

DENARIUS METALS CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE QUARTER ENDED MARCH 31, 2024 May 15, 2024

*The following discussion and analysis of the results of operations and financial condition ("MD&A") for Denarius Metals Corp. (the "Company" or "Denarius Metals") should be read in conjunction with the unaudited interim condensed consolidated financial statements and related notes thereto for the three months ended March 31, 2024 (the "Interim Financial Statements"), which are available on the Company's web site at www.denariusmetals.com and on www.sedarplus.ca. Readers are encouraged to read the Cautionary Note Regarding Forward Looking Information included on page 19 of this MD&A. The financial information in this MD&A is derived from the Interim Financial Statements prepared in accordance with IFRS Accounting Standards ("IFRS") for interim financial statements in International Accounting Standard – Interim Financial Reporting ("IAS34"). **All figures contained herein are expressed in United States dollars ("USD"), except as otherwise stated.***

Highlights

Denarius Metals is an emerging metals producer with two mines, Zancudo in Colombia and Aguablanca in Spain, marching toward the start of production within the next 12 months. In March 2024, the Company graduated its listing to Cboe Canada followed by a change of its trading symbol to "DMET". The Company continues to trade on the OTCQX in the United States under the symbol "DNRSF".

In the first quarter of 2024, funded by cash on hand from the Convertible Debentures financing completed in October last year, Denarius Metals incurred total exploration and capital expenditures of approximately \$2.9 million, including \$2.3 million related to the construction and development activities at its Zancudo Project. In the first quarter of 2023, total exploration and capital expenditures amounted to \$3.4 million, including \$2.3 million for the exploration program at the Lomero Project and \$0.8 million at the Zancudo Project.

Construction and development activities at the Zancudo Project remain on track while the Company waits for the approval of its Environmental Impact Study ("EIS") that will enable it to commence mining operations. Approval of the EIS is expected in the second quarter of 2024. Shipments of the processing plant equipment from China commenced in March and will be fully mobilized at the project site to facilitate installation and commissioning over the summer to be ready to start operations in the fourth quarter this year. In April 2024, Denarius Metals commenced a 10,000 meters infill drilling program to upgrade Inferred Resources to the Indicated category and to support future mine development.

The acquisition of a 50% interest in Rio Narcea Recursos, S.L. ("RNR") in late 2023 has become an important catalyst to build the Company's presence in Spain and to accelerate its creation of a long-life polymetallic producer leveraging the synergies between the Aguablanca and Lomero Projects. RNR's two primary assets include a 5,000 tonnes per day ("tpd") processing plant (the "RNR Plant") and the Aguablanca underground mine, one of the only mines in Spain able to produce both nickel and copper. RNR has both its mining and environmental permits in place. Application has been made for the permit for the water use concession which is expected to be received in the second half of 2024.

Denarius Metals announced the results of a Pre-Feasibility Study (the "Aguablanca PFS") on April 11, 2024 which supports the economic viability of the Aguablanca Project. The Company acquired its 50% interest in RNR for EUR 25.0 million (equivalent to approximately \$27 million) cash, of which 10% was paid in 2023,

10% was paid in early April 2024 and the balance is scheduled to be paid in instalments over the remainder of 2024. As the operator of the Aguablanca Project, the Company will lead the activities on behalf of the joint venture over the balance of 2024 to re-start the RNR Plant and, upon receipt of the permit for the water use concession, to de-water and prepare the underground mine to commence production in early 2025. Using 50% of the RNR Plant's capacity, the Aguablanca PFS envisions a six-year mine life generating 43.2 million pounds of payable nickel and 34.6 million pounds of payable copper resulting in LOM net revenue of \$480 million through the sale of approximately 406,359 tonnes of nickel-copper concentrates with an AISC of \$4.04 per pound of payable nickel on a by-product credit basis. At long-term nickel and copper prices of \$7.30 per pound and \$3.50 per pound, respectively, the Aguablanca PFS generates solid returns with undiscounted after-tax project cash flow on a 100% basis of \$105.7 million.

At the Lomero Project, just 88 km from Aguablanca, work is getting underway to prepare a preliminary economic assessment ("PEA"), expected to be completed by mid-2024, utilizing the other 50% capacity available at the RNR Plant. The Company also expects to commence its greenfield drilling campaign at the Lomero Project in the second half of 2024.

In Northern Spain, the Company is currently working on an updated Mineral Resource estimate ("MRE") at the Toral Project incorporating the 2023 drilling results to be followed by the preparation of a PEA later in 2024. Total cumulative funding provided by the Company to the Toral Project through the end of the first quarter of 2024 amounted to \$2.9 million, up from \$2.7 million at the end of 2023. Among the obligations to be able to exercise its First Option to acquire a 51% interest in the Toral Project under the agreement with Europa Metals Ltd. ("Europa"), the Company must spend a minimum of \$4.0 million before the end of 2025.

Denarius Metals has continued its efforts this year to improve its liquidity to fund the investments required to advance its projects and bring the first two mines into operation within the next 12 months. Through two international tender processes completed thus far in 2024, Denarius Metals successfully arranged a long-term offtake contract for Zancudo's concentrate production with Trafigura Pte. Ltd. ("Trafigura"), a leading global commodities group, and arranged an additional \$15.0 million to fund the completion of the construction and drilling programs now in process at the Zancudo Project. At the end of March 2024, the Company sold a 3% net smelter royalty ("NSR") to a syndicate of third-party private investors for total cash consideration of \$5.0 million. The offtake arrangement with Trafigura also includes a \$10.0 million prepayment financing that is currently being finalized and will be funded to the Company in instalments over the balance of 2024 as specified milestones are reached at the Zancudo Project. In addition, on April 29, 2024, and as updated on May 13, 2024, the Company announced a brokered best efforts private placement (the "Offering") by a syndicate of agents (the "Agents") to raise up to CA\$20 million to fund the Aguablanca Project and for general corporate purposes through the issuance of gold-linked convertible debenture units. The closing of the Offering, which is subject to shareholders' and regulatory approvals, is expected to occur on or about May 23, 2024.

Denarius Metals reported a net loss of \$11.1 million (\$0.18 per share) in the first quarter of 2024 compared with a net loss of \$3.1 million (\$0.11 per share) in the first quarter of 2023. The 2024 net loss includes \$9.6 million of non-cash charges, including an \$8.3 million loss on financial instruments and \$1.2 million of accretion of a financial liability. The 2023 net loss included a \$1.9 million non-cash charge for accumulated foreign currency translation adjustments related to its disposition of the Guia Antigua Project

Selected Financial Information

	First Quarter	
	2024	2023
Net loss	\$ (11,111)	\$ (3,138)
Per share – basic and diluted	(0.18)	(0.11)
Exploration and capital expenditures	2,887	3,417
	March 31, 2024	December 31, 2023
Balance sheet (\$000's):		
Cash and cash equivalents	\$ 5,992	\$ 7,628
Total assets	88,856	89,443

Description of Business

Denarius Metals is a Canadian junior company engaged in the acquisition, exploration, development and eventual operation of polymetallic mining projects in high-grade districts.

