000 common shares and

3,250,000 warrants. Each warrant entitles the holder to purchase one common share of the Company at $0.15 for a period of two years from the date of the closing.

On August 11, 2020, the Company announced the closing of a private placement for gross proceeds of $225,000. The closing of this Private Placement resulted in the issuance of 1,500,000 common shares. The securities issued under this private placement were subject to a hold period expiring four months and one day from the date of closing.

On December 7, 2020, the Company closed a non-brokered financing of $1,028,000. The closing of this financing resulted in the issuance of 4,112,000 units, with each unit priced at $0.25 and comprised of one common share and one half of one common share purchase warrant. The 2,056,000 common share purchase warrants have a life of two years from the date of issue and an exercise price of $0.35. See note 11 for the estimates and assumptions used to value the warrants.

On December 23, 2020, the Company closed a non-brokered financing of $300,000. The closing of this financing resulted in the issuance of 1,200,000 units, with each unit priced at $0.25 and comprised of one common share and one half of one common share purchase warrant. The 600,000 common share purchase warrants have a life of two years from the date of issue and an exercise price of $0.35.

On March 18, 2021, the Company closed a non-brokered financing of $4,500,000. The closing of this financing resulted in the issuance of 18,000,000 units, with each unit priced at $0.25 and comprised of one common share and one half of one common share purchase warrant. The 9,000,000 common share purchase warrants have a life of two years from the date of issue and an exercise price of $0.35.

The Corporation’s cash totaled $1,801,104 at September 30, 2021 (September 30, 2020 - $540,248). The Corporation had a working capital of $1,562,486 at September 30, 2021 (September 30, 2020 – $362,133).

Current liabilities of the Corporation at September 30, 2021 were $529,415 (September 30, 2020 - $395,558), reflecting the Corporation’s increased activity now that it has the resources to develop its assets.

To the date of this MD&A, the cash resources of the Corporation are held in cash and its credit and interest rate risk is minimal. Accounts payable and accrued liabilities are primarily short-term and non-interest bearing. The Corporation has no liquidity risk with financial instruments as it only holds cash. In addition, accounts receivable consists primarily of oil and gas sales in Texas, USA and of sales tax owing from government authorities in Canada. The Corporation presently uses its cash principally in three areas: (a) funding of its activities at the Santa Rosa mining properties in Mexico; (b) investing in oil and gas interests in Texas; and (c) for working capital purposes. In the future, should the Corporation acquire new exploration properties or engage in large-scale exploration activities, it will need to secure new capital to fund the purchase of, and activities on, those properties.

OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this filing, the Corporation 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.

TRANSACTIONS WITH RELATED PARTIES

Related parties include officers of the Corporation and its subsidiaries, its Board of Directors, key management personnel, their close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions.

In accordance with IAS24, key management personnel are the persons having authority and responsibility for planning, directing and controlling the activities of the Corporation directly or indirectly, including any director (executive and non-executive) of the Corporation.

A portion of the Net Smelter Return Royalty ("NSR") royalties that were granted as part of the original formation of the Corporation and its mineral concession portfolio making up the San Javier Project (amounting to 1.5%), is held by one of the Corporation's related parties. Of the 1.5% NSR 0.5% is owned by Christopher Berlet (Chief Executive Officer).

Remuneration of directors and key management personnel

Compensation of key management personnel and directors for the periods ended are as follows:

For the 9-month period ended September 30,	2021	2020
Cash-based remuneration	**$ 575,000**	$ 257,070
Non-cash-based compensation	**---**	---
	$ 575,000	$ 257,070

PROPOSED TRANSACTIONS

The Corporation routinely evaluates various business development opportunities which could entail optioning properties, direct acquisitions, trades and/or divestitures. In this regard, the Corporation 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.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates

Significant assumptions about the future that management has made and that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to the following:

- The recoverability of accounts receivable that are included in the FS as at September 30, 2021;
- The inputs used in accounting for share based payment transactions in profit or loss;
- Fair value allocation of Units between common shares and warrants
- Management assumption of no material restoration, rehabilitation and environmental, based on the facts and circumstances that existed during the period; and
- Management's position that there are no income tax considerations required within the September 30, 2021 Financial Statements.
- Management's estimates of value in use on its oil and gas property and investments
- Net investments in a foreign operation

Critical accounting judgments

The determination of categories of financial assets and financial liabilities has been identified as an accounting policy that involves judgments or assessments made by Management.

