

## **MANAGEMENT DISCUSSION AND ANALYSIS**

This Management Discussion and Analysis ("MD&A") for San Lorenzo Gold Corp. ("San Lorenzo" or the "Corporation") is a review of how the Corporation's performed during the period covered by the unaudited Condensed Interim Consolidated Financial Statements for the period ending September 30, 2024 (the "Interim Statements") and is current until the date of this MD&A which is November 26, 2024. The MD&A complements and supplements the Interim Statements and should be read in conjunction with the Corporation's audited financial statements, and the related notes thereto, for the year ending December 31, 2023. The Interim Statements have been prepared in Canadian dollars in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), which are also generally accepted accounting principles ("GAAP") for publicly accountable enterprises in Canada.

The Corporation's Board of Directors has reviewed and approved the Interim Statements and this MD&A, both of which are effective November 26, 2024.

Certain information presented in this MD&A constitutes forward looking information that is subject to substantial risks and uncertainties. Words such as "may", "will", "should", "could", "anticipate", "believe", "expect", "intend", "plan", "potential", "continue" and similar expressions have been used to describe these forward-looking statements. By their nature, forward-looking statements necessarily involve risks associated with the provision of services such as loss of market, lack of qualified personnel, impact of the regulatory environment, and competition from other companies providing similar services. Readers are cautioned that the assumptions used in the preparation of forward-looking information and statements, although considered reasonable at the time may prove to be imprecise. As such, undue reliance should not be placed on forward-looking statements. A number of factors, many of which are beyond the control of San Lorenzo, may affect the actual performance of San Lorenzo and actual results may differ from those expressed or implied by such forward looking information. Accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will occur, or if they do occur, what benefit San Lorenzo will derive from them. Readers are cautioned not to place undue reliance on these forward-looking statements.

Comparative period

Unless otherwise stated, the comparative period used in this MD&A is the period January 1, 2023 to September 30, 2023.

## **DESCRIPTION OF BUSINESS**

San Lorenzo Gold Corp. was formed by the December 16, 2020 amalgamation of Tailwind Capital Corporation, a capital pool corporation, and Kairos Metals Corp., a reporting issuer exploration company with three mineral properties in Chile.. The Corporation was incorporated pursuant to the provisions of the Business Corporations Act (*Alberta*). San Lorenzo's principal business is the acquisition and development of mineral properties in Chile.

## **OVERALL PERFORMMANCE AND OUTLOOK**

The Corporation's flagship property is the Salvadora property in northern Chile which contains numerous individual target areas that have been the subject of exploration activities to varying degrees including surface mapping and geochemical surveys, induced polarity ("IP") surveys and in some cases, drilling. The targets on Salvadora have the potential for economic accumulations of copper, gold, silver, molybdenum in either porphyry style or epithermal vein style deposits.

Exploration efforts continually return positive indications of mineral accumulations including significant grades from surface sampling, anomalous IP chargeability and resistivity responses and significant mineralized intersections obtained from drilling campaigns.

Cerro Blanco, Tres Amigos and Arco de Oro are three target areas that have been identified as the highest priority for the next phase of exploration activities. Another, Caballo Muerto, warrants follow-up as well when funding is available insofar as significant gold grades in porphyry style alteration were returned from 2 drilling campaigns conducted on that target.

Recently, additional soil and rock sampling was completed on the Cerro Blanco target at Salvadora. That field work confirmed a strong copper anomaly over 2.5 sq. km in size. That sampling program was followed by the construction of an access road into the target area along with the construction of 3 drill pads.

San Lorenzo is making plans to commence a drilling program focused on the Cerro Blanco target which has been a high priority target of management for a number of years – hampered by the lack of access into the area.

The Cerro Blanco drilling program will be funded by a recently secured credit facility under which additional funds may be drawn. That Credit facility was provided by a director and allows for a maximum draw of \$1,000,000.

Depending on timing - with the holiday season upcoming – the drilling program may also test extensions to the Tres Amigos and Arco de Oro systems that have already been established due to significant drilling grades having been already obtained on those targets.