In Spain, the Company owns a 100% interest in the Lomero Project, a polymetallic deposit located on the Spanish side of the prolific copper rich Iberian Pyrite Belt, and a 50% interest in Rio Narcea Recursos, S.L., which has the rights to exploit the historic producing Aguablanca nickel-copper mine, including a 5,000 tpd processing plant, located in Monesterio, Extremadura, Spain, approximately 88 km northwest of the Lomero Project. The Company is also carrying out an exploration campaign on the Toral Project located in the Leon Province, Northern Spain pursuant to an option and joint-venture arrangement with Europa pursuant to which it can acquire up to an 80% ownership interest in Europa Metals Iberia S.L., a wholly-owned Spanish subsidiary of Europa which holds the Toral Project.

In Colombia, Denarius Metals is carrying out construction activities at its 100%-owned Zancudo Project, which includes the historic producing Independencia mine, to develop production and cash flow commencing in 2024 through local contract mining and commencing a drilling program on the Zancudo deposit which remains open in all directions.

On March 27, 2024, the Company graduated its listing from the TSX Venture Exchange (“TSXV”) to Cboe Canada and then on April 3, 2024, the Company changed its symbol on Cboe Canada from “DSLVL” to “DMET”. The Company also trades on the OTCQX Market in the United States under the symbol “DNRSF”.

Issued and Outstanding Securities

As at May 15, 2024, the Company had the following securities issued and outstanding:

Securities	Cboe Canada Symbol	Number	Shares Issuable	Exercise price per share	Expiry or Maturity
<i>Common shares</i>	DMET	63,391,752			
<i>Stock options</i>		200,000	200,000	CA\$0.52	2024
		115,000	115,000	CA\$4.45	2024
		90,000	90,000	CA\$4.50	2024
		200,000	200,000	CA\$0.55	2026
		515,000	515,000	CA\$4.45	2026
		260,000	260,000	CA\$6.50	2026
		4,000,000	4,000,000	CA\$0.52	2028
		200,000	200,000	CA\$0.59	2029
		127,500	127,500	CA\$1.00	2030
		490,000	490,000	CA\$4.50	2031
			6,197,500		
<i>Warrants</i>	Unlisted	23,919,416	23,919,416	CA\$0.60	March 2, 2026
	DMET.WT	75,000,000	7,500,000	CA\$8.00	March 17, 2026
	Unlisted	803,700	80,370	CA\$8.00	March 17, 2026
	Unlisted	18,699,125	18,699,125	CA\$0.60	April 4, 2026
			50,198,911		
<i>Convertible Debentures</i>	DMET.DB	CA\$20,532,000	45,626,666	CA\$0.45	October 19, 2028

Subsequent Event – Gold-linked Convertible Debenture Units Offering

On April 29, 2024, and as updated on May 13, 2024, the Company announced the Offering of up to CA\$20 million of gold-linked convertible debenture units (the “Units”) that is subject to shareholders’ and regulatory approvals and is expected to close on or about May 23, 2024. Each Unit will consist of the following:

- 1,000 12% per annum gold-linked senior unsecured convertible debentures (“New Debentures”) of the Company; and,
- 500 common share purchase warrants of the Company, with each warrant entitling the holder to purchase one common share of the Company at a price of CA\$0.60 per common share at any time on or before that date which is 36 months after the closing date.

The Agents have an option, exercisable in full or in part, up to 48 hours prior to the closing of the Offering, to sell up to an additional 3,000 Units for additional gross proceeds of up to CA\$3.0 million.

The New Debentures are non-callable and mature and become payable in full five years from the date of issuance (“Maturity”), unless otherwise converted, prepaid or accelerated in accordance with their terms. The Debentures will bear interest at 12% per annum, paid monthly in equal instalments in cash.

Commencing June 30, 2025, and at the end of each quarter thereafter, the Company will pay a gold premium on the principal amount of the New Debentures in cash. The gold premium will be calculated as a percentage equal to 25% of (i) the amount, if any, by which the London P.M. Gold Fix on the quarterly

measurement date exceeds \$2,000 per ounce (the "Floor Price") divided by (ii) the Floor Price.

At any time prior to Maturity, the New Debentures are convertible at a holder's option into common shares of the Company at a conversion price of CA\$0.60 per share.

Outlook

The year ahead is shaping up to be a catalyst driven year for Denarius Metals in the execution of its strategy to bring its first two projects into operation within the next 12 months.

Construction activities have progressed at the Zancudo Project through the first few months of 2024 as the Company awaits the approval of the EIS that will enable its mine contractor to commence mining operations. Preparation of the processing plant site will begin shortly as the plant equipment has started shipping from China and will be fully mobilized at the project site to facilitate installation and commissioning over the summer to be ready to start operations in the fourth quarter this year. The company announced in April 2024 that it has agreed to commercial terms with Trafigura for the sale at market prices of 100% of the high-grade gold-silver concentrates to be produced at the Zancudo Project over the next eight years. The Company has taken steps in 2024 through two international tender processes to enhance its liquidity while it completes the construction and carries out a 10,000 meters infill drilling program at Zancudo. The Company received \$5.0 million in gross cash proceeds at the end of the first quarter of 2024 and early April from the sale of a 3% NSR on Zancudo's future production to a syndicate of third-party private investors. In addition, the Company is currently also finalizing documentation of a secured prepayment financing of up to \$10.0 million with Trafigura that will be funded as the Company reaches prescribed milestones during the completion of its construction activities at the Zancudo Project in 2024. The prepayment financing will be repaid from production during the 26 months following start-up of the processing plant and is subject to finalization of definitive documents and regulatory approvals, as applicable.

In Spain, priority is being given to the activities required over the balance of 2024 to re-start the RNR Plant and to de-water and commence development of the Aguablanca underground mine through a local contract miner to commence production in early 2025. Discussions are also underway with the RNR Shareholder Group regarding the potential integration of the Aguablanca and Lomero Projects that could streamline the development of the larger combined operation while reducing the amount payable in 2024 by the Company for the acquisition of its 50% interest in RNR. To fund its share of the capital investment and working capital at Aguablanca, along with the acquisition related instalment of EUR 2.5 million due in late May 2024, the Company announced the CA\$20 million Offering expected to be completed on or about May 23, 2024. The Company is also involved in discussions with offtakers interested in arranging a long-term commercial agreement for the nickel-copper concentrates to be produced from the Aguablanca mine. In April 2024, the Company announced the results of the Aguablanca PFS. By mid-2024, the Company expects to finalize a PEA for the Lomero Project and in the second half of 2024, a PEA for the Toral Project. Greenfield drilling is also planned to commence at the Lomero Project in the second half of 2024.

Projects - Spain

Aguablanca Project, Monesterio, Extremadura, Spain

On November 29, 2023, the Company acquired a 50% interest in RNR which has the rights to exploit the historic producing Aguablanca nickel-copper mine located in Monesterio, Extremadura, Spain, approximately 88 km northwest from the Company's Lomero Project. The Aguablanca Project is the only nickel deposit in

Spain and one of the few in Europe. This acquisition gives the Company a second mine expected to be in operation with Aguablanca set to resume production through underground mining within the next 12 months. The acquisition also accelerates a path to production for the Company's Lomero Project using excess capacity available in the "RNR Plant."

