

AZUCAR MINERALS LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2023

INTRODUCTION

This Management's Discussion and Analysis ("MD&A") for Azucar Minerals Ltd. ("Azucar" or the "Company") has been prepared based on information known to management as of November 16, 2023. This MD&A is intended to help the reader understand the condensed consolidated interim financial statements of Azucar.

Management is responsible for the preparation and integrity of the condensed consolidated interim financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management also ensures that information used internally or disclosed externally, including the condensed consolidated interim financial statements and MD&A, is complete and reliable.

The Company's board of directors follows recommended corporate-governance guidelines for public companies to ensure transparency and accountability to shareholders. The board's audit committee meets with management regularly to review the condensed consolidated interim financial statements, including the MD&A, and to discuss other financial, operating and internal-control matters.

All currency amounts are expressed in Canadian dollars unless otherwise noted.

FORWARD-LOOKING STATEMENTS

Information set forth in this MD&A may involve forward-looking statements under applicable securities laws. Forward-looking statements are statements that relate to future, not past, events. In this context, forward-looking statements often address expected future business and financial performance, and often contain words such as "anticipate", "believe", "consider", "attempt", "plan", "estimate", "expect", and "intend", statements that an action or event "may", "might", "could", "should", or "will" be taken or occur, or other similar expressions. All statements, other than statements of historical fact, included herein including, without limitation, statements about the size, timing, and likelihood of success of future exploration on and the development of the Company's properties, the Amparo lawsuit, legal steps the Company may take in connection with the Amparo lawsuit and the injunction, future operations on the El Cobre Project, the Decree and the legal responses employed by the Company or third parties to address it, statements about INAH clearance, detailed archeological investigations and any archeological salvage plan, statements about the completion of data compilation and targeting to assist future drill programs, statements about the impact of the Plan of Arrangement (as defined below) on Azucar, statements about the Company's belief that the Company's cash resources are sufficient to meet its working capital and mineral exploration requirements for its next fiscal years, and the Company's objectives and expectations regarding its capital resources are forward-looking statements. By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the Company's actual results, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following risks: the need for additional financing; operational risks associated with mineral exploration; fluctuations in commodity prices; title matters; environmental liability claims and insurance; political and regulatory risk in Mexico; crime and violence in Mexico; corruption; mineral reserves and resources; reliance on key personnel; community relations; the volatility of the Company's common share price and volume and other factors beyond the Company's control. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date that statements are made and the Company undertakes no obligation to update

forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, except as required by applicable securities laws. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from management's expectations are disclosed in the Company's documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies the Company is bound. Investors are cautioned against attributing undue certainty to forward-looking statements.

The users of this information, including but not limited to investors and prospective investors, should read it in conjunction with all other disclosure documents available under the Company's profile on SEDAR (www.sedar.com) and/or on the Company's website at www.azucarminerals.com.

HIGHLIGHTS

On September 29, 2023, Azucar reported that, further to its press release of June 2, 2023, it received notification from the First District Court of Veracruz ("First District Court") that its Mexican subsidiary, Minera Alondra ("Alondra"), was named in a lawsuit ("Amparo") relating to twenty-four mineral concessions in Veracruz, Mexico (the "Concessions"), some of which are held by Alondra. The concessions owned by Alondra that are named in the Amparo cover the El Cobre project.

The Amparo was filed in 2022 before the First District Court by thirty-three people from the municipalities of Actopan and Alto Lucero (the "Plaintiffs") who claim that the Concessions affect their right to water and a clean environment amongst other things, and that they should have been consulted prior to the Concessions being issued. The Amparo was brought against the Ministry of Economy ("Economía"), the mining authorities (the General Directorate of Mining and the Public Mining Registry) and both chambers of Congress, and is seeking to cancel the Concessions. The Plaintiffs also requested an injunction on the Concessions so that their rights would not be affected during the Amparo lawsuit.

The First District Court has now notified Alondra that the Amparo has been admitted and that Alondra is an affected third party. The First District Court has also stated that, although the Plaintiffs have not presented any evidence of damage, the continuation of mining-related activities in the area could affect the Plaintiffs' right to health and to a healthy environment, and therefore it has granted a definitive injunction requiring the cessation of mining-related activities on the Concessions that may affect the Plaintiffs. At this time, the Company does not know if the claimed environmental rights of the Plaintiffs or their property may be related to the concessions owned by Alondra.

With this notification, Alondra has now presented arguments before the First District Court to protect its rights. The Company will provide material updates on the Amparo as they occur.

Azucar is not planning any fieldwork at El Cobre until this situation is clarified.

On May 8, 2023, the Mexican Government enacted a decree amending several provisions of the Mining Law, the Law on National Waters, the Law on Ecological Equilibrium and Environmental Protection and the General Law for the Prevention and Integral Management of Waste (the "Decree"), which became effective on May 9, 2023.

The Decree amends the mining and water laws, including: i) the duration of the mining concession titles, ii) the process to obtain new mining concessions (through a public tender), iii) imposing conditions on water use and availability for the mining concessions, iv) the elimination of "free land and first applicant" scheme; iv) new social and environmental requirements in order to obtain and keep mining concessions, v) the authorization by the Ministry of Economy of any mining concession's transfer, vi) new penalties and cancellation of mining concessions grounds due to

non-compliance with the applicable laws, vii) the automatic dismissal of any application for new concessions, viii) new financial instruments or collaterals that should be provided to guarantee the preventive, mitigation and compensation plans resulting from the social impact assessments, among other amendments.