Management also makes judgement about its segments, cash generating units, functional currency, when and if deferred taxes are recoverable and the economic recoverability of its investments in oil and gas producing assets.

SIGNIFICANT ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or International Financial Reporting Interpretations Committee ("IFRIC"). Some updates that are not applicable or are not consequential to the Corporation may have been excluded from the list below.

Effective January 1, 2019, the Company adopted IFRS 16 using the modified retrospective application method, where the 2018 comparatives are not restated and the cumulative effect of initially applying IFRS 16 has been recorded on January 1, 2019 for any differences identified. The Company has determined that the adoption of IFRS 16 resulted in no adjustments to the opening balance of accumulated deficit.

IFRS 16 introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases under IFRS 17 and requiring the recognition of a right-of-use asset (“ROU asset”) and a lease liability at the lease commencement for all leases, except for short-term leases (lease terms of 12 months or less) and leases of low value assets.

In applying IFRS 16 for all leases, except as noted above, the Company (i) recognizes the ROU asset and lease liabilities in the statement of financial position, initially measured at the present value of future lease payments; (ii) recognizes the depreciation of ROU assets and interest on lease liabilities in the consolidated statement off comprehensive loss; and (iii) separates the total amount of cash paid into a principal portion (presented in financing activities) and interest (presented within operating activities) in the consolidated statement of cash flows.

The ROU asset is initially measured based on the present value of lease payments, lease payments made at or before the commencement day, and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. The ROU asset is depreciated over the shorter of the lease term or the useful life of the underlying asset. The ROU asset is subject to testing for impairment if there is an indicator of impairment.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease payments include fixed payments less any lease incentives, and any variable lease payments where variability depends on an index or rate. When the lease contains an extension or purchase option that the Company considers reasonably certain to be exercised, the cost of the option is included in the lease payments.

As of August 31, 2021 the Company terminated its lease on its office property and will be moving to a new location after renovations are completed for a new office.

CAPITAL STOCK

As of September 30, 2021, the Corporation had 109,359,483 common shares issued and outstanding.

On February 14, 2020, the Company announced the closing of a private placement for gross proceeds of $850,000. The closing of this Private Placement resulted in the issuance of 8,500,000 common shares and 4,250,000 warrants. Each warrant entitles the holder to purchase one common share of the Company at $0.15 for a period of two years from the date of the closing.

On May 11, 2020, the Company announced the closing of a private placement for gross proceeds of $100,000. The closing of this Private Placement resulted in the issuance of 1,000,000 common shares and 500,000 warrants. Each warrant entitles the holder to purchase one common share of the Company at $0.15 for a period of two years from the date of the closing.

On July 17, 2020, the Company announced the closing of a private placement for gross proceeds of $517,500. The closing of this Private Placement resulted in the issuance of 5,175,000 common shares and 2,587,500 warrants. Each warrant entitles the holder to purchase one common share of the Company at $0.15 for a period of two years from the date of the closing.

On August 4, 2020, the Company announced the closing of a private placement for gross proceeds of $650,000. The closing of this Private Placement resulted in the issuance of 6,500,000 common shares and 3,250,000 warrants. Each warrant entitles the holder to purchase one common share of the Company at $0.15 for a period of two years from the date of the closing.