The acquisition of RNR, determined to be an asset acquisition, was completed by Alto Minerals S.L.U. ("Alto"), a wholly-owned subsidiary of Denarius Metals in Spain, and owner of the Company's Lomero Project. Alto acquired 50% of all of the issued and outstanding shares of RNR in an arm's length transaction with the RNR Shareholder Group for cash consideration totaling EUR 25 million (equivalent to approximately \$27 million), of which EUR 2.5 million was paid at the acquisition date, EUR 2.5 million was paid on April 2, 2024 and the balance is scheduled to be paid in instalments of EUR 2.5 million on May 24, 2024 and approximately EUR 5.8 million at the end of each of June, September and December 2024. The Company also agreed to pay a finder's fee of EUR 0.2 million to an unrelated third party, of which EUR 0.1 million was paid on April 2, 2024 and the balance will be paid on May 24, 2024.

In addition, the Company, through Alto, and the RNR Shareholder Group entered into a joint venture agreement (the "JV Agreement") pursuant to which Alto has appointed three members of the RNR board of directors and the RNR Shareholder Group has appointed the remaining three members. Pursuant to the JV Agreement, Alto has been appointed as the operator of the Aguablanca Project. RNR is a joint venture in which the Company, through Alto, has joint control. As a result, the Company is accounting for its investment in RNR using the equity method.

Recognizing the importance of the RNR Plant to the Company's future development of its Lomero Project, the Company and the RNR Shareholder Group agreed in the JV Agreement to negotiate and enter into the necessary agreements for Alto to process ore from the Lomero Project at the RNR Plant under mutually agreed conditions, taking into account market conditions at the time of negotiation. Additionally, the Company and the RNR Shareholder Group agreed in the JV Agreement to explore the possible integration of the Lomero Project with the Aguablanca Project with the aim of incorporating the projects, currently held in two separate companies, into a joint venture between Alto and the RNR Shareholder Group. The Company is currently in discussion with the RNR Shareholder Group regarding the potential integration of the two projects, and if successful, the Company expects that the amounts payable to complete its initial acquisition of a 50% interest in RNR could be substantially eliminated.

Mineral Resource and Mineral Reserve Estimates

On April 11, 2024, the Company announced the results of the Aguablanca PFS. The Aguablanca PFS, with an effective date of March 24, 2024, was prepared by Mr. Scott E. Wilson, CPG, President of Resource Development Associates Inc., who is an independent qualified person. In conjunction with the Aguablanca PFS, the Company announced a MRE for the Aguablanca underground mine estimated in accordance with the CIM Definition Standards for Mineral Resources and Reserves, prepared by the CIM Standing Committee on Reserve Definitions and adopted by the CIM Council on May 14, 2014. The Aguablanca PFS will be supported by a NI 43-101 independent report ("RNR Technical Report") which will be published and filed on SEDAR+ at www.sedarplus.ca and Denarius Metal's website at www.denariusmetals.com on or about May 27, 2024. The RNR Technical Report will include detailed information on the key assumptions, parameters and methods used to estimate the MRE and the Mineral Reserves for the Aguablanca Project.

The MRE is based on 496 diamond drillholes containing 25,025 assay intervals. Drilling includes two exploration holes which were recently drilled in 2023. Outlier grades were capped prior to compositing to

24,250 two-meter intervals. Nickel, copper and cobalt mineralization was estimated using ordinary kriging techniques based on detailed variography analysis of the mineral deposit. Gold, platinum and palladium mineralization was interpolated using inverse distance estimation techniques. Three-dimensional geology models were constructed to identify the mineralized domains of the mineral deposit. Mineralization is constrained geologically to the mineralized domains to accurately reflect the in situ mineralization. The mineral resource estimate was completed using Vulcan scientific software in a 3D block model, with blocks ranging from 4x4x4 meters down to 2x2x2 meters which is a size reflective of the selective mining unit envisioned for underground mining of the deposit.

The following table summarizes the MRE for the Aguablanca underground mine:

Resource Category	Cutoff (Ni%)	Tonnage (K tonnes)	Grade							Contained Metal						
			Ni (%)	Cu (%)	Co (%)	Pd (ppm)	Pt (ppm)	Au (ppm)	NiEq (%)	Ni (Klbs)	Cu (Klbs)	Co (Klbs)	Pd (Oz)	Pt (Oz)	Au (Oz)	NiEq (Klb)
Measured	0.35%	4,048	0.66	0.60	0.02	0.29	0.34	0.17	0.95	58,836	53,512	1,473	38,033	43,919	21,954	84,493
Indicated	0.35%	1,273	0.64	0.52	0.02	0.27	0.31	0.14	0.89	17,986	14,462	503	11,060	12,492	5,760	24,919
Measured + Indicated		5,321	0.65	0.58	0.02	0.29	0.33	0.16	0.93	76,822	67,974	1,976	49,094	56,411	27,715	109,412
Inferred	0.35%	4	0.67	0.61	0.02	0.31	0.37	0.17	0.96	66	60	2	45	54	24	95

Notes:

1. Reasonable prospects of eventual economic extraction were assessed by enclosing the mineralized material in the block model estimate in a 3D wireframe shape that was constructed based upon geological interpretations as well as adherence to a minimum mining unit with geometry appropriate for underground mining.
2. The cutoff grade of 0.35% Ni considered mining costs of:
 - a. Metal selling prices Ni at \$7.30/lb and Cu selling prices of \$3.50/lb,
 - b. Recoveries of Ni 82.8% and Cu 93.6%, and
 - c. Costs including mining, processing, general and administrative (G&A), and off-site realization (TCRC).
3. Nickel Equivalent is estimated as $((3.50/7.30) * \text{Cu grade}) + \text{Ni Grade}$.
4. Mineral resources are not mineral reserves and do not have demonstrated economic viability.
5. Mineral resources are inclusive of mineral reserves.
6. Figures may not add up due to rounding.

The mine plan in the Aguablanca PFS is based on Mineral Reserves, as summarized in the table below, which have been estimated for a combination of sub-level extraction and long-hole open stoping underground mining methods. The MRE in the table above is inclusive of the Mineral Reserves estimate, which represents approximately 89% of the tonnes in the Measured and Indicated category of the MRE.

Reserve Category	Cutoff (Ni%)	Tonnage (K tonnes)	Grade							Contained Metal						
			Ni (%)	Cu (%)	Co (%)	Pd (ppm)	Pt (ppm)	Au (ppm)	NiEq (%)	Ni (Klbs)	Cu (Klbs)	Co (Klbs)	Pd (Oz)	Pt (Oz)	Au (Oz)	NiEq (Klb)
Proven	0.35%	3,650	0.67	0.61	0.02	0.29	0.34	0.17	0.97	54,051	49,281	1,343	34,454	39,798	19,835	77,678
Probable	0.35%	1,062	0.67	0.53	0.02	0.28	0.31	0.14	0.92	15,582	12,452	429	9,419	10,578	4,875	21,553
Proven + Probable		4,713	0.67	0.59	0.02	0.29	0.33	0.16	0.96	69,633	61,733	1,772	43,874	50,375	24,709	99,231

Notes:

1. CIM Definition Standards were followed for Mineral Reserves
2. Mineral reserves are not additive to mineral resources
3. Mineral reserves are based on the March 24, 2024 mineral resource estimate
4. Totals may not add up due to rounding
5. Mineral reserves are reported using \$7.30/lb Ni, \$3.50/lb Cu, \$12/lb Co, \$2,000/oz Au, \$900/oz Pt and \$1,200/oz Pd
6. The cutoff grade of 0.35% Ni considered mining costs of:
 - a. Metal selling prices Ni at \$7.30/lb and Cu selling prices of \$3.50/lb,
 - b. Recoveries of Ni 82.8% and Cu 93.6%, and
 - c. Costs including mining, processing, general and administrative (G&A), and off-site realization (TCRC).
7. Mineral reserves are constrained within a mine design.