The process of enactment of the Decree came very quickly. Given that the Decree is substantial, and associated regulations have not yet been enacted to give effect to the more general provisions of the Decree for the purpose of interpretation and clarification on operating parameters, it is too early to assess how the Decree will be interpreted and applied. However, it is anticipated that the amendments will impact our current and future activities in Mexico but the extent of such impact is yet to be determined and could be material for the Company.

On June 7, 2023, the Senators of the opposition parties (PRI, PAN and PRD) filed a legal action against the Decree, which is pending to be decided by Plenary of the Supreme Court of Justice. Additionally, during the second quarter of 2023, the Company filed amparo lawsuits challenging the Decree. The amparo lawsuits are before the District Court and are currently pending resolution of an injunction aimed at halting the application of the Decree until the amparo lawsuit is resolved.

OVERALL PERFORMANCE

Background

The Company is a mineral exploration and development company listed on the TSX Venture Exchange under the symbol "AMZ" and quoted on the OTCQB market place under the symbol "AXDDF". The Company was incorporated on April 10, 2015 under the laws of the Province of British Columbia.

On May 18, 2018, Azucar closed a statutory plan of arrangement (the "Plan of Arrangement") under which its early stage exploration projects, royalty interests and certain other non-core assets (the "Spin-out Assets") were transferred to Almadex Minerals Ltd. (formerly 1154229 B.C. Ltd.) ("Almadex"). Pursuant to the Plan of Arrangement, Azucar shareholders exchanged their existing Azucar common shares and received one "new" common share of Azucar and one common share of Almadex.

In conjunction with the Plan of Arrangement, the Company entered into a subscription agreement and an Investor Rights Agreement with Newcrest Canada Holdings Inc., a wholly owned subsidiary of Newcrest Mining Limited ("Newcrest"). Pursuant to the subscription agreement on May 18, 2018, Newcrest acquired 14,391,568 common shares of Azucar by way of a non-brokered private placement for aggregate gross proceeds of \$19,074,425 (the "Newcrest Private Placement") to own 19.9% of the Company. The Investor Rights Agreement provides, among other things, a standstill and lock-up on customary terms and conditions, participation and top-up rights in favour of Newcrest to maintain its pro-rata interest in Azucar, and the right of Newcrest to designate one nominee to the Board of Directors of Azucar.

On October 17, 2018 and April 12, 2019, Newcrest exercised its top-up rights to acquire a further 222,834 and 59,654 common shares of Azucar at a price of \$0.5581 and \$0.3274 per share respectively. Azucar has not issued any shares from treasury since mid-2019.

Azucar's management team has been focused on exploration and discovery in Mexico, the United States and Canada for the past 35 years. Traditionally, management has managed risk by forming joint ventures in which partner companies explore and develop projects in return for the right to earn an interest in them. This approach has exposed shareholders to discovery and capital gains without as much funding and consequent share dilution as would be required through sole development of exploration properties. In some cases, projects were advanced further when they were considered of such merit that the risk/reward ratio favored that approach. In other cases, if a property was optioned out with unsatisfactory results and returned to management but

considered by management to still have merit, the property rights were retained in order to demonstrate further potential. This is the fashion in which the El Cobre Project discovery was made by Azucar, as the underlying project was optioned to four different partners prior to Azucar drilling the higher grade areas at the Norte target in 2016.

Company Mission and Focus

Azucar is an exploration company that is focused on exploration of the El Cobre Project in Veracruz, Mexico, in which it holds a 100% interest, subject to net smelter returns (“NSR”) royalty interests totalling 2.25% (assuming production from the property exceeds 10,001 tonnes per day of ore), which can be reduced to 2.0% through the payment of US\$3.0 million.

Qualified Person

Morgan Poliquin, Ph.D., P.Eng., a qualified person under the meaning of National Instrument 43-101 (“NI 43-101”), and the President, Chief Executive Officer and a director of Azucar, has reviewed and approved the technical content in this MD&A. Much of the scientific and technical contents in this MD&A are derived from the mineral resource estimate (“MRE”) on the Norte Zone. The independent Qualified Persons responsible for preparing the MRE are set out below under the heading, “QAQC and Reporting relating to the MRE and NI 43-101 Technical Report”.

EI COBRE PROPERTY

Property Description, Ownership, and Infrastructure

The El Cobre Property is located adjacent to the Gulf of Mexico approximately 75 km northwest of the city of Veracruz in the state of Veracruz, Mexico. Veracruz is a major port city and naval base with an international airport with numerous daily flights to and from Mexico City and other national and international destinations. The Property can be accessed easily from Veracruz via the Veracruz-Alamo Highway (HWY 180) and the Tinajitas-Palma Road. A network of secondary and dirt roads provide access to most of the Property.

The Property consists of nine (9) mineral concessions, covering a combined area of 11,864.4 hectares (ha) and Minera Alondra S.A. de C.V. (“Minera Alondra”), a wholly owned subsidiary of Azucar, holds rights to 100 percent (%) ownership of the Property. El Cobre is subject to Net Smelter Returns (“NSR”) royalty interests, assuming production from the Property exceeds 10,001 tonnes per day of ore, totaling 2.25% which can be reduced to 2.0% through the payment of US \$3.0 million.