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On December 23, 2020, the Company announced the closing of a private placement for gross proceeds of $300,000. The closing of this Private Placement resulted in the issuance of 1,200,000 common shares and 600,000 warrants. Each warrant entitles the holder to purchase one common share of the Company at $0.35 for a period of two years from the date of the closing.

On March 18, 2021, the Company announced the closing of a private placement for gross proceeds of $4,500,000. The closing of this Private Placement resulted in the issuance of 18,000,000 common shares and 9,000,000 warrants. Each warrant entitles the holder to purchase one common share of the Company at $0.35 for a period of two years from the date of the closing.

Stock options outstanding for the Company at the date of this MD&A were as follows:

Options	Expiry Date	Exercise Price
6,000,000	April 6, 2024	$0.35

Warrants outstanding for the Company at the date of this MD&A were as follows:

Warrants	Expiry Date	Exercise Price
19,088,767	February 14, 2022 – March 18, 2023	$0.15-0.35

FINANCIAL INSTRUMENTS

The nature and extent of the Corporation’s use of financial instruments and risk exposures that might impact its financial instruments are summarized below.

Financial Risk

Liquidity Risk

The Corporation's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2021, the Corporation had a cash balance of $1,801,104 to settle current liabilities of $529,415. As at September 30, 2020, the Corporation had a cash balance of $540,248 to settle current liabilities of $515,634. All of the Corporation's accounts payable and accrued liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Interest Rate Risk

The Corporation has cash balances and no interest-bearing debt. The Corporation's current policy is to invest excess cash in money market funds. The Corporation periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. The Company is not currently exposed to risks from changes in interest rates.

Credit Risk

The Corporation's credit risk is primarily attributable to sundry receivables. The Corporation has no significant concentration of credit risk arising from operations. Included in sundry receivables is sales tax due from the Federal Government of Canada. Management believes that the credit risk concentration with respect to these financial instruments included in sundry receivables is remote.

Foreign Exchange Risk

These consolidated financial statements are presented in Canadian Dollars. The Canadian dollar is the functional currency of Santa Rosa Silver Mining Corp. The Mexican peso is the functional currency of Minera Stramin. The Corporation's reporting currency is the Canadian dollar. The Corporation funds certain operations, exploration and administrative expenses on a cash basis in Mexican Pesos (MXN) or US Dollars (USD) converted from its Canadian dollar bank accounts held in Canada. Management believes the foreign exchange risk derived from currency conversions is for the foreseeable future not material and therefore does not hedge its foreign exchange risk. The following chart shows cash held in foreign currencies:

	September 30, 2021		**September 30, 2020**	
	US Dollar	**MXN Peso**	**US Dollar**	**MXN Peso**
Cash held in foreign currency	33,872	1,007,357	25,024	311,223
Value of foreign currency in Canadian dollars	21,458	62,738	33,380	18,739

Sensitivity Analysis

Based on management's knowledge and experience in the financial markets, the Company believes the following movements are "reasonably possible" over a one year period:

As at September 30, 2021, the Company held $43,156 and $23,947 in cash balances denominated in US dollars and Mexican pesos respectively. A 10% change in the value of the Canadian dollar compared to those other foreign currencies would result in a foreign exchange gain/loss of approximately $4,316 and $2,395 respectively for the US dollars and Mexican pesos accounts.

Fair Value

The carrying values of the Corporation's current financial instruments comprising cash and cash equivalents and accounts payable and accrued liabilities approximate their fair values due to their short-term nature.

CAPITAL RISK MANAGEMENT

The Company considers its capital structure to consist of equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Company, is reasonable and appropriate.

There were no changes in the Company's approach to capital management during the period ended September 30, 2021. Neither the Company nor its subsidiary is subject to externally imposed capital requirements.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern. The Company has no external debt and is dependent on the capital markets to finance exploration and development activities.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS

The following table sets out the material components of the general and administrative expenses for the nine months ended September 30, 2021 and nine months ended September 30, 2020 providing detail from the Statement of Net Loss and Comprehensive Loss in the related financial statements.