## SELECTED FINANCIAL INFORMATION

The following summarizes information derived from the Corporation's financial statements as at and for the nine months ended:

	<b>Nine months ended September 30,</b>	
	<b>2024</b>	<b>2023</b>
Net loss and comprehensive gain (loss)	\$ (177,133)	\$ (995,241)
Basic and diluted income gain (loss) per share	\$ (0.00)	\$ (0.02)
Total assets	\$ 5,067,695	\$ 5,453,686
Share capital	\$ 4,640,543	\$ 5,581,399
Weighted number of common shares outstanding	63,892,293	63,892,293

## OPERATIONAL REVIEW

### *Net Income and Cash Flow from Operations*

For the nine months ended September 30, 2024, the Corporation reported a net loss of \$202,606 (September 2023 – net loss of \$262,076 before non-cash stock-based compensation expense) and negative cash flows from operations of \$160,470 (September 2023 – negative cash flow of \$290,897). For the three months ended September 30, 2024, the Corporation reported a net loss of \$35,689 (2023 – net loss of \$106,024 before non-cash stock-based compensation expense) and negative cash flows from operations of \$31,084 (September 2023 – negative cash flows of \$125,465).

Certain conditions can indicate the existence of a material uncertainty which may cast significant doubt related to the Corporation's ability to continue as a going concern. If the going concern assumption is not appropriate, adjustments may be necessary to the carrying amounts and classification of the Corporation's assets and liabilities. The accompanying financial statements do not include any adjustments that may result if the Corporation is unable to continue as a going concern, and such adjustments could be material.

Foreign currency translation is used to convert the results of a parent company's foreign subsidiaries to its reporting currency. In compliance with IAS 21 (IFRS), foreign currency monetary and non-monetary accounts are converted using three different exchange rates:

- 1) Closing rate at the end of the reporting period;
- 2) Historical cost at the date of the transaction; and,
- 3) Average rate throughout the reporting period.

Asset properties are converted to the reporting currency using the closing rate at the end of the reporting period.

During the nine months ended September 30, 2024, the Chilean Peso strengthened against the Canadian dollar since December 31, 2023. At December 31, 2023, the exchange rate to Canadian dollars was Cdn \$1 = CLP 666.06. At September 30, 2024 Cdn \$1 = CLP 664.48. This resulted in the same assets valued at \$4,358,194 at December 31, 2023, to be valued at \$4,368,557 at September 30, 2024; a slight increase in value of \$10,363.

During the three months ended September 30, 2024, the Chilean Peso strengthened against the Canadian dollar since June 30, 2024. At June 30, 2024, the exchange rate to the Canadian dollars was Cdn \$1 = CLP 692.33. At September 30, 2024 the Cdn \$1 = CLP 664.48. This resulted in the same assets valued at \$4,467,859 at June 30, 2024, to be valued at \$4,655,145 at September 30, 2024; an increase in value of \$187,286 due to the change in exchange rates.

### **General and Administrative**

Total expenses for the nine months ended September 30, 2024 was \$202,606 compared to \$746,982 for the same period last year. General and administrative expense was \$129,802 (September 2023 - \$205,877 including \$3,333 of interest on non-convertible debenture); public listing and the non-loan extension costs totalled \$32,965 and interest on the non-convertible debenture of \$30,000 (September 2023 – \$56,199). Non-cash share-based compensation expense was \$9,839 (September 2023 - \$484,906).

Total expenses for the three months ended September 30, 2024 was \$35,689 compared to \$566,152 for the same three-month period last year. General and administrative expense was \$24,580 (September 2023 - \$85,591); public listing and loan extension costs totalled \$8,892 (September 2023 – \$20,433). Non-cash share-based compensation expense was \$2,217 (September 2023 - \$460,128).

### **Financial Resources and Liquidity**

The Corporation's approach to managing liquidity risk is to ensure that it will have sufficient funds to meet financial obligations when due. The Corporation received net proceeds of \$967,354 from the private placement which was completed on September 13, 2023.

At September 30, 2024, the remaining funds from the September 2023 private placement of \$587,400, funded the year-to-date capital additions of \$371,137, cash flow used in operating & financing activities of 187,217 leaving a remaining cash balance of \$29,046.

### **Mineral Properties - exploration and evaluation expenditures**

The Corporation's exploration and evaluation expenditures relate to mineral properties in Chile and are as follows:

	<b>-\$ Cdn -</b>
<b>Balance, December 31, 2022</b>	<b>4,157,544</b>
Addition	817,014
Foreign exchange effect	(303,473)
<b>Balance, December 31, 2023</b>	<b>4,671,085</b>
Addition	371,137
Foreign exchange effect	25,473
<b>Balance, September 30, 2024</b>	<b>5,067,695</b>

Asset properties are converted to the reporting currency using the closing rate at the end of the reporting period.