8. Units are metric tonnes, metric grams, troy ounces and imperial pounds. Contained metal are estimates of in situ material and do not account for dilution of processing losses.

Aguablanca PFS

The Aguablanca PFS supports the economic viability of the Aguablanca Project. Activities to be carried out in 2024 will require approximately \$6.1 million of capital investment, of which the Company must fund its 50% share, to restart the existing 5,000 tpd RNR Plant, to de-water the open pit mine and to commence underground mine development. This will culminate in first production of nickel-copper concentrates in early 2025. Only 50% of the processing plant's capacity will initially be deployed for the Aguablanca Project, preserving the opportunity to use the remaining capacity for the planned development of the Company's nearby Lomero Project at a later date. The Company is currently carrying out an international tender process to identify a long-term offtake arrangement suitable for the sale of these concentrates.

Over the projected 6-year LOM, production from the mining and processing of approximately 4.8 million tonnes of material is expected to recover 43.2 million pounds of payable nickel and 34.6 million pounds of payable copper through the sale of approximately 406,359 tonnes of nickel-copper concentrates. LOM all-in sustaining costs are expected to average \$4.04 per pound of payable nickel on a by-product credit basis. The Aguablanca Project incorporates local contract mining and is expected to stimulate the local economy, benefitting Extremadura and surrounding communities through direct and indirect employment at the Aguablanca Project, local sourcing of services and supplies and community programs funded by the Company. At long-term nickel and copper prices of \$7.30 per pound and \$3.50 per pound, respectively, total LOM undiscounted after-tax Project cash flow from mining operations on a 100% basis amounts to \$105.7 million. At a 5% discount rate, the net present value of the total LOM after-tax Project cash flow on a 100% basis amounts to \$83.1 million. The Aguablanca PFS has an after-tax internal rate of return of 213% and payback by the end of 2025.

Lomero Project, Iberian Pyrite Belt

The Company owns a 100% interest in the Investigation Permit N° 14,977, also identified as Rubia, covering the areas occupied by the former Lomero-Poyatos Concessions and the mine within them in Southern Spain (collectively, the "Lomero Project"). The Lomero Project is owned by Alto and is subject to a 2% net smelter returns royalty granted in connection with the acquisition of the project in April 2021.

The Rubia Permit is an investigative mining permit covering 15 graticular blocks totalling approximately 454 hectares within the adjoining municipalities of El Cerro del Andevalo and Cortegana within Huelva, Andalucía, southern Spain. The area covered by the Rubia Permit is located approximately 85 km northwest of Seville and 60 km northeast of the port of Huelva and includes the area previously occupied by 13 mining concessions including the former Lomero-Poyatos mine. The Lomero Project is a polymetallic deposit located within the Iberian Pyrite Belt, which is one of the largest districts of pyrite-rich massive sulphide deposits in the world.

In April 2023, the Company announced that it received approval from the Mining Department in Huelva for a three-year extension of the Rubia Permit. The extension of the Rubia Permit was granted by the Department of Mines in Huelva in conjunction with its approval of the Company's planned drilling program for 2023.

The Company also announced in April 2023 that it has been granted Investigation Permit "Palomarejo" N° 14.978 to the west of the Rubia Permit. The Palomarejo Permit covers an area of 151 hectares in the Cortegana area (Huelva), increasing the Company's exploration area by about 30%, and is in a similar

geological setting as the adjacent polymetallic Lomero-Poyatos deposit. The Palomarejo Permit has an initial three-year term and may be extended for another three years.

In August 2021, the Company, through Alto, entered into an agreement with the creditors of Corporation de Recursos Iberia SL (“CRI”) pursuant to which it will make payments to CRI’s creditors totaling approximately EUR 1.7 million in five instalments over a four-year period commencing on approval of the Commercial Court n° 12 (the “Court”) of Madrid in Spain. CRI is currently involved in a bankruptcy process in Spain and through the creditors’ agreement, the Company will acquire all the assets of CRI related to the Lomero Project, including, but not limited to, physical assets, lands, warehouse and mining rights. The proceedings in connection with the creditors’ agreement, being carried out under the supervision of the Court, have continued to be delayed and the Company is awaiting a final decision from the Court.

Mineral Resource Estimate

The Lomero Project has a rich history of exploration and production to substantiate the potential for future exploitation. To date, the Company’s exploration program has principally comprised surface and validation drilling, including twinning of historical drill holes, to confirm its understanding of the existing geological model for the known Lomero-Poyatos deposit.

Following the acquisition of the Lomero Project in 2021, the Company commenced its Phase 1 surface validation and in-fill drilling program comprised of approximately 26,000 meters in 83 diamond drill holes. The program, completed in July 2022, identified mineralization over a strike length of 1 km and with a vertical extension of 400 m, increasing the Company’s confidence in the geological model using data validated from previous historic drilling campaigns. In July 2022, the Company prepared an initial MRE based on the results of its Phase 1 drilling program.

In October 2022, the Company commenced its Phase 2 surface validation and in-fill drilling program comprised of approximately 13,225 meters in 42 diamond drill holes. Results from the Phase 2 program, completed in February 2023, confirmed the expected higher grades at depth and validated the lateral and horizontal continuity of the massive sulphide and semi-massive sulphide mineralized lenses. The Phase 2 program also confirmed the presence of higher-grade mineralized zones within the broader resource envelope.

The Company followed up with a Phase 3 surface validation drilling program completed in July 2023 comprised of approximately 4,760 meters in 20 diamond drill holes. Phase 3 drilling was designed to complete the verification of selected high-grade underground holes drilled in the 1980s by Indumetal/Billiton. Phase 3 drilling also confirmed zonation of metals in the deposit, with significant copper mineralization showing grades >0.6% distributed in the central and eastern sectors of the deposit, and significant gold-silver-zinc and lead mineralization showing grades over 2.0 g/t Au, 20 g/t Ag and 0.5% for Zn and Pb distributed in the western and eastern sectors of the deposit and at depth.

On November 2, 2023, the Company filed the Lomero Technical Report on SEDAR+. The Lomero Technical Report included an updated MRE for the Lomero Project, with an effective date of July 31, 2023, incorporating the results from its Phase 2 and Phase 3 drilling programs. The updated MRE converted approximately 73% of the initial Inferred MRE prepared in 2022 to the Indicated Mineral Resources category. The current geological model and the updated MRE for the Lomero-Poyatos deposit include the results obtained from a total of 146 holes representing 44,228 meters of drilling completed to date by the Company plus another 55 historical holes drilled by CMR in 2001 to 2007 representing 10,053 meters.