Recent Updates

On September 29, 2020, the Company announced an initial mineral resource estimate (“MRE”) for the Norte Zone. Azucar filed on SEDAR a NI 43-101 El Cobre Project Technical Report dated November 13, 2020, which contained details of the MRE.

The Norte Zone is one of five copper-gold porphyry zones identified to date within the El Cobre Project and has been the focus of the majority of exploration work conducted at the El Cobre Project since 2016. Highlights of the MRE are as follows:

- **Indicated Mineral Resource of 1.2Moz AuEq (million ounce gold equivalent) using the base case NSR (net smelter return) cutoff of US\$12/tonne**, comprised of 47.2 million tonnes grading at 0.77 g/t AuEq (0.49 g/t Au, 0.21% Cu and 1.4 g/t Ag);
- **Inferred Mineral Resource of 1.4 Moz AuEq using the base case NSR cutoff of US\$12/tonne**, comprised of 64.2 million tonnes grading at 0.66 g/t AuEq (0.42 g/t Au, 0.18% Cu and 1.3 g/t Ag);

- Amenable to an open pit mining method;
- Potential for resource expansion at depth within the Norte Zone as well as at other significant porphyry bodies identified across 5km strike length at the Project.

The MRE and NSR cut-off sensitivities are presented in Table 1 with the base case cutoff at \$US12.00 NSR highlighted. The favorable infrastructure at the El Cobre Project suggests that the threshold for economic mineralization will be low relative to many other deposits. Copper and gold mineralization at the Norte Zone is associated with a multiphase variably potassic-phyllic altered porphyritic diorite intrusive complex that is cut by late mafic and intermediate dykes and post mineral feldspar porphyry. The Norte Zone is approximately 0.6 km x 0.4 km along an E-W strike. Sulphide mineralization, which extends up to 900 metres depth, consists of disseminated and vein-hosted chalcopyrite and trace bornite (Cu mineralization) exposed in surface outcrops and intersected in drill core.

Table 1. Indicated and Inferred Mineral Resource and Sensitivity Analysis

Classification	Cutoff	in situ	In situ Grades					In situ Metal Content			
	(NSR \$US)	(ktonnes)	NSR	Au (gpt)	Cu (%)	Ag (gpt)	AuEqv (gpt)	Au (kOz)	Cu (Mlbs)	Ag (kOz)	AuEq (kOz)
Indicated	7.5	52,828	29.17	0.45	0.20	1.3	0.72	772	230	2,189	1,217
	9	51,134	29.86	0.47	0.20	1.3	0.73	766	228	2,150	1,207
	12	47,211	31.47	0.49	0.21	1.4	0.77	748	221	2,049	1,175
	20	42,923	33.26	0.52	0.22	1.4	0.82	723	211	1,924	1,131
	25	34,711	36.99	0.59	0.24	1.5	0.91	660	187	1,630	1,020
	30	19,092	47.07	0.78	0.29	1.6	1.17	482	123	982	718
	40	10,634	56.97	0.98	0.34	1.7	1.42	336	79	569	487
Classification	Cutoff	in situ	In situ Grades					In situ Metal Content			
	(NSR \$US)	(ktonnes)	NSR	Au (gpt)	Cu (%)	Ag (gpt)	AuEqv (gpt)	Au (kOz)	Cu (Mlbs)	Ag (kOz)	AuEq (kOz)
Inferred	7.5	103,105	20.31	0.30	0.14	1.2	0.49	998	324	3,819	1,630
	9	86,821	22.57	0.34	0.16	1.2	0.55	949	298	3,414	1,531
	12	64,191	26.88	0.42	0.18	1.3	0.66	860	254	2,768	1,354
	20	51,617	30.16	0.48	0.20	1.4	0.74	792	224	2,338	1,226
	25	37,381	35.03	0.57	0.22	1.5	0.86	685	182	1,790	1,036
	30	20,314	43.84	0.74	0.26	1.6	1.09	485	116	1,067	709
	40	10,280	52.93	0.93	0.29	1.8	1.32	307	67	582	435

Notes for Mineral Resource Table:

1. The Mineral Resource Estimate was prepared by Sue Bird M.Sc., P.Eng. of Moose Mountain Technical Services, the QP, in accordance with NI 43-101, and with an effective date of August 3, 2020.
2. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.
3. The NSR and AuEq values were calculated using US\$1,500/oz gold, US\$3.00/lb copper and US\$18/oz silver, and using metallurgical recoveries of 88% for gold and copper, and 70% for silver. Smelter terms and offsite costs have been applied as follows: gold payable = 94%, copper payable = 96.5%, silver payable = 90%, gold refining costs = US\$5.00/oz, silver refining costs = US\$0.50/oz, copper treatment and offsite (transportation) costs = US\$0.30/lb. NSR royalty = 2.5%. The final equations for NSR and AuEq are:

$$NSR = Au * (US\$44.04 * 88\%) + Cu * (US\$2.53 * 88\%) + Ag * (US\$0.49 * 70\%);$$

$$AuEq = Au(g/t) + 1.27 * Cu(\%) + 0.009 * Ag(g/t).$$
4. The MRE has been confined by a "reasonable prospects of eventual economic extraction" pit using 45 degree slopes, with the pit size determined at a gold price of US\$1,950/oz, a copper price of US\$4.50/lb and a silver price of US\$28.50/oz. The mining costs used are US\$2.00/tonne. A process cost of US\$12.00/tonne is used as the cutoff of processed material.
5. The specific gravity of the deposit is estimated to be 2.68
6. Numbers may not add due to rounding.