### **Mineral Property Description**

At September 30, 2024, the Corporation held a 100% interest in 11,996 hectares of mineral claims through its Chilean subsidiary, Compania Minera San Lorenzo Limitada, which are comprised of four discrete property packages with exploration potential to discover deposits of copper-gold and gold-silver.

### **Mineral Property Expenditure Commitments**

The mineral properties do not require any minimum work or expenditure commitments. The Corporation is obligated to make annual payments of approximately US\$1.50/hectare on its exploration claims and approximately US\$7.50/hectare on its exploitation concessions to the Chilean government. The amounts are approximate due to Chilean peso exchange rate fluctuations.

### **Notes Payable**

#### **Due to Director**

During 2023, a Director provided advances to complete a drilling program on the Corporation's Salvadora property. Effective August 29, 2023, the majority of the advances were converted into a 2-year non-convertible Debenture in the amount of \$500,000. Interest accruals on the Debenture are carried in accounts payable. Subsequent to the issuance of the Debenture, the Director has provided additional advances which are interest free. Subsequent to the period, the Debenture was converted into a \$1,000,000 credit facility. The Corporation retains such cash in its account from time-to-time as is needed to fund its current obligations.

## Due to Lithium Chile

Notes payable to Lithium Chile Inc. ("LITH") is comprised of the following:

	September 30, 2024	September 30, 2023
Note payable to LITH -beginning of the year	\$ 928,868	\$ 893,300
Accretion for the nine months ended September 30,	26,676	26,676
Endng Balance	\$ 955,544	\$ 919,976

The notes payable is allocated as follows:

Current	\$ -	-
Long-term	955,544	919,976
Endng Balance	\$ 955,544	\$ 919,976

On December 31, 2022, the Corporation renegotiated a note payable to LITH in relation to a transfer of mineral claims which occurred during the year ended December 31, 2020. Repayment was extended from November 30, 2022, to December 31, 2025. The Corporation is entitled to pay the interest component (calculated at 8.0% per annum) by the issuance of common shares of the Corporation at the 20-day weighted average trading price of those common shares immediately before the date of such payment.

## Share Capital

### a) Authorized:

Unlimited number of common voting shares and preferred shares without nominal or par value.

The preferred shares may be issued in one or more series and the directors are authorized to fix the number of shares in each series and to determine the designation, rights, privileges, restrictions, and conditions attached to the shares of each series. No preferred shares have been issued since the Corporation's inception.

### b) Issued:

Common Shares	Number of Shares	-\$ Cdn -
<b>Balance, December 31, 2021</b>	<b>49,023,368</b>	<b>3,262,895</b>
Private Placement (i & ii)	11,200,000	979,475
Private Placement (iii)	3,150,000	274,823
Share issue costs	-	(65,893)
<b>Balance, December 31, 2022</b>	<b>63,373,368</b>	<b>4,451,300</b>
Private Placement (iv)	8,333,333	239,846
Share issue costs	-	(50,603)
<b>Balance, December 31, 2023 &amp; September 30, 2024</b>	<b>71,706,701</b>	<b>4,640,543</b>

- i) On March 11, 2022, the Corporation completed a first tranche closing of a private placement of units of the Corporation ("Units") at a price of \$0.10 per Unit. Each Unit was comprised of one (1) common share of the Corporation and one (1) common share purchase warrant. Each warrant is exercisable at \$0.20 per common share for a period of 12 months from the date of issuance. The first tranche closing yielded gross and net proceeds of \$400,000 which involved the issuance of 4,000,000 common shares and 4,000,000 warrants. No finder's fees, commissions or broker warrants were paid or issued in respect of the first tranche closing