The updated MRE for the Lomero Project is shown in Table 1 below. The mineral resource evaluation work was completed by Mr. Benjamin Parsons, MAusIMM (CP#222568), Principal Consultant (Resource Geology) with SRK Consulting (U.S.), Inc. (“SRK”), who is an independent qualified person. The Mineral Resources have been reported based on copper equivalent (“CuEq”) with the key assumptions included in the notes to the table. In order to meet “reasonable prospects for eventual economic extraction” requirement, the Lomero deposit has been deemed amenable to both open pit and underground mining (for the remaining material which has displayed continuity above the defined cut-off grades), with the cut-off grades of 0.4% CuEq for open pit resources and 0.6% CuEq for underground resources established using benchmarked costs taken from similar deposits within the Iberian Pyrite Belt and metallurgical recoveries based on the outcomes of the initial metallurgical test work completed by the Company between 2022 and 2023.

Table 1: SRK CIM Compliant Mineral Resource Statement effective July 31, 2023 for the Lomero Project, Spain, reported based on Copper Equivalent (“CuEq”) (2)

Class	Mining Type	Mass (Mt)	Average Value					Material Content					Metal	
			Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)	Au (koz)	Ag (koz)	Cu (t)	Pb (t)	Zn (t)	CuEq (%)	CuEq (t)
Indicated	OP ⁽⁴⁾	5.92	2.22	23	0.74	0.45	1.02	422	4,468	43,867	26,492	60,454	1.96	115,702
	UG ⁽⁵⁾	1.82	2.45	28	0.41	0.50	1.07	143	1,627	7,392	9,029	19,439	1.74	31,600
	Total	7.73	2.27	25	0.66	0.46	1.03	565	6,095	51,259	35,521	79,893	1.91	147,302
Inferred	OP ⁽⁴⁾	1.93	1.79	24	0.28	0.60	1.22	111	1,475	5,340	11,562	23,618	1.47	28,317
	UG ⁽⁵⁾	1.52	1.94	21	0.30	0.45	1.12	95	1,003	4,544	6,860	17,045	1.45	22,043
	Total	3.45	1.86	22	0.29	0.53	1.18	206	2,478	9,884	18,422	40,662	1.46	50,359

Notes:

(1) Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. All figures have been rounded to reflect the relative accuracy of the estimates. Gold, silver, copper, lead and zinc assays were capped where appropriate. It is assumed based on regional benchmarking that all the elements included in the CuEq calculation have a reasonable potential to be recovered and sold.

(2) The CuEq calculation has been defined using the following formula:

$$\text{CuEq} = ((\text{Au} \times 21.38) + (\text{Ag} \times 0.42) + (\text{Cu} \times 69.45) + (\text{Pb} \times 12.68) + (\text{Zn} \times 25.46)) / \text{Cu Recovery}$$

(3) Mineral resources are reported using an assumed CuEq cut-off grade based on metal price assumptions*, variable metallurgical recovery assumptions**, mining costs, processing costs, general and administrative (G&A) costs and variable NSR factors***. Mining, processing and G&A costs total US\$31/t for Open Pit Mining and US\$45/t for Underground Mining which includes assumptions for prices, recoveries and payabilities. The CuEq cut-off grade 0.4% CuEq (OP) and 0.6% CuEq (UG) is calculated by dividing the costs by the Cu Factor and recoveries.

(*) Metal price assumptions considered for the calculation of Metal Equivalent grades are: Gold (US\$/oz 1,900.00), Silver (US\$/oz 24.0), Copper (US\$/lb 4.50), Lead (US\$/lb 1.15) and Zinc (US\$/lb 1.50)

(**) Cut-off grade calculations assume variable metallurgical recoveries as a function of grade and relative metal distribution. Average metallurgical recoveries are: Gold (35%), Silver (55%), Copper (70%), Lead (50%) and Zinc (77%).

(***) Cut-off grade calculations and metal equivalencies assume variable CuEq factors as a function of smelting, transportation costs and royalties (3%).

(4) Open pit (OP) mineral resources are constrained within NPV optimized pits which SRK based on assumed mining costs defined.

(5) Underground (UG) mineral resources represent all material below the proposed limiting pit shell which have been confirmed visually to form contiguous units with a minimum width of 2.5 x 2.5 x 1.25m

Toral Project, Leon Province

On November 22, 2022, the Company entered into the Toral Definitive Agreement with Europa pursuant to which Europa has granted two options to the Company to acquire up to an 80% ownership interest in EMI which holds the Toral Zn-Pb-Ag Project, Leon Province, Northern Spain. The Toral Definitive Agreement received approval from Europa’s shareholders on December 30, 2022.

First and Second Options under the Toral Definitive Agreement

Pursuant to the Toral Definitive Agreement, the Company has been granted a First Option, exercisable until November 22, 2025 (subject to a 90-day extension in certain circumstances), to subscribe for a 51% equity interest in EMI by (i) spending, as operator, a total of \$4.0 million on the Toral Project over the three-year period, (ii) completing a preliminary economic assessment and (iii) completing and submitting a mining license application in respect of the Toral Project to the local mining authority. The Company's expenditure commitment under the First Option is subject to a minimum of \$1.0 million in each of the first two years of the First Option period. On exercise of the First Option, the parties will enter into a joint venture and a shareholders' agreement that will govern the development and eventual operation of the Toral Project.

Through the end of the first quarter of 2024, the Company has advanced an aggregate sum of approximately \$2.9 million to EMI to fund the expenditures at the Toral Project, including VAT receivable.

EMI owns a 100% interest in the Investigation Permit N° 15,199 which covers the area occupied by the Toral Project. In October 2023, the formal application for a mining license for the Toral Project was completed and submitted to the Junta of Castille and Leon, the local mining authority. While the mining license application is being assessed, EMI's Investigation Permit remains in effect.

In addition, the Toral Definitive Agreement provides the Company with a Second Option to acquire an additional 29% equity interest in EMI by delivering a prefeasibility study and making a cash payment of \$2.0 million to Europa within the 12-month period following the closing of the First Option.

Mineral Resource Estimate

On November 30, 2022, Europa announced an updated JORC 2012 compliant MRE for the Toral Project prepared by Addison Mining Services Ltd. with an effective date of November 5, 2022 comprising:

- An Indicated Mineral Resource of approximately 7Mt @ 5% Zn, 3.7% Pb and 29 g/t Ag, containing 349,000 tonnes of zinc, 260,000 tonnes of lead and 6.6 million ounces of silver, and
- An Inferred Mineral Resource of approximately 13Mt @ 4.1% Zn, 2.3% Pb and 19 g/t Ag containing 540,000 tonnes of zinc, 300,000 tonnes of lead and 8 million ounces of silver.

The results of the 2023 drilling program are currently being incorporated into the existing database to support the preparation of an updated MRE expected to be completed in the first half of 2024 followed by the preparation of a PEA.

[Projects - Colombia](#)

Zancudo Project, Department of Antioquia

The Zancudo Project, acquired by the Company in conjunction with the February 2021 RTO Transaction, is located in the Municipality of Titiribi, Department of Antioquia, Republic of Colombia, approximately 30 km southwest of Medellin.