Operating expenses

Expense	Nine Months Ended September 30, 2021 ($)	Nine Months Ended September 30, 2020 ($)
Management fees and consulting	**575,000**	311,547
Shareholder and investor relations	**963,606**	607,550
Travelling Expense	**598,721**	---
Evaluation expenses	**1,313,245**	138,580
Office and general costs	**122,340**	32,391
Interest expense	**105**	5,798
Professional fees	**63,693**	147,535
Foreign exchange (gain) loss	**(69,848)**	28,730
Stock based compensation	**264,000**	
Gain on settlement of accounts payable	**---**	(18,192)
VAT	**153,449**	9,788
Total	**3,984,311**	547,686

RISKS AND UNCERTAINTIES

Securities of the Corporation should be considered to be speculative due to the nature of the mineral exploration business in which the Corporation is engaged. Some of the risks associated with an investment in the securities of the Corporation are described below.

Lack of Reserves

The Corporation has two projects, being the San Javier Silver-Gold-Lead-Zinc Project and the Saskatchewan Oil Project. The San Javier Project currently has no identified resources or reserves. If exploration programs on the San Javier Project are unsuccessful, the Corporation will have no undertaking and no basis to continue in the mineral exploration sector. The Saskatchewan Project has no identified resources or reserves. If exploration projects on the Saskatchewan project yields no hydrocarbon production, the Corporation will cease efforts in the project.

Exploration, Development and Operating Risks

Exploration and resource operations generally involve a high degree of risk. Although adequate precautions to minimize risk will be taken, the Corporation's operations will be subject to all the hazards and risks normally encountered in the exploration, development and production of precious metals, base metals and hydrocarbon. Uncertainties in exploration operations and expenses can arise from working in remote and physically difficult environments where weather, topography and seasonal factors can be unpredictable, and infrastructure taken for granted elsewhere has not yet been installed. Risks and uncertainties in the operational phase include unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of producing facilities, damage to life or property, environmental damage and possible legal liability. In particular production operations related to mining and oil assets are also subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas that may result in environmental pollution and consequent liability.

The exploration for and development of mineral and oil deposits involves significant risks that even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body and oil reserve may result in substantial rewards, few properties that are explored are ultimately developed into producing mines and oil wells respectively. Major expenses may be required to locate and establish mineral and oil reserves, to develop metallurgical and perforation processes and to construct operation and processing facilities at a particular site. It is impossible to ensure that the exploration or development programs planned by the Corporation will result in a profitable commercial operation.

Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection.

Whether an oil reserve will be commercially viable depends on a number of factors as well, such as the API of flowing oil, the fracture potential of the well, proximity to infrastructure; oil prices (highly fluctuating); government regulations; including regulations to prices, taxes, crown royalties, land tenure, land use, importing and exploring of minerals and environmental protection.

The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Corporation not receiving an adequate return on invested capital.

There is no certainty that the expenditures made by the Corporation towards the search for and evaluation of mineral and oil deposits will result in discoveries of commercial quantities of production.

Insurance and Uninsured Risks

The Corporation's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to the Corporation's properties or the properties of others, delays in mining, monetary losses and possible legal liability.

Insurance may not cover all the potential risks associated with a mining Corporation's operations. The Corporation may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Corporation or to other companies in the mining industry on acceptable terms. The Corporation might also become subject to liability for pollution or other hazards which may not be insured against or which the Corporation may elect not to insure against because of premium costs or other reasons. Losses from these events could cause the Corporation to incur significant expenses that could have a material adverse effect upon its financial performance and results of operations.

Environmental Risks and Hazards

All phases of the Corporation's operations are subject to environmental regulation in the various jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Corporation's operations. Environmental hazards may exist on the properties on which the Corporation holds interests which are unknown to the Corporation at present and which have been caused by previous or existing owners or operators of the properties.