- ii) On March 30, 2022, the Corporation completed a second tranche closing of Units. The second tranche closing yielded gross proceeds of \$720,000 which involved the issuance of 7,200,000 Units comprised of 7,200,000 common shares and 7,200,000 warrants. Finder's fees in the aggregate amount of \$49,000 were paid and 490,000 broker warrants were issued in respect of the second tranche closing. Each broker warrant entitled the holder to acquire one common share at a price of \$0.10 per common share for a period of 12 months from the date of issuance.
- iii) On April 27, 2022, the Corporation completed a third tranche closing of Units. The third tranche closing yielded gross proceeds of \$315,000 which involved the issuance of 3,150,000 Units comprised of 3,150,000 common shares and 3,150,000 warrants. Finder's fees in the aggregate amount of \$1,050 were paid in respect of the third tranche closing. With the closing of the third tranche, the Corporation issued 14,350,000 Common shares, 14,350,000 warrants and 490,000 broker warrants and received gross and net proceeds of \$1,435,000 and \$1,384,950 respectively from the three tranches. Share issue costs relating to the second and third tranche of the private placement include cash paid of \$50,050 and \$15,843 being the fair value of brokers' warrants. Each broker warrant entitles the holder to purchase one common share of the Corporation at a price of \$0.10 per share, expiring twelve months from the date of issuance.
- iv) On September 13, 2023, the Corporation completed a non-brokered private placement of units of the Corporation at a price of \$0.12 per unit. San Lorenzo Gold closed on the maximum offering of \$1,000,000 and issued 8,333,333 units. Each unit is comprised of one common share of the Corporation and one common share purchase warrant with each warrant entitling the holder to purchase an additional common share for \$0.18 for 18 months from the closing date. The Corporation issued 8,333,333 common shares, 8,333,333 warrants and 272,050 broker warrants. Share issue costs of the private placement include cash paid of \$50,603 and \$17,957 being the fair value of brokers' warrants. Each broker warrant entitled the holder to purchase one common share of the Corporation at a price of \$0.12 per share, expiring eighteen months from the date of issuance.

**c) Loss per share**

The basic and diluted loss per common share as calculated is based on the weighted average number of common shares outstanding during the year as follows:

<u>At September 30,</u>	<u>2024</u>	<u>2023</u>
<b>Weighted average number of common shares - basic</b>	<b>71,706,701</b>	<b>63,373,368</b>

**d) Escrow Shares**

At the date of close of the Qualifying Transaction, the Company had 3,999,998 common shares subject to CPC Escrow Agreement ("CPC Escrow") and 8,168,893 common shares subject to a Tier 2 Value Security Escrow Agreement ("Security Escrow"). In relation to the CPC escrow agreement, 10% of the shares or 399,400 shares were released on the date of the Final Exchange Bulletin with 15% to be released on each six-month anniversary from the date of the Final Exchange Bulletin. In relation to the Security Escrow, 10% of the shares or 816,889 common shares were released on the date of the Final Exchange Bulletin with 15% to be released on each six-month anniversary from the date of the Final Exchange Bulletin. At September 30, 2024, there were no common shares held in escrow. (September 2023 – 1,825,332).

**e) Stock Options**

The Corporation has adopted an incentive stock option plan which provides that the Board of Directors of the Corporation may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants to the Corporation, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares.

<u>Options</u>	<u>Number of Options</u>	<u>Exercise price</u>	<u>Remaining Life (years)</u>
<b>Balance, December 31, 2021</b>	<b>2,264,445</b>	\$ 0.13 - 0.16	3.6 - 7.2
Granted March 11, 2022	580,000	0.10	7.5
<b>Balance, December 31, 2023 and September 30, 2024, exercisable</b>	<b>2,844,445</b>		

Share based compensation recognized during the period ended September 30, 2024 was \$9,839 (September 2023 - 484,906) using the graded vesting method in the Condensed Interim Consolidated Statements of Loss and Comprehensive Loss.

The fair value of the stock options have been estimated at the date of grant using the Black-Scholes option pricing model based on the following assumptions:

	21-Jan-21	26-Nov-21	11-Mar-22	08-Sep-22
Dividend yield	-	-	-	-
Share price	0.16	0.13	0.10	0.12
Strike price	0.16	0.13	0.10	0.12
Expected volatility	130%	127%	126%	121%
Risk free rate	0.17%	1.59%	1.91%	3.20%
Expected life in years	10	10	10	5
Forfeiture rate	-	-	-	-

As the Corporation does not have a trading history equal to the expected life of the stock options, volatility was determined by an analysis of comparable companies.