The Norte Zone MRE is classified in accordance with guidelines established by the Canadian Institute of Mining (CIM) “Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines” dated November 29, 2019 and CIM “Definition Standards for Mineral Resources and Mineral Reserves” dated May 10, 2014.

There are no other known factors or issues known by the QP that materially affect the MRE other than normal risks faced by mining projects.

The El Cobre Project is subject to the same types of risks that large base metal projects experience at an early stage of development in Mexico. The nature of the risks relating to the Project will change as the Project evolves and more information becomes available. The Company has engaged experienced management and specialized consultants to identify, manage and mitigate those risks.

The El Cobre Project is located in a general region where Pre-Columbian archaeological sites are known. To date exploration programs on the project have been conducted in consultation with Mexico’s Federal Agency for Archeology, INAH, which resulted in the identification of several small areas for further study and classification, including one area lying within the MRE pit outline. As is standard practice in Mexico, areas required for development and mining activity would require a clearance from INAH following the implementation of more detailed archaeological investigations and an archaeological salvage program, if necessary. The Company is committed to working with INAH as part of its future exploration and development plans.

Mineral Resource Estimate Details

The drillhole database used to calculate the MRE is comprised of 45 exploration diamond drillholes completed between 2008 and 2019 totalling 28,448 metres, containing a total of 27,173.12m of drill core analyzed for gold and copper by fire assay and Inductively Coupled Plasma – Atomic Emission Spectroscopy (“ICP-AES”), with four acid digestion. Sample intervals within the mineralized domains ranged from 0.45m to 3.81m in length, with 98% of the intervals having a length of 3.0 metres or less.

The Norte Zone 3D geological model created by Azucar integrates assay and geological data collected from diamond core drilling; surface geologic mapping; soil geochemical; and geophysical surveys. Based on these data, the Norte Zone is modelled as an east-west elongate 600 metre x 400 metre subvertical zone of porphyry copper-gold mineralization extending to a maximum depth of approximately 900 metres vertically below surface. Mineralization is constrained by 3D geological solids representing host diorite intrusive, and peripheral andesite and dacite tuff volcanic rocks.

Length-weighted averaged composites of 3 metre core length, restricted to each rock type, were calculated and used for exploratory data analysis and resource estimation. Assays were capped by zone and domain based on cumulative probability plots to remove outliers. The modelled variograms from each domain were used for resource estimation.

A block model with a regularized cell size of 20 m by 20 m by 10 m was used to estimate grade for each metal using Ordinary Kriging (OK). The percentage of each block below the overburden surface and within each domain is used for interpolation and the resource calculations. A total of 489 density measurements have been collected at site. Based on this data, the specific gravity (sg) within the sulphide material is consistent with a mean value of 2.68. The final grade estimates are validated visually by comparing each block’s metal estimates to the raw downhole assay data and statistically by comparing the modelled grades to the de-clustered composite grades (NN model), by swath plots and by grade-tonnage curves.

About the El Cobre Project

To date, Azucar has discovered five copper-gold porphyry zones within the El Cobre Project along an approximately 4-5 km trend, stretching from Norte down to Encinal in the southeast (see Figure 1, Exploration Targets). These zones are defined by distinct Cu-Au soil anomalies, discrete, positive magnetic features, a large IP chargeability anomaly, and drilling. A summary of the various zones is provided below.

NORTE ZONE: All five holes drilled in the Norte Zone prior to 2016 intersected porphyry-style mineralisation. Hole 08-CBCN-022, one of the deepest holes drilled at Norte in 2008, returned values of 0.14% Cu with 0.19 g/t Au over 259 m and 08-CBCN-19 intersected 41.15 metres averaging 0.42 g/t gold and 0.27% copper to the end of the hole at 187.45 metres. Drilling at the Norte Zone in 2016 and 2017 resulted in intersections including 114.60 metres grading 1.33 g/t Au and 0.48% Cu (Hole EC-17-018, see press release of April 5, 2017), 80.50 metres grading 1.34 g/t Au and 0.46% Cu (Hole EC-16-012, see press release of October 24, 2016), and 70.45 metres grading 2.32 g/t Au and 0.59% Cu (Hole EC-17-026, see press release of July 25, 2017). Continued drilling through 2018 and 2019 has culminated in the MRE.

VILLA RICA ZONE: The Villa Rica Zone is located about 1.8 km south of the Norte zone and comprises a roughly 2.5 kilometre by 1 kilometre area of hydrothermal alteration defined also by a strong north-northwest trending magnetic-chargeability high and associated copper-gold soil geochemical anomalies. Past mapping and sampling defined several areas of exposed porphyry mineralisation within the Villa Rica zone, including the Raya Tembrillo target and the Naranja target, both at the north end of the Villa Rica zone. Initial drilling in 2017 on the Raya Tembrillo target intersected two styles of mineralisation; hypogene copper-gold porphyry mineralisation (115.00 metres of 0.57 g/t gold and 0.27% copper, see press release of November 28, 2017) and near surface exotic enriched copper mineralisation with an apparent tabular distribution (94.00 metres of 1.36% copper; see press release of December 13, 2017).

