

# **PERUVIAN METALS CORP.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Form 51-102F1**

**For the Fifteen Months Ended March 31, 2024**

**PERUVIAN METALS CORP.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FIFTEEN MONTHS ENDED MARCH 31, 2024**

**Report Dated: September 6, 2024**

**General**

This Management's Discussion and Analysis ("MD&A") is provided for the purpose of reviewing the fifteen months ended March 31, 2024 and comparing results to the previous period. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the Company's audited annual financial statements and corresponding notes for the fifteen months ended March 31, 2024 and the twelve months ended December 31, 2022. The Company's financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") and all monetary amounts are expressed in Canadian dollars unless otherwise indicated in the notes to the audited annual financial statements.

This MD&A is prepared as of September 6, 2024. Mr. Jeffrey Reeder, P.Geo., Chief Executive Officer and Chairman of the Company has either prepared, supervised the preparation of, or approved the scientific and technical disclosure in this MD&A. Mr. Reeder is a Qualified Person within the meaning of National Instrument 43-101 ("NI 43-101"). Additional information relevant to the Company's activities can be found at [www.sedar.com](http://www.sedar.com).

On February 8, 2024, Peruvian Metals Corp. changed its fiscal year end from December 31 to March 31 as With this year-end change, the Company will report a one-time transactional period for the fifteen months ended March 31, 2024.

**Cautionary Note Regarding Forward-Looking Statements**

Certain statements contained in the sections "Mineral Exploration Properties", "Company Outlook" and "Liquidity and Capital Resources" of this MD&A constitute forward-looking statements. These statements relate to future events or the Company's future performance, business prospects or opportunities. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. Information concerning the interpretation of drill results, mineral resource and reserve estimates and capital cost estimates may also be deemed as forward-looking statements as such information constitutes a prediction of what mineralization might be found to be present and how much capital will be required if and when a project is actually developed. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon. These statements speak only as of the date of this MD&A. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Such statements are based on several assumptions which may prove to be incorrect, including, but not limited to, assumptions about:

**PERUVIAN METALS CORP.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FIFTEEN MONTHS ENDED MARCH 31, 2024**

- general business and economic conditions.
- the supply and demand for, deliveries of, and the level and volatility of prices of metals.
- the availability of financing for any of the Company's development projects on reasonable terms.
- the ability to procure equipment and operating supplies in sufficient quantities and on a timely basis.
- the ability to attract and retain skilled staff.
- market competition.
- the accuracy of any resource estimates (including, with respect to size, grade and recoverability) and the geological, operational and price assumptions on which it is based.
- tax benefits and tax rates; and/or
- political uncertainty such as regulatory laws, statutes and permitting changes.

These forward-looking statements involve risks and uncertainties relating to, among other things, changes in commodity prices, access to skilled mining development and mill production personnel, results of exploration and development activities, the Company's limited experience with production and development stage mining operations, uninsured risks, regulatory changes, defects in title, availability of materials and equipment, timeliness of government approvals, actual performance of facilities, equipment and processes relative to specifications and expectations and unanticipated environmental impacts on operations. Actual results may differ materially from those expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, the risk factors incorporated by reference herein; please see "Risk and Uncertainties". The Company cautions that the foregoing list of important factors is not exhaustive. Investors and others who base themselves on the Company's forward-looking statements should carefully consider the above factors as well as the uncertainties they represent and the risk they entail. The Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, except as otherwise required by applicable law. The Company also cautions readers not to place undue reliance on these forward-looking statements. Moreover, these forward-looking statements may not be suitable for establishing strategic priorities and objectives, future strategies or actions, financial objectives, and projections other than those mentioned above.

**Description of Business**

Peruvian Metals Corp. ("Peruvian Metals" or the "Company") was incorporated under the laws of British Columbia on March 5, 1997, under the name 537926 B.C. Ltd. and its principal business activity is mineral processing and the acquisition and exploration of mineral properties. On June 18, 1997, the Company changed its name to Duran Gold Corp.; on August 10, 2000, the Company changed its name to Duran Ventures Inc.; and on September 5, 2018, the Company changed its name to Peruvian Metals Corp. to better reflect the nature of the Company's operations and business activities. On July 4, 2007, the Company was listed on the TSX Venture Exchange ("TSXV"). On October 14, 2008, the Shareholders approved the continuance of the Company under the Canada Business Corporations Act, which was completed by October 31, 2008. On April 4, 2022 the Company was listed on the OTCQB Venture Market ("OTCQB"). The Company's shares are traded on the TSXV under the symbol PER and OTCQB under the symbol DUVNF.

The Company is not in default under any debt or other contractual obligations. The Company has not been notified of any breach of any corporate, securities or other laws or of the terms of the listing agreement with the TSXV.

**PERUVIAN METALS CORP.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FIFTEEN MONTHS ENDED MARCH 31, 2024**

Peruvian Metals is focused on mineral processing and the exploration and development of precious and base metal properties in Peru.

The Company completed construction of the Aguila Norte mineral processing plant ("Aguila Norte" or the "Plant") in Northern Peru in late 2016 and began processing of concentrates in early 2017.

In addition to the development of a mineral processing operation, the Company has maintained its prospect generator model where it seeks new partners to explore and develop properties in Peruvian Metals' existing portfolio of exploration properties. The Company continues to generate and acquire new prospective mineral properties and seek partners to explore selected Peruvian Metals' properties.

**Company Results and Outlook- Mineral Processing Plant and Exploration Project Plans**

**Aguila Norte Mineral Processing Plant**

Peruvian Metals holds an 80% ownership interest in Minera Aguila de Oro SAC ("MADOSAC"), the joint company that built the Aguila Norte plant. The Company invested in excess of US\$1,500,000 in capital and other expenditures to acquire its 80% interest. The 20% ownership interest in MADOSAC is held by the Peruvian National who owned the concessions on which the plant was constructed. Peru has initiated a formalization process designed to register all small-scale mining operations. The registration will allow the government to tax income, and monitor and regulate health, safety and environmental issues for informal miners and will allow these operations to legally sell their mineral supply only to permitted mineral processing facilities. Peruvian Metals views this initiative into mineral processing as a solid step toward establishing a sustainable business model that will complement its exploration expertise and portfolio of mineral assets.

The Company completed construction of the plant during late 2016 and the commissioning of the crushing and milling circuits began shortly thereafter with the processing of third-party mineral. Initial production started in early 2017.

Highlights of the mineral processing plant:

- Metal recovery is via flotation circuits designed to produce up to three distinct concentrates enabling processing of a wider spectrum of multi and poly-metallic sulphide mineral supply. Initial plant throughput is rated at 100 metric tonnes (mt) per day.
- Permitting is in place under the Peruvian government's formalization mandate to operate up to 100 mt per day. The Company has received full permits and licenses which will enable the expansion of the Aguila Norte Plant.