Government approvals, approval of aboriginal people and permits are currently, and may in the future be required in connection with the Corporation's operations. To the extent such approvals are required and not obtained, the Corporation may be curtailed or prohibited from continuing its mining operations or from proceeding with planned exploration or development of mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining and oil operations or in the exploration or development of mineral and oil properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining and exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Corporation and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Infrastructure

Mining, oil production, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Corporation's operations, financial condition and results of operations.

Land Title

Although the title to the mineral concessions covering the properties in which the Corporation holds an interest were reviewed by or on behalf of the Corporation, no total assurances can be given that there are no title defects affecting such properties. Title insurance generally is not available, and the Corporation's ability to ensure that it has obtained secure claim to individual mineral properties may be severely constrained.

Competition

The resource industry is competitive in all of its phases. The Corporation faces strong competition from other resource companies in connection with the acquisition of properties producing, or capable of producing marketable commodities. Many of these companies have greater financial resources, operational experience and technical capabilities than the Corporation. As a result of this competition, the Corporation may be unable to acquire attractive resource properties on terms it considers acceptable or at all. Consequently, the Corporation's revenues, operations and financial condition could be materially adversely affected.

Additional Capital

The exploration and development of the Corporation's properties will require substantial additional financing, through the Amalgamation or otherwise. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration, development or production on any or all of the Corporation's properties or even a loss of property interest. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Corporation.

Commodity Prices

The price of the common shares, the Corporation's financial results and exploration, development and mining activities may in the future be significantly adversely affected by declines in the price of oil, precious metal and base metal. Oil, precious metals and base metals mineral prices fluctuate widely and are affected by numerous factors beyond the Corporation's control such as the sale or purchase of such commodities by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and foreign currencies, global and regional supply and demand, and the political and economic conditions of major oil, precious metals and base metal producing countries throughout the world. The prices of oil, precious metals and base metals have fluctuated widely in recent periods, and future serious price declines could cause continued development of and commercial production from the Corporation's properties to be impracticable. Depending on these resources, cash flow from operations may not be sufficient and the Corporation could be forced to discontinue production and may lose its interest in, or may be forced to sell, some of its properties. Future production from the Corporation's resource properties are dependent on oil, precious metal and base metal mineral prices that are adequate to make these properties economic.

In addition to adversely affecting the Corporation's reserve estimates and its financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

Exchange Rate Fluctuations

Exchange rate fluctuations may affect the costs that the Corporation incurs in its operations. Precious and base metal minerals are generally sold in US dollars and the Corporation's costs will be incurred principally in Canadian and US dollars and Mexican pesos. The appreciation of non-US dollar currencies against the US dollar can increase the cost of precious and base metal mineral exploration and production in US dollar terms.

Government Regulation

The mining, processing, development, mineral and oil exploration activities of the Corporation are subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people and other matters. Although the Corporation's exploration and development activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing operations and activities of mining and milling or more stringent implementation thereof could have a substantial adverse impact on the Corporation.

Key Executives

The Corporation is dependent on the services of key executives, including the directors of the Corporation and a small number of highly skilled and experienced executives and personnel. Due to the relatively small size of the Corporation, the loss of these persons or the Corporation's inability to attract and retain additional highly skilled employees may adversely affect its business and future operations.

Conflicts of Interest

Certain of the directors and officers of the Corporation also serve as directors and/or officers of other companies involved in natural resource exploration and development and consequently there exists the possibility for such directors and officers to be in a position of conflict. Any decision made by any of such directors and officers involving the Corporation should be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Corporation and its shareholders. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest in accordance with the procedures set forth in the *Business Corporations Act* (Ontario) and other applicable laws.

MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the financial statements.

Management maintains a system of internal controls to provide reasonable assurance that the Corporation’s assets are safeguarded and to facilitate the preparation of relevant and timely information.

November 29, 2021