The Zancudo Project includes the historic producing Independencia Mine and is a high-grade gold-silver-quartz vein deposit with mineralization occurring in multiple veins that have been exploited over a strike length of 3.5 km. The average vein width is 0.35 m, with a maximum width of 3.0 m. The known vertical extent of mineralization is 400 m.

Mining of high-grade gold and silver veins was carried out in the historic Zancudo mining district from 1793 to 1948 with estimated production of between 1.4 and 2.0 Moz Au-equivalent. The Zancudo Project has access to labour, the Colombian national power grid and ample water resources. The Zancudo Project is subject to a 4% NSR royalty on future production, payable in cash.

Mineral Resource Estimate

On December 14, 2023, the Company filed the “Zancudo Technical Report on SEDAR+ for the Zancudo gold-silver mineral deposit. The work on the Zancudo Technical Report was completed by Mr. Scott E. Wilson, CPG (#4025107RM), President of Resource Development Associates Inc., who is an independent qualified person. The Zancudo Technical Report includes an updated MRE for the Zancudo Project with an effective date of October 24, 2023.

The Company has not completed any drilling on the Zancudo Project since its acquisition in 2021. The database for the updated MRE includes a total of 40,100 m of diamond drilling in 149 holes, including 33 underground holes drilled in the Independencia Mine, that was carried out at the Zancudo Project by Gran Colombia Gold and IAMGOLD over the period from 2011 through 2021.

The following table summarizes the updated MRE for the Zancudo Project:

Class	Tonnes (kt)	Grade			Material Content		
		Au (g/t)	Ag (g/t)	AuEq (g/t)	Au (koz)	Ag (koz)	AuEq ⁽⁴⁾ (koz)
Inferred	4,100	6.53	107	8.1	860	14,090	1,060

Notes:

- 1) Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the mineral resources estimated will be converted into mineral reserves.
- 2) All figures are rounded to reflect the relative accuracy of the estimates. Gold and silver assays were capped where appropriate.
- 3) Mineral resources are reported at an in situ cut-off grade of 4.0 g/t AuEq over a 1.0 meter mining width, which was derived using a gold price of \$1,850/oz, a silver price of \$23.0/oz, and suitable benchmarked technical and economic parameters for underground mining (mining = \$105.0, processing = \$42.0, G&A and selling costs = \$21.0 and royalties = 3.2%).
- 4) Metal equivalent is calculated with the formula $AuEq = (Au * Au Recovery (75\%) * AuPrice + Ag * Ag Recovery (80\%) * AgPrice) / (Au Recovery (75\%) * Au Price)$.
- 5) It assumed that the Zancudo Project will produce a concentrate product based on assumed conventional gold and silver processing recoveries of 75% Au and 80% Ag from initial preliminary metallurgical sampling and benchmarked projects within the region.

Preliminary Economic Assessment

The Zancudo Technical Report also includes a PEA, effective as of October 24, 2023, which affirms the economic viability of the planned underground mining operation at the Zancudo Project. The PEA, based on the updated MRE, envisions an initial capital cost estimate of \$14.8 million and a 10-year mine life over which the Company expects to generate net revenue of approximately \$1.0 billion from the sale of approximately 576,000 payable ounces of gold and 8.8 million payable ounces of silver at a LOM average AISC of \$1,059 per ounce of gold. The PEA incorporates local contract mining and indicative pricing terms for its concentrate production. At long-term gold and silver prices of \$1,800 per ounce and \$22 per ounce, respectively, total LOM undiscounted after-tax project cash flow from mining operations amounts to \$266.4 million. At a 5% discount rate, the net present value of the total LOM after-tax project cash flow amounts to

\$206.3 million. The Zancudo Project PEA has an after-tax internal rate of return of 287% and payback in 2025. The PEA is preliminary in nature and it includes Inferred Resources that are considered too speculative to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the estimates presented in the PEA will be realized.

Phosphates Project, Department of Boyacá

In July 2023, the Company acquired 100% of the issued and outstanding shares of Emerene, a Panamanian company which owns several phosphorite mining rights in the Department of Boyacá in the central northeastern part of Colombia. The acquisition of the phosphate concessions is in keeping with the Company's long-term sustainability initiatives and is expected to provide a source of cash flow to the Company when in production. The development of a phosphate mining operation in Colombia is expected to support the growth in locally sourced fertilizer for use in the Colombian agriculture industry. The Company's next steps include the completion of some further technical studies and to seek a partner who will carry out the mining activities, keeping the investment by the Company to start up operations to a minimum.

Results of Operations and Overall Performance

(\$000's)	First Quarter	
	2024	2023
G&A expenses	\$ 1,224	\$ 927
Share-based compensation expense	176	-
Finance costs	1,631	3
Loss on financial instruments	8,258	287
Recognition of accumulated foreign currency translation adjustment on disposal of foreign operation	-	1,917

The Company's **G&A expenses** are generally attributed to costs associated with the corporate functions of the public company, including personnel related costs, board fees, legal and audit fees, insurance, shareholder relations and investor relations program costs. The increase in G&A expenses in the first quarter of 2024 to \$1.2 million, compared with \$0.9 million in the first quarter last year, can be attributed to the costs being incurred in Spain for the due diligence activities related to its acquisition of RNR and to the costs incurred by the Company in the migration of its listing to Cboe Canada in late March 2024.

Share-based compensation expense represents the service cost of stock options granted by the Company under its long-term incentive program. The expense in the first quarter of 2024 primarily reflects the cost of stock options granted in mid-2023 that are continuing to vest through mid-2024. The Company did not have any share-based compensation expense in the first quarter of 2023.

Finance costs during the first quarter of 2024 amounted to \$1.6 million and included the following major items:

- Interest paid in cash on the Convertible Debentures issued in October 2023 totaling \$0.45 million; and,
- Non-cash accretion of interest in the amount of \$1.2 million on the amount payable in connection with the acquisition of the RNR joint venture investment. The total amount payable in instalments in 2024 of EUR 22.5 million (equivalent to approximately \$24.5 million) was recorded at a discounted amount equivalent to \$21.0 million on the acquisition date and is being accreted with a charge to earnings over the period to December 31, 2024.

The Company recognized a **loss on financial instruments** in the first quarter of 2024 of \$8.3 million for the change in fair value of the Convertible Debentures issued in October 2023, largely driven by an increase in the Company's share price over that period. The loss on financial instruments of \$0.3 million in the first quarter of 2023 resulted from a change in the fair value of the units issued in the Rights Offering completed by the Company on March 2, 2023.

In February 2023, the Company and Aris Mining mutually agreed to terminate the license agreement at the Guia Antigua Project in Colombia and Aris Mining reimbursed the Company for exploration expenditures incurred by the Company in 2021 and 2022 in the amount of approximately COP 10.7 billion (equivalent to approximately \$2.2 million) in cash. In the first quarter of 2023, as a result of the disposal of this foreign operation, the Company recognized the **accumulated foreign currency translation adjustment**, previously included in accumulated other comprehensive loss on the balance sheet, of \$1.9 million in the consolidated statement of operations.