The location of the Aguila Norte plant facility is viewed as strategic by Peruvian Metals. Many processing plants in Peru are in the south, more specifically, in the Nasca and Chala areas located 990 and 1,150 kilometres south of the plant facility. There is access to water and power at the site that is located near the city of Trujillo, and it is 10 kilometres from the main Pan-American Highway, which runs the length of the country.

**PERUVIAN METALS CORP.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FIFTEEN MONTHS ENDED MARCH 31, 2024**

Since 2017, the Aguila Plant has processed 141,069 metric tonnes. Concentrate ratios (amount of mineral processed to tonnes of concentrates produced) have been averaging 4 :1. This shows the plant is producing quality concentrates for third parties.

Quarterly and Yearly Production in Metric Tonnes					
Year	1st qtr	2nd qtr	3rd qtr	4th qtr	totals
2017	1,271	0	0	1,032	2,303
2018	0	2,132	494	1,159	3,785
2019	2,103	7,509	5,175	3,723	18,510
2020	2,112	0	4,240	6,732	13,084
2021	5,934	5,956	7,934	8,829	28,653
2022	7,572	7,314	7,454	7,326	29,666
2023	6,031	7,758	7,789	8,621	30,199
2024	6,624	8,245	-	-	14,869
				Totals	141,069

Due to COVID Global Pandemic, on March 16, 2020, the Peruvian Government restricted all non-essential transportation and travel within the country in addition to declaring a quarantine whereby all citizens are to stay and work from home if possible. The restriction included a halt to all transportation including domestic and international flights. Essential businesses and services are exempt from this restriction which includes medical facilities, pharmacies, food markets, gas stations and banks. In full compliance with the Peruvian government's quarantine order, the Company suspended processing at its Aguila Norte Processing Plant. All governmental restrictions were lifted June 30<sup>th</sup> and processing of stockpiled minerals commenced on July 28<sup>th</sup>.

#### **Mineral Exploration Properties**

All projects are described below.

#### **Panteria Porphyry Gold - Copper Project**

The Panteria Porphyry Copper prospect ("Panteria Project") located approximately 210 kilometres southeast of the city of Lima, in the Department of Huancavelica, in south-central Peru is believed to be situated in the northern extension of Southern Coastal Porphyry Belt. Peruvian Metals owns 100% of this property that consists of 2000 hectares held in 4 mineral concessions.

The Company signed a binding Letter of Intent with on November 22, 2021, to sell the project including the Ronaldo Concessions to Gold State Resources ("Gold State"). An initial payment of \$10,000 was paid to Peruvian Metals upon entering the LOI. The Company and Gold State amended the terms of the LOI and completed the transaction on April 21st, 2022. Peruvian Metals agreed to sell its Peruvian subsidiary Empresa Querco SAC to Gold State for \$7,000 CDN. This already established legal business entity expedited the transaction in Peru by setting up a Peruvian holding company for Gold State. Upon signing the sales agreement, Gold State paid Peruvian Metals' subsidiary Hatum Minas SAC ("Hatun") the first installment of \$100,000 US and has issued Peruvian Metals 9,274,000 shares of Gold State. On October 31, 2022, Gold State Resources completed a 10:1 share consolidation of its outstanding common shares and announced a name change to International Metals Mining Corp. ("IMMC"). The balance of the final \$100,000 US cash was paid in early 2024.

**PERUVIAN METALS CORP.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FIFTEEN MONTHS ENDED MARCH 31, 2024**

Additional bonus/milestone payments will be based on the amount of drilling on the project. IMMC will pay to Peruvian Metals \$750,000 on or before the completion date of 10,000 metres of drilling on the project, and an additional \$750,000 on or before the completion date of 20,000 metres of drilling on the project. At the sole election of the Company, these payments can be made in cash or by issuance of the equivalent value in IMMC common shares at a value to be determined at the time of issuance based on market value, provided that such issuance would not result in Peruvian Metals holding 10 per cent or more of the issued and outstanding shares of IMMC following such issuance.

In addition, IMMC granted Peruvian Metals, a 1% net smelter return royalty ("NSR") on the project. IMMC will have a right of first refusal in the event that Peruvian Metals receives a third party offer for the NSR to purchase the NSR on the same terms and conditions as such third-party offer.

**Gold Properties**

The Company holds several gold-silver mineral concessions in Northern Peru. The concessions are 100% owned with no underlying royalties, are road accessible, were subject to varying forms of small-scale artisanal mine workings and were acquired as potential mineral sources for Aguila Norte. The two properties acquired are summarized below.

**Palta Dorada Property – 50/50 Rio Silver Inc.**

On January 9, 2020, the Company signed a Memorandum of Understanding ("MOU") with Rio Silver Inc. ("Rio Silver") to initially establish a small-scale mining operation on the Palta Dorado Au-Ag-Cu Property ("Palta Dorado" or the "Property") located in the Ancash Mining Department in Northern Peru. The MOU led to a 50-50 ownership between Peruvian Metals and Rio Silver in a Peruvian company ("Joint Venture"). Equal ownership occurred when Peruvian Metals equally matched Rio Silver's capital investment in the Property of US \$250,000, in 2021. These capital expenditures included permitting, property taxes, camp construction, property wide exploration and any infrastructure needed for mining. The profits on the sale of concentrates will be shared between Rio Silver and Peruvian Metals after operational expenses outlined in the MOU. Operational expenses related to mining will be shared by both companies. Operational expenses will include mining, transportation of mineral and concentrates, support staff, consumable and logistics. Peruvian Metals' 80% owned plant will also charge the Joint Venture commercial mineral processing rates as other clients and will be considered as an operational expense. Peruvian Metals' will act as the operator of the Joint Venture and be responsible to obtain the small-scale permits related to the mining.

In 2022, the Company shipped and sold 31 mt of oxide gold material from Palta Dorada to Inca One's Kori One processing plant located in southern Peru. The average grade of the material was 8.8 g Au/t Au and 74 g/t Ag. The Company is continuing to open up the old workings to reach the sulphide Cu-Au-Ag material for the collection of a bulk sample to process at the company's Aguila Norte plant. The Company will continue to ship and sell the oxide gold material to third party toll mills designed to treat this type of oxide material.

Work on the project stopped in mid-April 2023 due to severe weather conditions. Access roads to the main shaft were washed out. Apart from flooding, there was no serious damage to the infrastructure. The company plans to start repairing access and building new roads in 2024. This will probably happen after the rainy season.