The Primo target area, first announced on October 16, 2019, is also considered to be part of the Villa Rica zone and is located approximately 1km south of Raya Tembrillo. Primo has been the location of some of the highest copper grades intersected at the Project, such as 200 metres of 0.40 g/t gold and 0.24% copper from 718 metres downhole, which included 86.50 metres of 0.70 g/t gold and 0.42% copper from 831.50 metres (see press release of October 16, 2019).

EL PORVENIR ZONE: The El Porvenir zone is located about 2 km east of the Villa Rica zone. Significant copper and gold grades have been intersected at El Porvenir, such as 0.16% Cu and 0.39 g/t Au over 290 m in hole DDH04CB1. Results from minimal drilling in 2017 include hole EC-17-040 which intersected 108.00 metres grading 0.88 g/t Au and 0.29% Cu, (see press release of December 5, 2017) and hole EC-17-044 which intersected 40.25 metres grading 0.50 g/t Au and 0.25% Cu (see press release of February 8, 2018).

SUEGRO ZONE: Drilling in 2019 identified this new porphyry centre between the El Porvenir and Encinal Zones. The Suegro Zone is located approximately 250 metres south of the Porvenir Zone, within a large area of alteration associated with more subdued magnetics, and low zinc and manganese in soil. The Suegro mineralisation intersected in the drilling to date is associated with an altered (locally intense phyllic alteration overprinting potassic) intrusive. Intercepts to date include 28.20 m of 0.54 g/t Au and 0.17% Cu (hole EC-19-064; see press release of March 19, 2019).

ENCINAL ZONE: The Encinal zone is located approximately 1km south of the El Porvenir zone. Previous drilling at Encinal has intersected a highly altered breccia pipe containing fragments of stockwork veining and porphyry mineralisation across which 18.28 metres returned 1.42 g/t Au and 0.10% Cu (Hole CB5). The breccia pipe occurs in a large alteration zone, IP chargeability high and magnetics low which has not been tested to depth. On June

19, 2017 Azucar announced that a new area of exposed stockwork quartz veining and gold mineralisation had been identified in the Encinal Zone. On June 29, 2017 Azucar announced the results of initial drilling on this exposed stockwork (Hole EC-17-025) which returned results including 34.47 metres grading 0.73 g/t Au and 0.20% Cu.

QAQC and Reporting relating to the MRE and NI 43-101 Technical Report

The NI 43-101 Technical Report relating to the El Cobre property, titled "NI 43-101 Technical Report Mineral Resource Estimate on the El Cobre Copper-Gold-Silver Property Veracruz State, Mexico" is available under the Company's profile on SEDAR (www.sedar.com). The Technical Report was authored by Kris Raffle, P.Geo. of APEX Geoscience Ltd., and Sue Bird, M.Sc., P.Eng. of Moose Mountain Technical Services both of whom act as independent consultants to the Company and are Qualified Persons (QPs) as defined by National Instrument 43-101 ("NI 43-101").

The analyses which underpin the MRE were carried out at ALS Chemex Laboratories at Guadalajara, Zacatecas, Mexico; and North Vancouver, Canada using industry standard analytical techniques. For gold, samples were first analysed by fire assay and atomic absorption spectroscopy ("AAS"). Samples that returned values greater than 10 g/t gold using this technique were then re-analysed by fire assay but with a gravimetric finish. For copper, samples were first analysed by Inductively Coupled Plasma – Atomic Emission Spectroscopy ("ICP-AES"), with four acid digestion. Samples that returned values greater than 10000 g/t copper using this technique were then re-analysed by HF-HNO₃-HClO₄ digestion with HCL leach and ICP-AES finish. Blanks, field duplicates and certified standards were inserted into the sample stream as part of Azucar's quality assurance and control program. The QPs detected no significant QA/QC issues during review of the data. Azucar is not aware of any drilling, sampling, recovery or other factors that could materially affect the accuracy or reliability of the data referred to herein.

Other

During the nine months ended September 30, 2023, the Company recovered net of \$121,655 of exploration costs from the refund of value-added tax at the El Cobre Project whereas the same time last year, the Company incurred \$685,838 of exploration costs during the nine months ended September 30, 2022.

Upcoming / Outlook

The Company is not planning any fieldwork at El Cobre until the situation described in the section titled "Highlights" above is clarified.

RISK FACTORS

The Company is engaged in exploration for mineral deposits. These activities involve significant risks which, even with careful evaluation, experience and knowledge, may not, in some cases, be eliminated. The Company's success depends on a number of factors, many of which are beyond its control. The primary risk factors affecting the Company include inherent risks in the mining industry, metal price fluctuations and operating in foreign countries and currencies. In addition to the risks described herein, readers of this MD&A are encouraged to read the "Risk Factors" contained in the Company's annual management discussion and analysis filed on and available under the Company's SEDAR profile on www.sedar.com. Important risk factors to consider among others are:

- inherent risks within the mining industry;
- market volatility for marketable securities and investments;
- mineral resource estimates;
- prices of gold, silver and other metals;
- cash flows and additional funding requirements;

- exchange rate fluctuations;
- Impact of COVID-19 Pandemic
- environmental, climate change, health and safety regulation compliance;
- laws, regulations and permits,
- political, economic and social environment;
- risks related to international labour organization (“ILO”) convention 169 compliance.
- title to mineral properties;
- Information systems and cyber security
- possible dilution to present and prospective shareholders;
- material risk of dilution presented by large number of outstanding share purchase options and warrants;
- trading volume;
- volatility of share price;
- competition;
- dependence on management; and
- conflict of interest.