#### f) Warrants

Upon closing the first and second tranche of the Private Placement in September 2023, warrants were issued to subscribers and to brokers.

<b>Warrants held by Subscribers and Brokers</b>	<b>Number of Warrants</b>	<b>Exercise price</b>	<b>Remaining Life (years)</b>
<b>Balance, December 31, 2022</b>	-	-	-
Issued September 13, 2023 - Subscribers	8,333,333	0.18	0.5
Issued September 13, 2023 - Brokers	272,050	0.12	0.5
<b>Balance, December 31, 2023 and September 30, 2024, exercisable</b>	<b>8,605,383</b>		

The fair value of the warrants and broker warrants issued during the year ended December 31, 2023 of \$472,795 have been estimated at the date of grant using the Black-Scholes option pricing model based on the following assumptions:

	<b>Unit Warrants 13-Sep-23</b>	<b>Broker Warrants 13-Sep-23</b>
Dividend yield	-	-
Share price	0.12	0.12
Strike price	0.18	0.12
Expected volatility	119%	119%
Risk free rate	1.50%	1.50%
Expected life in years	1.5	1.5
Forfeiture rate	-	-

There were no warrants issued during the nine months ended September 30, 2024.

## SELECTED QUARTERLY INFORMATION

Fiscal Quarter Ended	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023
Revenue	\$ -	\$ -	\$ -	\$ -
Comprehensive gain (loss)	\$ 155,591	\$ 101,396	\$ (434,120)	\$ 287,751
Net loss per share	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ 0.00

Fiscal Quarter Ended	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022
Revenue	\$ -	\$ -	\$ -	\$ -
Comprehensive gain (loss)	\$ (929,346)	\$ (728,093)	\$ 662,198	\$ 639,062
Net loss per share	\$ (0.00)	\$ (0.01)	\$ 0.01	\$ 0.01

## CONTRACTUAL OBLIGATIONS AND OFF-BALANCE SHEET ARRANGEMENTS

Other than a drilling contract related to the follow-up drilling program on the Corporation's Salvadora property in Chile, San Lorenzo is not a party to any industry contracts or obligations and there are no off-balance sheet arrangements. The drilling contract is with an arm's length service provider and is considered to be in a standard industry format that only provides for payment in relation to drilling services provided and terminates at the conclusion of the drilling program.

## CRITICAL ACCOUNTING ESTIMATES

There are no critical or material accounting estimates.

### Adopted Accounting Standards

#### *IFRS 16 – Leases*

IFRS 16 was issued in January 2016 and specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. This standard is effective for reporting periods beginning on or after January 1, 2023. The Corporation is still assessing this standard.

#### **BUSINESS RISKS <formatting required>**

#### ***Mining Industry Risks***

The exploration for and development of mineral deposits involves a high degree of risk that even a combination of careful evaluation, experience, knowledge, and sufficient financial resources may not eliminate. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit such as size, grade, and proximity to infrastructure; commodity prices which are inherently cyclical and cannot be predicted with certainty; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The effect of these factors cannot be accurately predicted, and the combination of these factors may result in not receiving an adequate return on invested capital.

#### ***Properties without Known Mineable Reserves***

The Corporation's activities will continue to be directed towards the search for, evaluation of, and development of mineral deposits. There is no assurance that expenditures associated with those activities will result in securing commercial mineral deposits and actual expenditures may be higher than currently anticipated.

### ***Uncertainty as to Calculations of Mineral Deposit Estimates***

There is a significant degree of uncertainty attributable to the calculation of mineral deposit estimates. Until the mineral is actually mined and processed, mineral deposit estimates, grades and recovery rates must be considered as estimates only. Consequently, there can be no assurance that any mineral deposit estimates or grade information will prove accurate. In addition, the value of mineral deposits may vary depending on mineral prices and other factors. Any material changes in grades, stripping ratios or other mining and processing factors may affect the economic viability of projects. Furthermore, mineral deposit estimate information should not be interpreted as any assurance of mine life or of the potential profitability of existing or future projects.

### ***Uninsurable Risks***

The Corporation may become subject to liability for cave-ins, pollution or other hazards against which it cannot insure or against which it may elect not to insure because of high premium costs or for other reasons. The payment of any such liabilities would reduce the funds available for development and mining activities. Payment of liabilities for which the Corporation does not carry insurance may have a material adverse effect on the Corporation's financial position.