**PERUVIAN METALS CORP.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FIFTEEN MONTHS ENDED MARCH 31, 2024**

On January 15th, 2024, Peruvian Metals Corp. announced that it agreed to purchase Rio Silver's 50-per-cent interest in the Palta Dorada gold-silver-copper property located in northern Peru, resulting in 100-per-cent ownership. The company previously earned 50-per-cent ownership in the property in 2020 by investing \$250,000 (U.S.). The Company continued to finance project costs after earning 50-per-cent ownership and it was determined by the Company that its in the best interest of all parties to consolidate the project into one entity.

To acquire the remaining 50-per-cent interest in Palta Dorada, Peruvian Metals will pay Rio Silver \$250,000 (U.S.) over five months. Three payments of \$25,000 (U.S.) each have been made. Rio Silver will retain a 3-per-cent net smelter return which is capped at \$2 million (U.S.). Peruvian Metals must also ensure that the royalty will pay a minimum of \$50,000 (U.S.) per year for a period of five years.

The Company and Rio Silver Inc. agreed to rescheduled payments as of May 2024. As of the end of July 2024, \$185,000 US has been paid towards the purchase with the remaining balance to be paid in September 2024.

**Minas Yanayco**

The 500-hectare Minas Yanayco property is located in the Ancash Department near the small town of Pueblo Libre. The property is accessed via roughly 292 kilometres of mostly asphalt roads from the Aguila Norte plant and encompasses epithermal, oxide gold-silver mineralization hosted in fractured, brecciated, and faulted quartzites of the Chimu Formation. Historical mine workings are localized in a highly brecciated fault zone parallel to the hinge of an overturned, tightly folded syncline where at least two periods of exploitation have occurred including small, artisanal style tunnels and a large mechanically exploited stope measuring roughly 3,450 square metres entering the hill for 170 metres with widths of up to 30 metres. Production from the Yanayco Mine occurred in the late 70's and early 80's.

Sampling in the old workings has returned up to 7.33 g Au/t and 1,058 g Ag/t in individual samples with sample lengths of 0.6 meters and 0.4 metres, respectively. In total, 36 random samples were taken underground and averaged 0.73 g Au/t and 66.9 g Ag/t. It is apparent that the Au-Ag grade depends on the brecciation intensity. The old mine dumps returned anomalous results from grab samples with individual samples assaying up to 4 g Au/t and 431 g Ag/t. In total, 14 samples were collected from the old mine dumps and averaged 0.81 g Au/t and 151 g Ag/t. These samples are random grab samples outside the workings and are not necessarily representative of the mineralization hosted on the property. The Company intends to conduct mapping to understand the structural controls on the gold-silver mineralization.

The Chimu quartzites are excellent hosts for precious metal mineralization in Northern Peru. Barrick's massive Alto Chicama Mine and Tahoe's La Arena mines are excellent examples of this type of precious metal mineralization. The exploration target at Minas Yanayco is an underground high-grade operation similar to PPX Mining's Igor Project in Northern Peru.

**Minas Visca**

In November 2021, the Company acquired a high-grade silver-lead-zinc property by submitting a superior offer in a closed bid auction at the Peruvian Public Registry of Mining. Other bidders for the area included Newmont Peru SRL and Mitsui Mining & Smelting Co.

**PERUVIAN METALS CORP.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FIFTEEN MONTHS ENDED MARCH 31, 2024**

The property covers an area of approximately 94 hectares and includes several old mine workings. The property is road accessible from Lima by a well paved highway and by 50 kilometres of dirt road. Historical reports from the area by Banco Minero del Peru note that a metallurgical sample was taken from the workings that averaged 13.16 oz/t Ag with 2.55% Pb and 3.77% Zn. Results from the metallurgical test show that two concentrates can be produced with the first averaging 63.03% Pb, 6% Zn and 317 oz/t Ag. The second concentrate averaged 61.9% Zn and 7.2% Pb. Please note that these results are historic and cannot be verified.

The area is underlain by tertiary volcanics belonging to the prospective Calipuy formation. Company geologists verified the potential of the area by mapping and sampling the workings and stockpiles left by the previous operators. Ten samples were taken from old stockpiles in four different areas with values ranging from 0.06 to 1.24 g Au/t, 0.71 to 47.82 oz/t Ag/t, 0.34 to 9.25% Pb and 0.13 to 4.93% Zn averaging 0.49 g Au/t, 12.93 oz Ag/t Ag, 2.62% Pb and 1.68 % Zn. It is important to note and highly likely that much of the high grade extracted from the underground workings and stockpiled have been shipped to toll mills for processing.

The Company plans to initiate community discussions and plans to start the permitting process to reopen the underground workings for bulk sample extraction. The property has good infrastructure but will need to be improved. Another site visit by the Company will be necessary to take additional samples for metallurgical tests and determine the condition of the underground adits for permitting purposes.

**Quality Assurance and Quality Control**

All sample lots were delivered to their respective laboratory by Company geologists where the laboratory crushed, pulverized, and split the sample for assay. No quality control material was submitted with the samples. Minas Yanayco samples were analysed by Inspectorate Services SAC for gold by fire assay with atomic absorption finish and with 44 element aqua regia digestion ICP emission spectroscopy. Samples containing more than 10 g Au/t were re-assayed using fire-assay with gravimetric finish. Re-analysis of the over-limit samples using fire-assay with gravimetric finish duplicated the previous results. No quality control material was employed in the sampling. All samples were also submitted for gold analysis by fire assay with ICP emission spectroscopy and achieved similar results to gold by fire assay with atomic absorption finish.

**Financing**

During the fifteen months ended March 31, 2024, the Company received proceeds of \$28,400 on the exercise of warrants and \$40,000 on the exercise of stock options.

During the twelve months ended December 31, 2022, the Company received proceeds of \$3,800 on the exercise of warrants and \$45,000 on the exercise of stock options.

On April 23, 2024, the Company complete the first tranche of a private placement for gross proceeds of \$225,000 through the issuance of 3,214,286 units ("Unit"). Each Unit consisted of one common share of the Company, and one-half non-transferable share purchase warrant. Each whole warrant will be exercisable to acquire one additional common share for two years from the closing date of the Offering at a price of \$0.10. No finders' fees or finders warrants were issued in this tranche of the Offering.

On May 30, 2024 the Company complete the second tranche of a private placement for gross proceeds of \$50,050 through the issuance of 715,000 Units. Each Unit consisted of one common share of the Company, and one-half non-transferable share purchase warrant. Each whole warrant will be exercisable to acquire one additional common share for two years from the closing date of the Offering at a price of \$0.10. No finders' fees or finders warrants were issued in this tranche of the Offering.



**PERUVIAN METALS CORP.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FIFTEEN MONTHS ENDED MARCH 31, 2024**

**Warrant Extension**

During the twelve months ended December 31, 2022, the Company amended the expiry date of 2,334,000 outstanding warrants of the Company that were set to expire September 9, October 6, and October 31, 2022. The amended expiry date for these warrants was March 31, 2023. As at March 31, 2024 there were no warrants outstanding.