Net loss

The Company reported a **net loss** of \$11.1 million (\$0.18 per share) in the first quarter of 2024 compared with a net loss of \$3.1 million (\$0.11 per share) in 2023. In addition to G&A expenses of \$1.2 million and interest on the Convertible Debentures of \$0.45 million, the first quarter 2024 net loss includes \$9.6 million of non-cash charges, including an \$8.3 million loss on financial instruments and \$1.2 million of accretion of a financial liability. The 2023 net loss included \$0.9 million of G&A costs and a \$1.9 million non-cash charge for accumulated foreign currency translation adjustments related to its disposition of the Guia Antigua Project.

Summary of Quarterly Results

\$000's except per share data	2024	2023				2022		
	1 st Qtr	4 th Qtr	3 rd Qtr	2 nd Qtr	1 st Qtr	4 th Qtr	3 rd Qtr	2 nd Qtr
Net loss	\$ 11,111	\$ 9,391	\$ 965	\$ 942	\$ 3,138	\$ 5,147	\$ 678	\$ 798
Per share - basic and diluted	0.18	0.15	0.02	0.02	0.11	0.25	0.03	0.04
Exploration and capital expenditures	2,887	3,435	3,816	4,347	3,417	2,068	2,368	2,502

Results of operations can vary significantly by quarter as a result of a number of factors. The Company's level of activity and expenditures during a specific quarter are influenced by the level of working capital, the availability of external financing, the time required for ongoing administration and maintenance of the Company and its exploration and mining projects. Changes in assumptions used in the determination of fair value estimates for the Convertible Debentures including, but not limited to, volatility factors, risk-free rates, stock price and credit spreads may also cause the results of operations to vary significantly by quarter.

The net loss for the first quarter of 2024 included a loss on fair value of the Convertible Debentures of \$8.3 million and finance costs of \$1.6 million including interest expense associated with the Convertible Debentures and the accretion of the amount payable related to the acquisition of the RNR joint venture investment.

The net loss for the fourth quarter of 2023 included a loss on fair value of the Convertible Debentures of \$6.7 million and finance costs of \$1.4 million including issuance costs and interest expense associated with the Convertible Debentures and costs associated with the accretion of the amount payable related to the acquisition of the RNR joint venture investment.

The net losses for the first quarter of 2023 and the fourth quarter of 2022 included non-cash charges of \$1.9 million and \$4.3 million, respectively, related to the termination and disposition of the Guia Antigua Project license agreement.

Liquidity and Capital Resources

The Company's capital management objective is to have sufficient capital to be able to execute its business plan. The Company manages its capital structure, and makes adjustments to it, in the light of changes in economic conditions and the risk characteristics of the underlying E&E and mining assets. The continued exploration and development of the Company's E&E and mining assets is dependent on the ability of the Company to secure sufficient funds through operations or other sources. Such funds may not be available on acceptable terms or at all.

In October 2023, the Company closed the Convertible Debentures offering raising net proceeds of approximately \$14.3 million to fund its construction activities at its Zancudo Project and for working capital and general corporate purposes. The Company also deposited \$1.8 million of the net proceeds from the Convertible Debentures offering into a trust account to fund the first 12 monthly interest payments on the Convertible Debentures commencing November 2023.

On March 27, 2024, the Company finalized the sale of a 3% NSR on future production from its Zancudo Project, receiving gross cash proceeds totaling \$5.0 million in late March/early April. In April 2024, the Company announced that it is arranging a secured prepayment financing of up to \$10.0 million with Trafigura in conjunction with a long-term offtake contract for concentrate production from Zancudo. The proceeds of the prepayment financing will be funded as the Company reaches prescribed milestones during the completion of its construction activities at the Zancudo Project in 2024. As described on page 4, subsequent to March 31, 2024, the Company launched the Offering on April 29, 2024 to raise up to CA\$20 million to fund Aguablanca and for general corporate purposes. Also, as outlined in the PEA for the Zancudo Project, the Company expects to commence mining operations at Zancudo in 2024, providing a potential source of production and internally generated cash flow while the processing plant construction is being completed.

The Company currently has no production and has no source of revenue. Further, during the first quarter of 2024, the Company reported a net loss of \$11.1 million (including non-cash charges totaling approximately \$9.6 million) and net cash used in operating activities of \$1.2 million.

As at March 31, 2024, the Company has cash and cash equivalents of \$6.0 million and a working capital deficiency of \$50.4 million. The working capital deficiency includes:

- \$30.4 million for the Convertible Debentures which are not repayable in cash within the next 12 months;
- \$4.2 million for the amount payable from EMI to Europa which is expected to be converted to equity of EMI by Europa on the Company's exercise of its First Option under the Toral Definitive Agreement; and,
- \$22.3 million (undiscounted total of EUR 22.5M) for the amount payable in connection with the acquisition of the RNR joint venture investment, of which approximately \$17.4 million relates to the instalments due at the end of June, September and December 2024 (totaling EUR 17.5M on an undiscounted basis) that the Company expects to re-negotiate with the RNR Shareholder Group (see page 6) in conjunction with the potential integration of the Aguablanca and Lomero Projects.

The Company will require additional sources of capital to fund ongoing operational requirements, planned exploration, development and capital expenditures related to its mineral property and E&E assets, and the

amount payable related to the acquisition of the RNR joint venture investment. To continue as a going concern, the Company must generate sufficient operating cash flow to fund these requirements or secure new funding. In addition to the initiatives already underway, the Company continues to evaluate other options to raise additional funding, including gross proceeds of up to CA\$25.6 million which may be received in the future from the exercise of the Rights Warrants and the Private Placement Warrants. There can be no assurance that these initiatives will be successful. These material uncertainties cast significant doubt as to the ability of the Company to meet its business plan and obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

The Company believes that the going concern assumption is appropriate for the Interim Financial Statements and that it will be able to fund its operational requirements and planned exploration and capital programs during the upcoming year and beyond. There is no guarantee that the Company will be successful in its endeavors and no certainty as to the timing of the Company's impending exploration and development programs or the commencement of mining operations at its Zancudo or Aguablanca Projects. Should the going concern assumption not be appropriate and the Company is not able to realize its assets and settle its liabilities, the Financial Statements of the Company would require adjustments to the amounts and classifications of assets and liabilities, and these adjustments could be material.

Operating activities

Net cash used in operating activities in the first quarter of 2024 amounted to \$1.2 million compared to \$0.5 million in the first quarter of 2023. The 2024 operating cash outflow primarily reflected the Company's G&A expenses of \$1.2 million (2023 – \$0.9 million), net of finance income of approximately \$0.1 million (2023 - \$nil) and changes in non-cash working capital items.

Investing activities

Net cash used in investing activities in the first quarter of 2024 amounted to \$3.0 million compared with \$1.2 million in the first quarter of 2023, including:

- \$0.6 million of expenditures on the Company's E&E assets, down from \$2.9 million in the first quarter of 2023 which included \$2.3 million for the exploration program at Lomero. First quarter 2024 expenditures included \$0.3 million at Lomero and \$0.2 million at the Toral Project.
- \$2.3 million for capital expenditures, up from \$0.5 million in the first quarter of 2023, primarily reflecting the Company's construction activities this year at the Zancudo Project in preparation for the commencement of mining operations in 2024.
- the first quarter of 2023 included \$2.2 million of cash received from Aris Mining in February 2023 in connection with the termination of the Guia Antigua license agreement.