Impairment of Exploration and Evaluation Assets

The Company assesses its exploration and evaluation assets quarterly to determine whether any indication of impairment exists. Common indications of impairment, which is often judgemental, include, but are not limited to, that: the right to explore the assets has expired or will soon expire and is not expected to be renewed, substantive expenditure of further exploration is not planned, or the results are not compelling enough to warrant further exploration by the Company.

At September 30, 2023, the Company concluded that no impairment indicators existed with respect to exploration and evaluation assets and no impairment of exploration and evaluation assets was recognized.

Material Financial and Operations Information

Summary of Quarterly Results

The following is a summary of the Company’s financial results for the Company’s eight most recently completed fiscal quarters stated in Canadian dollars in accordance with IFRS:

	Q3 Sep 2023 Quarter	Q2 Jun 2023 Quarter	Q1 Mar 2023 Quarter	Q4 Dec 2022 Quarter
	\$	\$	\$	\$
Revenue	Nil	Nil	Nil	Nil
Other income	62,162	8,805	33,040	28,627
Net loss	(35,405)	(235,125)	(19,470)	(149,704)
Net loss per share – basic	(0.00)	(0.00)	(0.00)	(0.01)
Net loss per share – diluted	(0.00)	(0.00)	(0.00)	(0.01)
Total assets	24,190,817	24,195,409	24,278,472	24,346,439
Cash dividends declared	-	-	-	-

	Q3 Sep 2022 Quarter	Q2 Jun 2022 Quarter	Q1 Mar 2022 Quarter	Q4 Dec 2021 Quarter
	\$	\$	\$	\$
Revenue	Nil	Nil	Nil	Nil
Other income (loss)	25,880	10,666	(757)	1,901
Net loss	(46,842)	(124,329)	(110,930)	(120,537)
Net loss per share – basic	(0.00)	(0.00)	(0.00)	(0.00)
Net loss per share – diluted	(0.00)	(0.00)	(0.00)	(0.00)
Total assets	24,436,846	24,455,461	24,582,080	24,661,180
Cash dividends declared	-	-	-	-

Quarterly variances in other income (loss) are dependent on the interest income earned from various levels of cash balances and value-added tax recoveries from Mexico. The main causes of change in net loss from quarter to quarter include share-based payments relating to the fair values of stock options granted, and administrative expenses in the normal course of operations as discussed in Review of Operations and Financial Results section below.

Results of Operations and Financial Results

Results of Operations for the three months ended September 30, 2023, compared to the three months ended September 30, 2022

For the three months ended September 30, 2023, the Company recorded a net loss of \$35,405 (2022 – \$46,842) or a basic and diluted net loss of \$0.00 per share (2022 – \$0.00). The decrease in loss of \$11,437 was primarily a result of an increase in operating expenses of \$24,845 during the three months ended September 30, 2023 offset by an increase in other income of \$36,282 during the three months ended September 30, 2023.

Because the Company is an exploration company, it has no revenues from mining operations. Other income of \$62,162 (2022 – \$25,880) during the three months ended September 30, 2023, consisted of interest income of \$58,763 (2022 - \$8,728) mainly from interest on value-added tax recoveries in Mexico and \$3,399 of foreign exchange gain (2022 – \$17,152) from the strength in foreign denominated cash balances against the Canadian dollar.

The Company incurred operation expenses of \$97,567 during the three months ended September 30, 2023 (2022 - \$72,722) relating to general and administrative expenses. An increase in expenses of \$24,845 were mainly related to share-based payments from grant of stock options offset by a reduction in administrative services fee of \$18,813 paid in 2023 Q3 compared to \$37,479 during same time last year. The decrease of \$18,666 in administrative service fees was due to a decrease of services incurred at the El Cobre project during 2023 Q3. The administrative services fee was paid to Almaden Minerals Ltd. (“Almaden”) for providing office space, executive management services, marketing support and technical oversight to Azucar.

Significant non-cash items during the three months ended September 30, 2023, included share-based payments of \$31,824 (2022 - \$Nil). The share-based payments relate to the grant of stock options thus the expense will vary period to period.

Results of Operations for the nine months ended September 30, 2023, compared to the nine months ended September 30, 2022

For the nine months ended September 30, 2023, the Company recorded a net loss of \$290,000 (2022 – net loss of \$282,101) or a basic and diluted net loss of \$0.00 per share (2022 – \$0.00). The increase in loss of \$7,899 was primarily a result of an increase in operating expenses of \$76,117 during the nine months ended September 30, 2023 offset by an increase in other income of \$68,218 during the nine months ended September 30, 2023.

Because the Company is an exploration company, it has no revenues from mining operations. Other income of \$104,007 (2022 – \$35,789) during the nine months ended September 30, 2023, consisted of interest income of \$87,580 (2022 - \$11,469) mainly from interest on value-added tax recoveries in Mexico and \$16,427 of foreign exchange gain (2022 – \$24,320) from the strength in foreign denominated cash balances against the Canadian dollar.

The Company incurred operation expenses of \$394,007 during the nine months ended September 30, 2023 (2022 - \$317,890) relating to general and administrative expenses. An increase in expenses of \$76,117 were mainly related to share-based payments from grant of stock options offset by a reduction in administrative services fee of \$56,354 paid in during 2023 compared to \$111,962 during same time last year. The decrease of \$55,608 in administrative service fees was due to a decrease of services incurred at the El Cobre project during 2023. The administrative services fee was paid to Almaden for providing office space, executive management services, marketing support and technical oversight to Azucar.