**Selected Annual Information**

The following table summarizes selected financial data for the Company for the fifteen month period ended March 31, 2024, and years ended December 31, 2022, and December 31, 2021. The information set forth below should be read in conjunction with the March 31, 2024 audited consolidated financial statements, prepared in accordance with International Financial Reporting Standards ("IFRS"), and their related notes.

	<i>Years Ended</i>		
	<i>March 31, 2024</i>	<i>December 31, 2022</i>	<i>December 31, 2021</i>
	\$	\$	\$
<i>Revenues</i>	2,980,937	2,343,979	2,144,215
<i>Income (loss) attributable to shareholders</i>	(225,955)	(331,762)	(1,059,304)
<i>Income (loss) per share</i>	(0.002)	(0.003)	(0.011)
<i>Total assets</i>	1,830,883	2,107,460	2,350,397
<i>Working capital surplus (deficit)</i>	(10,621)	31,260	(122,774)
<i>Total long term liabilities</i>	238,430	223,690	259,797
<i>Cash dividends</i>	Nil	Nil	Nil

The following table sets out selected consolidated financial information for each of the eight most recently completed quarters:

**Summary of Quarterly Results**

<i>Quarter Ended</i>	<i>Revenue</i> \$	<i>Net income (loss) attributable to shareholders</i> \$	<i>Income (loss) per share attributable to shareholders</i> \$
<i>March 31, 2024</i>	489,984	(87,476)	(0.000)
<i>December 31, 2023</i>	745,691	(234,290)	(0.002)
<i>September 30, 2023</i>	609,572	(104,755)	(0.001)
<i>June 30, 2023</i>	610,022	17,999	0.000
<i>March 31, 2023</i>	525,668	7,615	(0.000)
<i>December 31, 2022</i>	545,800	(329,212)	(0.003)
<i>September 30, 2022</i>	674,500	(177,616)	(0.002)
<i>June 30, 2022</i>	587,425	419,688	0.004

**PERUVIAN METALS CORP.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FIFTEEN MONTHS ENDED MARCH 31, 2024**

**Results of Operations**

<u>Consolidated Statements of Operations</u>	Three Months Ended		Fifteen Months Ended	
	March 31		March 31	
	\$	\$	\$	\$
	2024	2023	2024	2023
Mineral processing revenue	489,984	525,668	2,980,937	2,869,647
Plant operating expenses	<u>(347,463)</u>	<u>(282,552)</u>	<u>(1,750,149)</u>	<u>(1,716,184)</u>
<b>INCOME FROM PROCESSING PLANT OPERATIONS</b>	<b>142,521</b>	<b>243,116</b>	<b>1,230,788</b>	<b>1,153,463</b>
Accounting and administration	(28,650)	(15,931)	(96,767)	(139,613)
Exploration and evaluation expenditures	(623)	(92,794)	(318,472)	(452,666)
Insurance	(4,266)	(3,955)	(20,291)	(18,950)
Management and consulting fees	(37,960)	(36,222)	(276,097)	(276,577)
Professional fees	(102,290)	-	(146,055)	(45,704)
Rent	(5,250)	(5,250)	(26,250)	(26,250)
Share based payments	(18,750)	-	(18,750)	-
Shareholder relations and filing fees	(43,177)	(36,188)	(211,656)	(203,601)
Telephone and communications	(797)	-	(1,957)	(259)
Travel	<u>(21,329)</u>	<u>(7,195)</u>	<u>(49,238)</u>	<u>(10,093)</u>
(LOSS) INCOME FOR THE PERIOD BEFORE THE FOLLOWING	(120,571)	45,581	65,255	(20,250)
Foreign currency translation loss	284,225	10,079	132,876	(192,146)
Interest income (expense)	343	249	2,750	24,644
Accretion expense	(2,948)	(2,948)	(14,740)	(13,600)
Depreciation	(5,758)	(5,239)	(26,627)	(25,460)
Loss on disposal of property, plant and equipment	574	-	(13,841)	-
Realized loss on sale of investment	(57,334)	-	(117,069)	(221,790)
Unrealized gain (loss) on investment	20,117	23,188	133,405	(139,690)
Gain on sale of mineral concessions	<u>-</u>	<u>-</u>	<u>-</u>	<u>673,916</u>
<b>INCOME BEFORE INCOME TAXES FOR THE PERIOD</b>	<b>118,648</b>	<b>70,910</b>	<b>162,009</b>	<b>85,624</b>
Current income tax expense	<u>6,041</u>	<u>-</u>	<u>(118,036)</u>	<u>(115,344)</u>
<b>NET INCOME (LOSS) FOR THE PERIOD</b>	<b><u>124,689</u></b>	<b><u>70,910</u></b>	<b><u>43,973</u></b>	<b><u>(29,720)</u></b>

**Three Months ended March 31, 2024**

During the three months ended March 31, 2024, the Company had a net income before non-controlling interest of \$124,689 (December 31, 2022 – loss of \$282,451). The Company incurred plant operating expenses during the period of \$347,463 (December 31, 2022 - \$432,483) relating to the operation of the Aguila Norte mineral processing plant in northern Peru and pertain primarily to costs associated with securing, analysing and processing mineral at Aguila Norte, as well as security and general administrative expenses (see table below). Exploration and evaluation expenses for the period of \$623 (December 31, 2022 – \$79,051) related to the Company's exploration properties. Shareholder relations and filing fees of \$43,177 (December 31, 2022 - \$23,930) are higher in the current period primarily due to additional marketing consulting fees during the current period. All other operating costs were in line with the prior year period costs. Accounting and administration expenses of \$28,650 (December 31, 2022 - \$52,571) decreased in the current period due to a delay of audit fees with the change in year-end

Significant other items include unrealized gain on investment of \$20,117 (December 31, 2022 – \$115,372) and realized loss on sale of investment of \$57,334 (December 31, 2022 - \$175,660), related to common shares held of IMMC.

**PERUVIAN METALS CORP.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FIFTEEN MONTHS ENDED MARCH 31, 2024**

***Fifteen Months ended March 31, 2024***

During the fifteen months ended March 31, 2024, the Company had a net loss before non-controlling interest of \$43,973 (year ended December 31, 2022 – \$100,630). The Company incurred plant operating expenses during the period of \$1,750,149 (year ended December 31, 2022 - \$1,433,632) relating to the operation of the Aguila Norte mineral processing plant in northern Peru and pertain primarily to costs associated with securing, analysing and processing mineral at Aguila Norte, as well as security and general administrative expenses (see table below). Exploration and evaluation expenses for the period of \$318,472 (year ended December 31, 2022 – \$359,872) related to the Company's exploration properties. Accounting and administration expenses of \$96,767 (year ended December 31, 2022 - \$123,682) decreased in the current period due to a delay of audit fees with the change in year-end.