Total exploration and capital expenditures by project over the trailing eight quarters is as follows:

\$000's	2024	2023				2022		
	1st Qtr	4 th Qtr	3 rd Qtr	2 nd Qtr	1 st Qtr	4 th Qtr	3 rd Qtr	2 nd Qtr
Lomero Project	\$ 320	\$ 625	\$ 1,340	\$ 1,759	\$ 2,333	\$ 1,695	\$ 2,035	\$ 2,005
Zancudo Project	2,331	2,230	1,557	1,751	772	123	103	-
Toral Project	236	580	919	837	286	-	-	-
Guia Antigua Project	-	-	-	-	26	250	230	497
Total expenditures	\$ 2,887	\$ 3,435	\$ 3,816	\$ 4,347	\$ 3,417	\$ 2,068	\$ 2,368	\$ 2,502

Financing activities

Net cash provided by financing activities in the first quarter of 2024 was \$2.8 million, primarily reflecting \$2.85 million of gross proceeds received in cash at the end of March 2024 from the sale of the 3% NSR on Zancudo. The balance of \$2.15 million of gross proceeds related to the NSR sale was received in early April 2024. Interest expense of \$0.45 million paid in cash in the first quarter of 2024 related to the Convertible Debentures was funded by the escrow account established on closing of the issuance of the Convertible Debentures in October last year. The escrow account will continue to fund the monthly interest payments through to October 2024. Net cash provided by financing activities in the first quarter of 2023 was \$6.1 million, primarily representing the net proceeds from the Rights Offering completed in early March 2023.

Related Party Transactions

The Company entered into a 12-month consulting and advisory agreement effective June 1, 2023 for services to be provided by a firm affiliated with a non-executive director of the Company related to social and environmental matters at the Company's Zancudo Project. During the three months ended March 31, 2024, the Company incurred a total of \$45,000 in fees with this firm, of which \$30,000 was included in accounts payable and accrued liabilities at March 31, 2024.

Aris Mining paid COP10,692,000,000 (equivalent to approximately \$2.2 million) on February 27, 2023 to the Company in connection with the termination of the license agreement associated with the Guia Antigua Project.

These transactions, occurring in the normal course of operations, are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Financial Instruments

The carrying value of cash and cash equivalents, other receivables, accounts payable and accrued liabilities and amount payable by EMI to Europa approximate their fair values as they are short-term in nature.

The Convertible Debentures are a financial liability and have been designated at FVTPL. As such, the Convertible Debentures were recorded at fair value at inception, being equal to the principal amount, and are subsequently remeasured with the change in fair value being recognized in the statement of operations, except the portion of the change in fair value due to changes in the Company's credit risk, which is recognized in the statement of other comprehensive income. The fair value of the Convertible Debentures at March 31, 2024 of \$30.4 million (principal amount - CA\$20.5 million), up from \$22.7 million (CA\$20.6 million) at the end of December 2023, has been determined using the finite-differences method model and level 2 fair value inputs that capture all the features of the Convertible Debentures, including the Conversion Option, Company share price of CA\$0.70 per share, share price volatility of 106.16%, risk free interest rate of 3.53%, dividend yield of 0.00% and credit spread of 50.61%. During the first quarter of 2024, the Company recorded a loss on fair value of \$8.3 million in the statement of operations and a loss of \$0.1 million related to the change in credit risk was recognized in the statement of other comprehensive loss.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Accounting Policy Changes

IAS 1 – Presentation of Financial Statements and IFRS 2 Practice Statement 2

Effective January 1, 2024, the Company adopted the IASB's amendment to IAS 1, Presentation of Financial Statements providing a more general approach to the classification of liabilities. The amendment clarifies that the classification of liabilities as current or non-current depends on the rights existing at the end of the reporting period as opposed to management's intentions or expectations of exercising the right to defer settlement of the liability. Management would classify debt as non-current only when the Company complies with all the conditions at the reporting date. The amendments further clarify that settlement of a liability refers to the transfer of cash, equity instruments, other assets or services to the counterparty. The adoption of these amendments did not have an impact on the Interim Financial Statements.

Critical Accounting Estimates

The preparation of the consolidated financial statements requires management to make significant estimates and assumptions in determining carrying values. Estimates are continuously evaluated and are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ significantly from the amounts included in the consolidated financial statements. The critical estimates applied in the preparation of the Company's Financial Statements are consistent with those applied and disclosed in Note 4 to the audited consolidated financial statements for the year ended December 31, 2023.

Disclosure Controls and Procedures and Internal Controls Over Financial Reporting

Internal controls over financial reporting

Disclosure controls and procedures have been designed to provide reasonable assurance that all material information required to be disclosed by the Company is accumulated and communicated to senior management as appropriate and recorded, processed, summarized and reported to allow timely decisions with respect to required disclosure, including in its annual filings, interim filings or other reports filed or submitted by it under securities legislation.

The Company's management, including the Chief Executive Officer and Chief Financial Officer, are responsible for establishing adequate internal controls over financial reporting.

Changes in internal controls

During the three months ended March 31, 2024, there were no changes in the Company's internal controls over financial reporting that materially affected or are reasonably likely to materially affect the Company's internal controls over financial reporting.

Limitations of controls and procedures

The Company's management, including the Chief Executive Officer and Chief Financial Officer, believe that any disclosure controls and procedures or internal controls over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations

include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any systems of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Risks and Uncertainties

Exploration, development and mining of precious and other metals involve numerous inherent risks as a result of the economic conditions in the various areas of operation. As such, the Company is subject to several financial, operational and political risks that could have a significant impact on its profitability and levels of operating cash flows. Although the Company assesses and minimizes these risks by applying high operating standards, including careful management and planning of its facilities, hiring qualified personnel and developing their skills through training and development programs, these risks cannot be eliminated.

Readers are encouraged to read and consider the risk factors which are more specifically described under the caption "*Risk Factors*" in the Company's Annual Information Form dated as of April 25, 2024 which is available for view under Denarius Metals' profile on SEDAR+ at www.sedarplus.ca. Such risk factors could materially affect the future operating results of the Company and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.

Cautionary Note Regarding Forward Looking Statements

Certain statements in this MD&A constitute forward-looking information. Often, but not always, forward-looking statements use words or phrases such as: "expects", "does not expect" or "is expected", "anticipates" or "does not anticipate", "plans" or "planned", "estimates" or "estimated", "projects" or "projected", "forecasts" or "forecasted", "believes", "intends", "likely", "possible", "probable", "scheduled", "positioned", "goal", "objective" or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Such forward-looking statements, including but not limited to statements with respect to anticipated business plans or strategies, including future exploration activities that may be carried out by the Company, involve known and unknown risks, uncertainties and other factors which may cause the actual actions, events and results to be materially different from estimated actions, events or results expressed or implied by such forward-looking statements. The Company believes the expectations reflected in these forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon. Factors that could cause actual results to differ materially from those anticipated in these forward-looking statements are described under the caption "*Risk Factors*" in the Company's Annual Information Form dated as of April 25, 2024 which is available for view under Denarius Metals' profile on SEDAR+ at www.sedarplus.ca. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended. The Company undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change except as required by applicable securities laws.