Significant non-cash items during the nine months ended September 30, 2023, included share-based payments of \$191,234 (2022 - \$57,500). The share-based payments relate to the grant of stock options thus the expense will vary period to period.

Liquidity and Capital Resources

At September 30, 2023, the Company had working capital of \$1,067,283, including cash and cash equivalents of \$1,175,818.

Management believes that the Company's cash resources are sufficient to meet its working capital and mineral exploration requirements for its next fiscal year, as these expenditures are considered discretionary by management. The Company has no material commitments for the next fiscal year however, any planned exploration programs will require further funding. Management has a proven track record to be able to raise money even in a very challenging financial marketplace.

Three months ended September 30, 2023

Net cash used in operations during the three months ended September 30, 2023 was \$15,890 (2022 - \$28,432), after adjusting for non-cash activities. The majority of the cash used in operations relate to general administration to operate a corporate head office.

Net cash from investing activities of \$117,325 during the three months ended September 30, 2023 (Net cash used in investing activities of \$258,300 during the three months ended September 30, 2022) relates to value added tax recovery from expenditures on exploration and evaluation assets on the El Cobre Project.

Net cash from financing activities during the three months ended September 30, 2023 was \$Nil (2022 - \$Nil).

Nine months ended September 30, 2023

Net cash used in operations during the nine months ended September 30, 2023 was \$148,927 (2022 - \$186,847), after adjusting for non-cash activities. The majority of the cash used in operations relate to general administration to operate a corporate head office.

Net cash from investing activities of \$130,493 during the nine months ended September 30, 2023 (Net cash used in investing activities of \$684,457 during the nine months ended September 30, 2022) relates to value added tax recovery from expenditures on exploration and evaluation assets on the El Cobre Project.

Net cash from financing activities during the nine months ended September 30, 2023 was \$Nil (2022 - \$Nil).

Disclosure of Outstanding Share Data

The authorized share capital of the Company consists of an unlimited number of common shares without par value.

	Number of Common Shares Issued & Outstanding	Share Capital Amount
December 31, 2021	73,829,025	\$24,043,321
December 31, 2022	73,829,025	\$24,043,321
November 16, 2023	73,829,025	\$24,043,321

Share issuances during fiscal 2023

The Company had no share issuances as at September 30, 2023.

The Company grants directors, officers, employees and contractors options to purchase common shares under its Stock Option Plan. This plan and its terms are detailed in Note 7(c) to the consolidated financial statements for the year ended December 31, 2022, which are available on SEDAR at www.sedar.com.

The following table summarizes information about stock options outstanding at November 16, 2023:

Expiry date	Exercise price	December 31, 2022	Granted	Exercised	Expired/ Cancelled	November 16, 2023
May 11, 2023	\$ 0.12	3,224,200	-	-	(3,224,200)	-
June 14, 2023	\$ 0.13	303,000	-	-	(303,000)	-
July 8, 2023	\$ 0.11	793,800	-	-	(793,800)	-
February 28, 2024	\$ 0.09	400,000	-	-	-	400,000
March 10, 2027	\$ 0.11	400,000	-	-	-	400,000
March 10, 2027	\$ 0.09	425,000	-	-	-	425,000
December 17, 2027	\$ 0.06	380,000	-	-	-	380,000
May 12, 2028	\$ 0.09	-	3,188,200	-	-	3,188,200
July 10, 2028	\$ 0.05	-	1,060,800	-	-	1,060,800
Options outstanding and exercisable		5,926,000	4,249,000	-	(4,321,000)	5,854,000
Weighted average exercise price		\$ 0.11	\$ 0.08	-	\$ 0.12	\$ 0.08

As of date of this MD&A, there were 73,829,025 common shares issued and outstanding and 79,683,025 common shares outstanding on a diluted basis.

Environmental Provisions and Potential Environmental Contingency

The Company's mining and exploration activities are subject to various federal, provincial and state laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations. The Company estimates that

future reclamation and site restoration costs based on the Company's exploration activities to date are not significant however the ultimate amount of reclamation and other future site restoration costs to be incurred in the future is uncertain.

Off-Balance Sheet Arrangements

None.

Contractual Commitments

None.

Proposed Transactions

None.

Transactions with Related Parties

(a) Compensation of key management personnel

Key management personnel include those persons having the authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The aggregate value of compensation to key management personnel was as follows:

Three months ended September 30, 2023	Fees ⁽¹⁾	Share-based Payments	Total
	\$	\$	\$
Chairman	1,800	6,750	8,550
President & CEO	4,313	12,000	16,313
CFO	3,125	1,800	4,925
EVP	3,125	1,500	4,625
Directors	-	-	-
	12,363	22,050	34,413

Nine months ended September 30, 2023	Fees ⁽¹⁾	Share-based Payments	Total
	\$	\$	\$
Chairman	5,400	34,250	39,650
President & CEO	12,938	56,500	69,438
CFO	9,375	27,300	36,675
EVP	9,375	24,500	33,875
Directors	-	-	-
	37,088	142,550	179,638

Three months ended September 30, 2022	Fees ⁽¹⁾	Share-based Payments	Total
	\$	\$	\$
Chairman	3,600	-	3,600
President & CEO	8,625	-	8,625
CFO	6,250	-	6,250
Executive VP	6,250	-	6,250
Directors	-	-	-
	24,725	-	24,725

Nine months ended September 30, 2022	Fees ⁽¹⁾	Share-based Payments	Total
	\$	\$	\$
Chairman	10,800	-	10,800
President & CEO	25,875	18,000	43,875
CFO	18,750	-	18,750
Executive VP	18,750	-	18,750
Directors	-	32,000	32,000
	74,175	50,000	124,175

(1) Fees are paid to Almaden for services provided by key management pursuant to the Administrative Services Agreement between Azucar and Almaden, as further described below.