Significant other items include unrealized gain on investment \$133,405 (year ended December 31, 2022 – loss of \$162,878) and realized loss on sale of investment of \$117,069 (year ended December 31, 2022 - \$221,790), related to common shares held of IMMC and Silver X Mining Corp. and in the comparative period a gain on sale of mineral concessions of \$673,916 for the sale of the Panteria Project to IMMC.

Plant operating expenses

	Fifteen months ended March 31,	Year ended December 31,
	2024	2022
	\$	\$
Processing costs	753,181	573,490
Salaries and management fees	542,657	399,416
Depreciation	178,444	214,853
Office and general	114,758	85,324
Vehicles and equipment rentals	81,286	92,051
Professional fees	44,745	37,376
Security	35,078	27,050
Rent and utilities	-	4,072
	<u>1,750,149</u>	<u>1,433,632</u>

**PERUVIAN METALS CORP.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FIFTEEN MONTHS ENDED MARCH 31, 2024**

Exploration and Evaluation Expenditures

A summary of exploration expenditures for the fifteen months ended March 31, 2024 and the twelve months ended December 31, 2022 is as follows:

	Fifteen Months Ended March 31 <b>2024</b> \$	Year Ended December 31 2022 \$
Project management	<b>164,183</b>	147,649
Fieldwork and administration	<b>170,315</b>	160,771
Consultants	<b>25,565</b>	26,134
Concession payments, acquisitions & (recoveries)	<b>(100,756)</b>	25,145
Geological and laboratory	<b>270</b>	10,285
Property option payments	<b>103,911</b>	1,839
Recovery of expenditures	<b>(45,015)</b>	(11,951)
Expense for the period	<b>318,472</b>	359,872

Liquidity and Capital Resources

The Company's liquid assets at March 31, 2024 were valued at \$320,862 (December 31, 2022 - \$546,206), consisting of cash of \$107,199 (December 31, 2022 - \$215,956), amounts receivable of \$198,584 (December 31, 2022 - \$279,961) and inventory of \$15,079 (December 31, 2022 - \$50,289). Substantially all of the Company's cash is on deposit with Canadian chartered banks or a financial institution controlled by a Canadian chartered bank.

During the fifteen months ended March 31, 2024, the Company's average monthly cash burn rate, excluding plant operating expenses, exploration expenditures, share-based payments, amortization, foreign exchange, accretion expense, realized and unrealized loss on investment and gain on disposal of mineral concessions was approximately \$21,029 compared to \$49,325 for the year ended December 31, 2022. The Company expects the monthly burn rate to remain low throughout 2024.

As a junior exploration stage company, Peruvian Metals has traditionally relied on equity financings and warrant exercises to fund exploration programs and cover the general working capital requirements of a publicly traded junior resource company. As at March 31, 2024, the Company had a working capital deficit of \$10,621 (December 31, 2022 – surplus of \$31,260). During the fifteen months ended March 31, 2024, the Company received proceeds of \$40,000 on the exercise of 400,000 options and \$28,400 on the exercise of 284,000 warrants.

The Company may need additional funding to cover working capital requirements. The Company does not intend to fund significant exploration programs during 2024 and is actively looking for partners to develop its exploration projects.

The Company's ability to raise additional funds and its future performance are largely tied to the health of the financial markets and investor interest in the junior resource sector. Financial markets are currently volatile, and are likely to remain so during 2024, reflecting ongoing concerns about the stability of the global economy, sovereign debt levels, global growth prospects and many other factors that might impact the Company's ability to raise additional funds.

**PERUVIAN METALS CORP.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FIFTEEN MONTHS ENDED MARCH 31, 2024**

**Off Balance Sheet Arrangements**

The Company does not utilize off-balance sheet arrangements.

**Transactions with Related Parties**

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

The remuneration of key management personnel and directors of the Company for the fifteen months ended March 31, 2024 and the year ended December 31, 2022 were as follows:

<b>Aggregate compensation</b>		<b>March 31, 2024</b>	<b>December 31, 2022</b>
Jeffrey Reeder	CEO, Chairman & Director	<b>\$ 285,000</b>	\$ 240,000
Justin Bourassa	CFO	<b>80,000</b>	75,500
		<b>\$ 365,000</b>	\$ 315,500

As at March 31, 2024, a balance of \$66,096 (December 31, 2022 - \$140,623) was due to certain officers and directors of the Company relating to unpaid compensation. Amounts payable are unsecured, non-interest bearing and due on demand.

**Share based compensation**

No stock options were granted to related parties under the Company's Plan during the fifteen months ended March 31, 2024 and the twelve months ended December 31, 2022.

**Critical Accounting Estimates**

The preparation of these consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates and these differences could be material.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

- Estimated useful lives, assets' carrying values and impairment charges  
Amortization of property, plant and equipment is dependent upon estimates of useful lives based on management's judgment. In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment.

These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

- Estimation of decommissioning and restoration costs and the timing of expenditure  
Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

**PERUVIAN METALS CORP.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FIFTEEN MONTHS ENDED MARCH 31, 2024**

▪ **Income, value added, withholding and other taxes**

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations.

The Company's interpretation of taxation law as applied to transaction and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

▪ **Share-based payments**

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

▪ **Determination of functional currency**

Functional currency is determined annually for each entity based on a set of primary and secondary factors that include; the currency that influences sales prices for goods and services; the currency of the country that determines the sales prices of goods and services; the currency that mainly influences the costs of providing goods and services; the currency in which funds from financing activities are generated; the currency in which receipts from operating activities are usually retained. When the factors do not provide clear indicators, management judgement must be applied in the determination of functional currency.

▪ **Inventory**

Management applies estimate to the provisions recorded to reduce the carrying amount of inventory to net realizable value to reflect changes in grades, quantity or other economic factors and to reflect current intentions for the use of redundant or slow-moving items.

▪ **Expected credit losses**

Management must exercise judgment to estimate the expected credit losses related to various financial assets. The evaluation of the expected credit losses is established considering the specific credit risk to its counterparties, historical trends and economic conditions.

▪ **Going concern**

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned projects, acquisitions, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

**PERUVIAN METALS CORP.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FIFTEEN MONTHS ENDED MARCH 31, 2024**

With respect to valuation, the financial information of private companies in which the Company has an investment may not always be available, or such information may be limited and/or unreliable. Use of the valuation approach described below may involve uncertainties and determinations based on the Company's judgment and any value estimated from these may not be realized or realizable. In addition to the events described below, which may affect a specific investment, the Company will take into account general market conditions when valuing the privately held investment in its portfolio. In the absence of occurrence of any of these events or any significant change in general market conditions indicates generally that the fair value of the investment has not materially changed.