### ***Currency***

Currency fluctuations may materially affect the financial position and results of the Corporation. The Corporation does not intend to engage in currency hedging to offset currency fluctuations risks.

#### ***Governmental Regulation of the Mining Industry***

The mineral development or exploration activities of San Lorenzo are subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, and other matters. Mining and exploration activities are also subject to various laws and regulations relating to protection of the environment. Although the Corporation believes that its activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner that could limit or curtail production or development. Amendments to current laws and regulations governing the operations and activities of the Corporation or more stringent implementation thereof could have a material adverse effect on the business, financial condition, and results of operations.

### ***Exploration and Development Risks***

Resource exploration and development 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 deposits but also from finding deposits that, though present, are insufficient in quantity and quality to return a profit from production. The marketability of resources or reserves acquired or discovered by the Corporation may be affected by numerous factors which are beyond the control of the Corporation and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of facilities, commodity markets, processing equipment availability and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection, the combination of which factors may result in the Corporation not receiving an adequate return of investment capital.

There is no assurance that the Corporation's mineral exploration and development activities will result in any discoveries or acquisitions of commercial bodies of minerals. The long-term profitability of the Corporation's operations will in part be directly related to the costs and success of its development efforts which may be affected by a number of factors. Substantial expenditures are required to establish reserves through drilling and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery or acquisition of a deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis.

If the Corporation loses or abandons its interest in its properties, there is no assurance that it will be able to acquire another mineral property of merit or that such an acquisition would be approved by the Exchange. There is also no guarantee that the Exchange will approve the acquisition of any additional properties by the Corporation, whether by way of option or otherwise, should the Corporation wish to acquire any additional properties.

The business of exploration and development of minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines and there is no guarantee the Corporation's new projects will become producing mines.



## ***Insurance***

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected, or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. It is not always possible to fully insure against such risks and the Corporation may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of San Lorenzo.

## ***Permits and Licenses.***

The future operations of the Corporation may require permits from various governmental authorities and will be governed by laws and regulations governing prospecting, development, mining, production, export, taxes, labour standards, occupational health, waste disposal, land use, environmental protections, mine safety and other matters. There can be no guarantee that San Lorenzo will be able to obtain all necessary permits and approvals that may be required to undertake development activity or commence construction or operation of mine facilities on the Corporation's properties.

## ***Environmental Legislation***

Environmental laws and regulations may affect the operations of San Lorenzo. These laws and regulations set various standards regulating certain aspects of health and environmental quality. They provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are or were conducted. The permission to operate can be withdrawn temporarily where there is evidence of serious breaches of health and safety standards, or even permanently in the case of extreme breaches. Significant liabilities could be imposed for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of acquired properties or non-compliance with environmental laws or regulations. In all major developments, the Corporation generally relies on recognized designers and development contractors, from which the Corporation will, in the first instance, seek indemnities. The Corporation intends to minimize risks by taking steps to ensure compliance with environmental, health and safety laws and regulations and operating to applicable environmental standards.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions hereunder, 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, including the Corporation may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

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

## ***Title to Properties***

The acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral concessions may be disputed. Although the Corporation believes it has taken reasonable measures to ensure proper title to its properties, there is no guarantee that title to any of its properties will not be challenged or impaired. Third parties may have valid claims underlying portions of the Corporation's interests.

## ***Market Prices***

If the Corporation seeks to bring a property to production, the profitability of its operations will be dependent in part upon the market price of the minerals. Mineral prices fluctuate widely and are affected by numerous factors beyond the control of San Lorenzo. The level of interest rates, the rate of inflation, the world supply of and demand for mineral commodities, and exchange rate stability can all cause significant price fluctuations. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems, and political developments. The price of commodities has fluctuated widely in recent years, and future price declines could cause commercial production to be impracticable, thereby having a material adverse effect on the Corporation's business, financial condition, and results of operations.

### ***Competition***

The mining industry is intensely competitive in all of its phases and the Corporation will compete with many companies possessing greater financial and technical resources than itself. Competition in the mining industry is primarily for: mineral rich properties which can be developed and produced economically; the technical expertise to find, develop, and operate such properties; the labour to operate the properties; and the capital for the purpose of funding such properties. Many competitors not only explore for and mine minerals but conduct refining and marketing operations on a world-wide basis. Such competition may result in the Corporation being unable to acquire desired properties (due to the auction process involved in property acquisition), to recruit or retain qualified employees or to acquire the capital necessary to fund its operations and develop its properties. Existing or future competition in the mining industry could materially adversely affect the Corporation's prospects for mineral exploration and success in the future.