(b) Other related party transactions

Administrative Services Agreement

The Company paid administrative services fees to Almaden for the period ended September 30, 2023 \$56,354 (2022 - \$111,962) pursuant to an Administrative Services Agreement dated May 15, 2015, under which Almaden provides the Company with office space, executive management, marketing support, technical oversight, and financial/corporate secretary duties, amongst other administrative services.

Almaden and the Company are considered related parties through common officers.

At September 30, 2023, included in trade and other payable is \$7,001 (December 31, 2022 - \$64,006) due to Almaden.

Other

At September 30, 2023, the Company accrued \$101,711 (December 31, 2022 - \$90,999) payable to Almadex for drilling services in Mexico included in exploration and evaluation assets.

Almadex and the Company are considered related parties through common officers.

Amounts owing to related parties are unsecured, non-interest bearing and due on demand.

Financial Instruments

The fair values of the Company's cash and cash equivalents, accounts receivable and trade and other payables approximate their carrying values because of the short-term nature of these instruments.

The Company does not carry any financial instruments at fair value.

The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk, interest rate risk and commodity and equity price risk.

(a) Currency risk

The Company's property interests in Mexico make it subject to foreign currency fluctuations and inflationary pressures which may adversely affect the Company's financial position, results of operations and cash flows. The Company is affected by changes in exchange rates

between the Canadian Dollar and foreign currencies. The Company does not invest in foreign currency contracts to mitigate the risks.

As at September 30, 2023, the Company was exposed to foreign exchange risk through the following assets and liabilities denominated in currencies other than the functional currency of the applicable subsidiary:

All amounts in Canadian dollars	US dollar	Mexican peso
	\$	\$
Cash and cash equivalents	206,405	463,158
Accounts receivable and prepaid expenses	-	1,642
Total assets	206,405	464,800
Trade and other payables	-	122,726
Total liabilities	-	122,726
Net assets	206,405	342,074

A 10% change in the US dollar exchange rate relative to the Canadian dollar would change the Company's profit or loss by \$20,000.

A 10% change in the Mexican peso relative to the Canadian dollar would change the Company's profit or loss by \$30,000.

(b) Credit risk

The Company's cash and cash equivalents are held in large Canadian and Mexican financial institutions. The Company's accounts receivable consists primarily of sales tax due from the federal government of Canada. The Company is exposed to credit risks through its accounts receivable.

To mitigate exposure to credit risk on cash and cash equivalents, the Company has established policies to limit the concentration of credit risk with any given banking institution where the funds are held, to ensure counterparties demonstrate minimum acceptable credit risk worthiness and ensure liquidity of available funds.

As at September 30, 2023, the Company's maximum exposure to credit risk is the carrying value of its cash and cash equivalents, and accounts receivable.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure.

Trade and other payables are due within twelve months of the statement of financial position date.

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to varying interest rates on cash and cash equivalents. The Company has no interest-bearing debt.

A 1% change in the interest rate does not have any significant impact on the Company's net loss.

(e) Commodity and equity price risk

The ability of the Company to explore its exploration and evaluation assets and the future profitability of the Company are directly related to the market price of gold and other precious metals. The Company monitors gold prices to determine the appropriate course of action to be taken by the Company. Equity price risk is defined as the potential adverse impact on the Company's operations due to movements in individual equity price or general movements in the level of the stock market. The Company closely monitors the individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

Management of Capital

The Company considers its capital to consist of components of equity. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of its exploration and evaluation assets and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares and, acquire or dispose of assets.

In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with short-term maturities, selected with regards to the expected timing of expenditures from continuing operations.

The Company expects its current capital resources will be sufficient to carry its exploration plans and operations for the foreseeable future. There have been no changes to the Company's capital management approach during the period. The Company is not subject to externally imposed capital requirements.

Information on the Board of Directors and Management

Directors:

Duane Poliquin, P.Eng
Morgan Poliquin, P.Eng, Ph.D.
Douglas McDonald, M.A.Sc, B.Com.
Grant Hendrickson, P.Geo.
Fuad Sillem, BA

Audit Committee members:

Fuad Sillem, BA
Grant Hendrickson, P.Geo.
Douglas McDonald, M.A.Sc, B.Com.

Compensation Committee members:

Grant Hendrickson, P.Geo.
Fuad Sillem, BA
Duane Poliquin, P.Eng

Nominating & Corporate Governance Committee members:

Grant Hendrickson, P.Geo.
Fuad Sillem, BA
Morgan Poliquin, P.Eng, Ph.D.

Management:

Duane Poliquin, P.Eng – Chairman
Morgan Poliquin, Ph.D., P.Eng – Chief Executive Officer, President
Korm Trieu, CPA, CA – Chief Financial Officer, Corporate Secretary
Douglas McDonald, M.A.Sc, B.Com. – Executive Vice President