An upward adjustment is considered appropriate and supported by pervasive and objective evidence such as a significant subsequent equity financing by an unrelated investor at a transaction price higher than the Company's carrying value; or if there have been significant corporate, political or operating events affecting the investee company that, in management's opinion, have a positive impact on the investee company's prospects and therefore its fair value. In these circumstances, the adjustment to the fair value of the investment will be based on management's judgment and any value estimated may not be realized or realizable. Such events include, without limitation:

- political changes in a country in which the investee company operates that, for example, reduce the corporate tax burden, permit mining where, or to an extent that, it was not previously allowed, or reduce or eliminate the need for permitting or approvals;
- receipt by the investee company of environmental, mining, or similar approvals, which allow the investee company to proceed with its project(s);
- filing by the investee company of a National Instrument 43-101 technical report in respect of a previously noncompliant resource;
- the investee company has positive operating results at its processing plant;
- release by the investee company of positive exploration results, which either proves or expands their resource prospects; and
- important positive management changes by the investee company that the Company's management believes will have a very positive impact on the investee company's ability to achieve its objectives and build value for shareholders.

Downward adjustments to carrying values are made when there is evidence of a decline in value as indicated by the assessment of the financial condition of the investment based on third party financing, operational results, forecasts, and other developments since acquisition, or if there have been significant corporate, political or operating events affecting the investee company that, in management's opinion, have a negative impact on the investee company's prospects and therefore its fair value. The amount of the change to the fair value of the investment is based on management's judgment and any value estimated may not be realized or realizable. Such events include, without limitation:

- political changes in a country in which the investee company operates that increases the tax burden on companies, that prohibit mining where it was previously allowed, that increases the need for permitting or approvals, etc.;
- denial of the investee company's application for environmental, mining, aboriginal or similar approvals that prohibit the investee company from proceeding with its projects;
- the investee company releases negative exploration results;
- changes to the management of the investee company take place that the Company believes will have a negative impact on the investee company's ability to achieve its objectives and build value for shareholders;
- the investee company has negative operating results at its processing plant;
- the investee company is placed into receivership or bankruptcy; and based on financial information received from the investee company, it is apparent to the Company that the investee company is unlikely to be able to continue as a going concern.

**PERUVIAN METALS CORP.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FIFTEEN MONTHS ENDED MARCH 31, 2024**

The resulting values may differ from values that would be realized had a ready market existed. The amounts at which the Company's privately held investments could be disposed of may differ from the carrying value assigned. Such differences could be material.

**Changes in Accounting Policies**

The significant accounting policies are outlined in the consolidated financial statements for the fifteen months ended March 31, 2024 and the twelve months ended December 31, 2022, unless otherwise disclosed.

**Financial Risk Factors**

The Company may be exposed to risks of varying degrees of significance that could affect its ability to achieve its strategic objectives. The main objectives of the Company's risk management process are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below. There have been no changes in the risks, objectives, policies and procedures from the previous period.

**a) Credit risk management**

Credit risk relating to cash and accounts receivable arises from the possibility that any counterparty to an instrument fails to perform. The Company does not feel there is significant counterparty risk that could have an impact on the fair value of cash and cash equivalents and receivables.

**b) Liquidity risk**

The Company has in place a planning and budgeting process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis and its capital, development and exploration expenditures. The Company ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Cash includes cash on hand and balances with banks. The deposits are held in a Canadian chartered bank or a financial institution controlled by a Canadian chartered bank.

As of March 31, 2024, the Company had a cash balance of \$107,199 (December 31, 2022 - \$215,956) to settle current liabilities of \$505,436 (December 31, 2022 - \$630,639). The Company's other current assets consist of amounts receivable of \$185,086 (December 31, 2022 - \$244,772) sales tax receivable of \$13,498 (December 31, 2022 - \$35,189), an investment of \$22,793 (December 31, 2022 - \$78,838) and notes receivable of \$108,400 (December 31, 2022 - nil).

**c) Market risk**

At the present time, the Company does not hold any interest in a mining property that is in production. The Company's viability and potential success depends on its ability to develop, exploit, and generate revenue from the development of mineral deposits and mineral processing plants. Revenue, cash flow, and profits from any future mining operations and mineral processing plants in which the Company is involved will be influenced by precious and/or base metal prices and by the relationship of such prices to production costs. Such prices can fluctuate widely and are affected by numerous factors beyond the Company's control.

The Company is exposed to the price risk associated with the change in the market value of its investment. The Company closely monitors equity prices to determine the appropriate course of action to take. A 1% change in the market price of the investment would result in a \$729 (December 31, 2022 - \$788) change to the Company's net income for the fifteen months ended March 31, 2024.



**PERUVIAN METALS CORP.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FIFTEEN MONTHS ENDED MARCH 31, 2024**

**d) Foreign exchange risk**

The Company's financings are in Canadian dollars. Certain of the Company's transactions with its subsidiaries are incurred in foreign currencies and are therefore subject to gains or losses due to fluctuations in exchange rates.

As at March 31, 2024, the Company had cash balances of \$43,103 (US \$31,810) (December 31, 2022 - \$98,787 (US \$72,937)) in U.S. dollars, and \$60,832 (S/.169,341) (December 31, 2022 - \$95,124 (S/. 267,426)) in Peruvian New Sol ("PNS"); amounts receivable of \$145,317 (US \$107,244) (December 31, 2022 - \$166,865 (US \$123,200)) in US Dollars, and \$39,771 (S/.110,306) (December 31, 2022 - \$58,093 (S/.163,313)) in PNS, and accounts payable of \$23,948 (US \$17,842) (December 31, 2022 - \$12,411 (US \$9,163)) in US Dollars and \$73,212 (S/.202,575) (December 31, 2022 - \$190,768 (S/.536,318)) in PNS.

Sensitivity to a plus or minus 5% change in the foreign exchange rate would have affected the net loss by approximately \$8,971 for the fifteen months ended March 31, 2024, based on the net foreign currency monetary assets as at March 31, 2024.

The objective of the Company's foreign exchange risk management activities is to minimize transaction exposure associated with the Company's foreign currency denominated cash balances.

The Company utilizes foreign exchange forward contracts to manage foreign exchange risks from time to time, at the determination of management.

**e) Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The majority of the Company's cash and cash equivalents balances earn interest at fixed rates over the next three to twelve months. It is management's opinion that the Company is not exposed to significant interest rate risk.

A sensitivity analysis has determined that an interest rate fluctuation of 1% would not have resulted in significant fluctuation in the interest expense during the fifteen months ended March 31, 2024.

**f) Fair value of financial assets and liabilities**

The book values of the cash, investment, accounts receivable and accounts payable and accrued liabilities, approximate their respective fair values due to the short-term nature of these instruments.