### ***Additional Financing***

The exploration and development of the Corporation's properties, including continuing exploration and development projects, and the construction of mining facilities and the commencement of mining operations, will require substantial additional financing. Failure to obtain sufficient financing will result in a delay or indefinite postponement of exploration development or production on any or all of the Corporation's properties or even a loss of a property interest. Sources of funds now available to the Corporation are limited and may include the sale of equity capital, properties, royalty interests, the entering into of future joint ventures and the exercise of outstanding options and warrants. Additional financing may not be available when needed or, even, if available, the terms of such financing might not be favourable to the Corporation and might involve substantial dilution to existing shareholders. Failure to raise capital when needed would have a material adverse effect on the Corporation's business, financial condition, and results of operations.

### ***Competition for Key Personnel***

The Corporation will be dependent upon the support and involvement of a number of key management personnel. The loss of the services of one or more of such personnel could have a material adverse effect on the Corporation. The Corporation's ability to manage its exploration and development activities and, hence, its success, will depend in large part on the efforts of these individuals. The Corporation faces intense competition for qualified personnel and there can be no assurance that the Corporation will be able to attract and retain such personnel.

### ***Ability to Manage Growth***

The size of the Corporation's business and assets is expected to grow in the coming years. In order to effectively deploy its capital and manage its growth, the Corporation will need to retain additional personnel and augment, improve, or replace existing systems and controls. As a result, there can be no assurances that the Corporation will be able to effectively manage its growth and, if it is unable to do so, its business, financial conditions and results could be adversely affected.

### ***Acquisition Risk***

As part of the Corporation's business strategy, it may seek to grow by acquiring businesses that it believes will complement its current business. The Corporation may not effectively select acquisition candidates or negotiate or finance acquisitions or integrate the acquired businesses and their personnel into its business. The Corporation cannot guarantee that it can complete any acquisition it pursues on favourable terms, or that any completed acquisitions will ultimately benefit its business and the results of operations of the Corporation. The risks inherent with acquisitions include the risks associated with the integration of acquired operations, diversion of management's attention and potential loss of key employees. The Corporation may not be able to successfully integrate products, technologies or personnel of a business acquired in the future. Failure could have a Material Adverse Effect on the business, financial condition and results of operations of the Corporation.

### ***Dividends***

To date, the Corporation has not paid any dividends on their outstanding shares and does not expect to do so in the foreseeable future. Any decision to pay dividends on the Corporation's Common Shares will be made by the Board of Directors of the Corporation on the basis of the Corporation's earnings, financial requirements, and other conditions.

## **Conflicts of Interest**

Certain of the directors and officers of the Corporation will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies and, as a result of these and other activities, such directors and officers of the Corporation may become subject to conflicts of interest. The Business Corporations Act (Alberta) ("ABCA") provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided under the ABCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the ABCA.

### *Other Risks*

The Corporation also faces a number of risk factors that are outside of its control, generally, including, without limitation, terrorist activities, natural disasters, general economic and other conditions.

## **SUBSEQUENT EVENT**

### **Credit Facility**

Subsequent to the period, a Debenture issued in 2023 to a director of the Corporation in the principal amount of \$500,000 (plus accrued interest) together with advances made subsequently by that director, were converted into a credit facility (the "Credit Facility"). The Credit Facility provides that the maximum amount that may be drawn is \$1,000,000, is secured by a general security agreement, and bears interest at a rate of 8% per annum...

Subject to TSX Venture Exchange approval, the Credit Facility will be convertible into common shares of the Corporation at a price of \$0.20 per common share for a period of 2 years. Conversion may be implemented by either the holder or by the Corporation provided that the Corporation may only force conversion if its common shares trade on the facilities of the TSX Venture Exchange at a volume-weighted average trading price for 20 days before conversion of no less than \$0.25 per common share. In the event of conversion into common shares, the common shares will be subject to a contractual hold period of 1 year from the date of issuance.

## **CORPORATE INFORMATION**

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