The fair value of the investment is determined based on Level 3 inputs that are not based in observable market data, such as private equity financings. There were no transfers in or out of the Level 3 fair value hierarchy during the fifteen months ended March 31, 2024 and the twelve months ended December 31, 2022.

The Company defines capital as shareholders' equity which at March 31, 2024 was \$1,087,017 (December 31, 2022 - \$1,253,131). The Company manages its capital structure and makes adjustments to it, in order to have the funds available to support its exploration, development and operation activities.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to fund operations at the Aguila Norte Plant, pursue the exploration of its mineral properties, and maximize shareholder returns. The Company satisfies its capital requirements through careful management of its cash resources and by utilizing bank indebtedness or equity issues, as necessary, based on the prevalent economic conditions of both the industry and

**PERUVIAN METALS CORP.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FIFTEEN MONTHS ENDED MARCH 31, 2024**

the capital markets and the underlying risk characteristics of the related assets. As at March 31, 2024 and December 31, 2022, the Company had no bank debt.

**Other MD&A Requirements**

Common Shares Outstanding

Balance, December 31, 2021	98,370,521
Shares issued on option exercise	650,000
Shares issued on warrant exercise	38,000
Balance, December 31, 2022	99,058,521
Shares issued on option exercise	400,000
Shares issued on warrant exercise	284,000
Balance, March 31, 2024	99,742,521
Shares issued for acquisition of San Maurizio	2,500,000
Shares issued on private placements	3,929,286
<b>Balance, September 6, 2024</b>	<b><u>106,171,807</u></b>

Warrants Outstanding

Balance, December 31, 2021	2,378,000
Warrants expired	(6,000)
Warrants exercised	(38,000)
Balance, December 31, 2022	2,334,000
Warrants expired	(2,050,000)
Warrants exercised	(284,000)
Balance, March 31, 2024	-
Warrants expired	1,607,143
Warrants exercised	357,500
<b>Balance, September 6, 2024</b>	<b><u>1,964,643</u></b>

Stock Options Outstanding

Balance, December 31, 2021	3,600,000
Stock options exercised	(650,000)
Stock options expired	(225,000)
Balance, December 31, 2022	2,725,000
Stock options exercised	(400,000)
Stock options expired	(200,000)
Balance, December 31, 2022	2,125,000
Stock options issued	375,000
<b>Balance, December 31, 2023 and February 29, 2024</b>	<b><u>2,500,000</u></b>

Fully Diluted as at September 6, 2024

Common shares	106,171,807
Warrants	1,964,643
Stock options	2,500,000
<b>Balance, February 29, 2024</b>	<b><u>110,636,450</u></b>

**PERUVIAN METALS CORP.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FIFTEEN MONTHS ENDED MARCH 31, 2024**

**Disclosure of Internal Controls**

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

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

- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP. The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

**Risks and Uncertainties**

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Only investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment should undertake such investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position.

At the present time, the Company does not hold any interest in a mining property in production. The Company's viability and potential successes lie in its ability to develop, exploit and generate revenue out of mineral deposits, and/or its ability to successfully construct and operate its proposed mineral processing plant. Revenues, profitability and cash flow from any future mining operations and/or mineral processing activities involving the Company will be influenced by precious and/or base metal prices and by the relationship of such prices to production costs. Such prices have fluctuated widely and are affected by numerous factors beyond the Company's control.

**PERUVIAN METALS CORP.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FIFTEEN MONTHS ENDED MARCH 31, 2024**

The Company has limited financial resources and there is no assurance that additional funding will be available to it for further exploration and development of its exploration projects, and/or further development of its mineral processing plant, or to fulfill its obligations under applicable agreements. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the property interests of the Company and/or further development and expansion of its mineral processing plant, with the possible dilution or loss of such interests.

Resource exploration and development, and mineral processing is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Company may be affected by numerous factors which are beyond the control of the Company and which cannot be accurately predicted, such as market fluctuations of metal prices, the proximity and capacity of milling facilities, mineral markets, processing reagents and equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environment protection, the combination of which factors may result in the Company not receiving an adequate return on investment capital.

Resource exploration and development, and mineral processing is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Company may be affected by numerous factors which are beyond the control of the Company and which cannot be accurately predicted, such as market fluctuations of metal prices, the proximity and capacity of milling facilities, mineral markets, processing reagents and equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environment protection, the combination of which factors may result in the Company not receiving an adequate return on investment capital.

*Operating in a Foreign Country Usually Involves Uncertainties Relating to Political and Economic Matters*  
Peru, where the Company's principle foreign mineral properties are located is considered by the Company to be a mining friendly country. However, any change of government may result in changes to government legislation and policy, which may include changes that impact the Company's ownership of and its ability to continue exploration and, possibly, the development of its properties. Further, changes in the government may result in political and economic uncertainty, which may cause the Company to delay its exploration and, possibly, its development activities or they may decrease the willingness of investors to provide financing to the Company. Accordingly, changes in legislation and policy could result in increased costs to explore and develop the Company's projects and could require the Company to delay or suspend these activities.

**PERUVIAN METALS CORP.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FIFTEEN MONTHS ENDED MARCH 31, 2024**

*Exploration and Development Efforts May Not Be Successful*

There is no certainty that the expenditures to be made by the Company in the exploration of its properties as described herein will result in the discovery of mineralized material in commercial quantities. Most exploration projects do not result in the discovery of commercially mineable ore deposits and no assurance can be given that any particular level of recovery of ore reserves will in fact be realized or that any identified mineral deposit will ever qualify as a commercially mineable (or viable) ore body which can be legally and economically exploited. Estimates of reserves, mineral deposits and production costs can also be affected by such factors as environmental permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. In addition, the grade of ore ultimately mined may differ from that indicated by drilling results. Short term factors relating to ore reserves, such as the need for orderly development of ore bodies or the processing of new or different grades, may also have an adverse effect on mining operations and on the results of operations. There can be no assurance that minerals recovered in small scale tests will be duplicated in large scale tests under on-site conditions or in production scale. Material changes in ore reserves, grades, stripping ratios or recovery rates may affect the economic viability of any project.

*Lack of Cash Flow*

None of the Company's properties have advanced to the commercial production stage and the Company has no history of earnings or cash flow from operations. The Company does not expect to generate material revenue from mining operations or to achieve self-sustaining commercial mining operations for several years. The Company has paid no dividends on its shares since inception and does not anticipate doing so in the foreseeable future. Historically, the only source of funds available to the Company is through the sale of its securities or exploration properties. Future additional equity financing would cause dilution to current shareholders.

*No Proven Reserves*

The properties in which the Company has an interest or the right to earn an interest are in the exploratory stage only and are without a known body of ore in commercial production.

*No Guarantee of Clear Title to Mineral Properties*

While the Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties and properties in which it has the right to acquire or earn an interest are in good standing, this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects.

*Uncertainty of Obtaining Additional Funding Requirements*

Programs planned by the Company may necessitate additional funding, which could cause a dilution of the value of the investment of the shareholders of the Company. The recuperation value of mining properties indicated in the balance sheet depends on the discovery of mineralization that can be profitably exploited and on the Company's capacity to obtain additional funds in order to realize these programs. The Company's exploration activities can therefore be interrupted at any moment if the Company is incapable of obtaining the necessary funds in order to continue any additional activities that are necessary and that are not described in the exploration programs outlined in the Company's geological report for its properties.

**PERUVIAN METALS CORP.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FIFTEEN MONTHS ENDED MARCH 31, 2024**

*Mineral Prices May Not Support Corporate Profit*

The mining industry in general is intensely competitive and there is no assurance that, even if commercial quantities of mineral resources are developed, a profitable market will exist for the sale of same. Factors beyond the control of the Company may affect the marketability of any substances discovered. The price of minerals is volatile over short periods of time, and is affected by numerous factors beyond the control of the Company, including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining techniques.

*Supply and Quality of Mineral Feed*

The Company's mineral processing operations will involve the purchase of mineral feed from local producers which is then converted in the mineral processing plant. The revenues of the Company will depend on the availability of mineral supply from the local producers. As the Company does not produce its own mineral supply, it does not have entire control over the grade of mineral supplied by local producers. Therefore, this can have an impact over the volume of production from the mineral processing plant and metal sales.

*Competition*

The mining industry is intensely competitive in all its phases. The Company competes with many companies possessing greater financial resources and technical facilities than itself for the acquisition of mineral interests as well as for the recruitment and retention of qualified employees.

*Environmental Regulations*

The current and future operations of the Company, including further exploration, development activities and commencement of production on its properties, require permits from various Provincial, Federal and State governmental authorities. Such operations are subject to various laws governing land use, the protection of the environment, production, exports, taxes, labor standards, occupational health, waste disposal, toxic substances mine safety and other matters. There can be no assurance, however, that all permits which the Company may require for construction of mining facilities and conduct of mining operations will be obtainable on reasonable terms. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in 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. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in 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.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions there under, 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 operations 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 violation of applicable laws or regulations.

**PERUVIAN METALS CORP.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FIFTEEN MONTHS ENDED MARCH 31, 2024**

*Uncertainty of Reserves and Mineralization Estimates*

There are numerous uncertainties inherent in estimating proven and probable reserves and mineralization, including many factors beyond the control of the Company. The estimation of reserves and mineralization is a subjective process and the accuracy of any such estimates is a function of the quality of available data and of engineering and geological interpretation and judgment. Results of drilling, metallurgical testing and production and the evaluation of mine plans subsequent to the date of any estimate may justify revision of such estimates. No assurances can be given that the volume and grade of reserves recovered and rates of production will not be less than anticipated. Assumptions about prices are subject to greater uncertainty and metal prices have fluctuated widely in the past. Declines in the market price of base or precious metals also may render reserves or mineralization containing relatively lower grades of ore uneconomic to exploit. Changes in operating and capital costs and other factors including, but not limited to, short-term operating factors such as the need for sequential development of ore bodies and the processing of new or different ore grades, may materially and adversely affect reserves.

*Operating Hazards and Risks Associated with the Mining Industry*

Mining operations generally involve a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Hazards such as unusual or unexpected formations and other conditions are involved. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of precious and base metals, any of which could result in work stoppages, damage to or destruction of mines and other producing facilities, damage to life and property, environmental damage and possible legal liability for any or all damage. The Company may become subject to liability for cave-ins and other hazards for which it cannot insure or against which it may elect not to insure where premium costs are disproportionate to the Company's perception of the relevant risks. The payment of such insurance premiums and of such liabilities would reduce the funds available for exploration activities.

*The Ability to Manage Growth*

Should the Company be successful in its efforts to develop its mineral properties and/or mineral processing operations or to raise capital for other mining ventures it will experience significant growth in operations. If this occurs management anticipated that additional expansion will be required in order to continue development. Any expansion of the Company's business would place further demands on its management, operational capacity and financial resources. The failure to manage growth effectively could have a material adverse effect on the Company's business, financial condition and results of operations.

*Lack of Dividend Policy*

The Company does not presently intend to pay cash dividends in the foreseeable future, as any earnings are expected to be retained for use in developing and expanding its business. However, the actual amount of dividends received from the Company will remain subject to the discretion of the Company's Board of Directors and will depend on results of operations, cash requirements and future prospects of the Company and other factors.

*Possible Dilution to Present and Prospective Shareholders*

The Company's plan of operation, in part, contemplates the accomplishment of business negotiations by the issuance of cash, securities of the Company, or a combination of the two, and possibly, incurring debt. Any transaction involving the issuance of previously authorized but unissued common shares, or securities convertible into common shares, would result in dilution, possibly substantial, to present and prospective holders of common shares.

**PERUVIAN METALS CORP.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FIFTEEN MONTHS ENDED MARCH 31, 2024**

*Dependence of Key Personnel*

The Company strongly depends on the business and technical expertise of its management and key personnel. There is little possibility that this dependence will decrease in the near term. As the Company's operations expand, additional general management resources will be required, especially since the Company encounters risks that are inherent in doing business in several countries.

*Conflict of Interest*

Certain directors of the Company are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the Board of Directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

*Lack of Trading*

The lack of trading volume of the Company's shares reduces the liquidity of an investment in the Company's shares.

*Volatility of Share Price*

Market prices for shares of early-stage companies are often volatile. Factors such as announcements of mineral discoveries, financial results, and other factors could have a significant effect on the price of the Company's shares.

*COVID-19*

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

**Commitments**

**Lease agreements**

The Company's subsidiary, Madosac, has annual office rental obligations of \$21,138 (US\$15,600) due during the twelve months ending March 31, 2025.

**Management compensation**

The Company has agreed to pay management compensation of a minimum total in annual payments of \$180,000.

**Environmental matters**

The Company's exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.



**PERUVIAN METALS CORP.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FIFTEEN MONTHS ENDED MARCH 31, 2024**

**Legal Proceedings**

The Company is, from time to time, involved in various claims and legal proceedings. The Company cannot reasonably predict the likelihood or outcome of these activities. The Company does not believe that adverse decisions in any pending or threatened proceedings related to any matter, or any amount which may be required to be paid by reasons thereof, will have a material effect on the financial condition or future results of operations. As at the date of this report, the Company was not aware of any claims or legal proceedings against it and as a result no amounts have been accrued related to such matters.

**Additional disclosure of the Company's technical reports, material change reports, news releases and other information can be obtained on SEDAR.**