ALTALEY MINING CORPORATION

Management's Discussion and Analysis

For the three and six months ended June 30, 2021
Report dated: August 30, 2021

(Expressed in thousands of Canadian dollars)

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Altaley Mining Corporation (formerly Telson Mining Corporation), ("Altaley" or the "Company") has prepared this Management's Discussion and Analysis ("MD&A") as of June 30, 2021 and should be read in conjunction with the Company's audited consolidated financial statements and notes thereto for the year ended December 31, 2020. Unless otherwise stated, all financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") or ("GAAP") and all dollar amounts herein are presented in thousands of Canadian dollars unless stated otherwise. Unless otherwise stated and per share amounts, references to $ means thousands of Canadian dollars, US$ means United States dollars and MXN$ means Mexican pesos.

All information contained in this MD&A is current and has been approved by the Board of Directors of the Company as of August 30, 2021, unless otherwise stated. Additional information on the Company, is also available under the Company's profile at www.sedar.com and on the Company's website: www.Altaleymining.com.

The information in this MD&A contains "forward-looking information" that are subject to certain risks and uncertainties that could cause actual results to differ materially from those included in the forward-looking statements.

1.- Cautionary Note Regarding Forward-looking Information

Certain statements included in this MD&A may contain forward-looking statements that relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. These statements include, but are not limited to, statements concerning the future financial and operating performance of the Company and its search for resource properties; the future prices of natural resource based commodities; the estimation of reserves and resources; the realization of reserve estimates; timing of technical reports, scoping studies, and preliminary economic assessments; expected content of scoping studies and preliminary economic assessments; anticipated working-capital requirements; capital expenditures; costs and timing of future exploration; requirements for additional capital; government regulation of resource operations; environmental risks; title disputes or claims; and limitation of insurance coverage.

Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "proposes", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, but are not limited to, general business and economic uncertainties; exploration and resource extraction risks; uncertainties relating to surface rights; the actual results of current exploration activities; the outcome of negotiations; conclusions of economic evaluations and studies; future prices of natural resource based commodities; increased competition in the natural resource industry for properties, equipment and qualified personnel; risks associated with environmental compliance and permitting, including those created by changes in environmental legislation and regulation; the risk of arbitrary changes in law; title risks; and the risk of loss of key personnel.

The forward-looking statements contained herein are based on a number of assumptions that the Company believes are reasonable but may prove to be incorrect. These assumptions include, but are not limited to, assumptions that there is no material deterioration in general business and economic conditions; that there is no unanticipated fluctuation of interest rates and foreign exchange rates; that the supply and demand for natural resource based commodities develops as expected; that the Company receives regulatory approvals for its exploration projects on a timely basis; that the Company is able to obtain financing for its projects on reasonable terms; that the Company's reserve estimates are within reasonable bounds of accuracy and that the geological, operational and price assumptions upon which they are based are reasonable; and that the Company is able to hire the personnel needed to carry out its business plan.

The foregoing lists of factors and assumptions are not exhaustive. The reader should also consider carefully the matters discussed under the heading “Risks Factors and Uncertainties” elsewhere in this MD&A. Forward-looking statements contained herein are made as of the date hereof (or as of the date of a document incorporated herein by reference, as applicable). No obligation is undertaken to update publicly or otherwise revise any forward-looking statements or the foregoing lists of factors and assumptions, whether as a result of new information, future events or results or otherwise, except as required by law. Because forward-looking statements are inherently uncertain, readers should not place undue reliance on them. The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement.

2.- Company Profile and Business Overview

Altaley is a Canadian mining company listed on TSX Venture Exchange under the symbol “ATLY” and it is focused on the operation and development of mineral resource properties in North America. The Company owns and operates Campo Morado Mine (“Campo Morado”) in Guerrero state, Mexico and is also advancing its Tahuehueto mining project (“Tahuehueto”) towards production, which is in Durango state, Mexico.

The Company was incorporated on April 11, 1986, under the laws of British Columbia, Canada under the name of Samarkand Resources Corp., and most recently, on June 10, 2021, the Company changed its name to Altaley Mining Corporation.

The location of the Company’s mining properties are as follows:

Campo Morado Mine

Altaley owns 100% of the Campo Morado which includes an underground multi-metal mine with infrastructure, installations and equipment capable of processing 2,500 tonnes of ore per day, as well as six mining concessions occupying approximately 12,045 hectares located in the state of Guerrero, Mexico.

After the acquisition of Campo Morado, the Company restarted mining operations on a pre-production basis starting in October 2017. Effective May 15, 2018, the Company completed commissioning of Campo Morado mine and declared commercial production.

[On August 14, 2019, the Company curtailed operations at Campo Morado mine placing the mining project into care and maintenance as a result of declining zinc prices for a period of about five months. However, with increasing zinc prices and significant improvements in community relations the Company made the decision to bring the mine project out of care and maintenance and restarted operations during the last week of January 2020.] Nevertheless, on April 27, 2020, the Mexican Government proclaimed a national health emergency with an immediate suspension order of all "non-essential" public and private sector businesses, including mining, to mitigate the spread and transmission of the COVID-19 virus. As a result, Campo Morado temporarily suspended operations again during the months of April and May of 2020. Starting in June 2020, the Mexican Government deemed the mining industry to be an essential industry, resulting in the lifting of the temporary country wide mining industry shut down. Campo Morado re-commenced mining activities on June 3, 2020, following safety and health protocols approved by the Mexican Government.

Tahuehueto

Tahuehueto includes 28 mining concessions that total 7,492 hectares located in the northwest portion of the state of Durango Mexico, about 250 km northwest of Durango city, and 160 km northeast of the city of Culiacan, Sinaloa.

The most recent technical report published for Tahuehueto, a prefeasibility study and reserve/resource calculation, shows the project contains probable reserves of 3.3 million tonnes of grading 3.4 g/tonne gold, 41.8 g/tonne silver, 0.31% copper, 1.1% lead and 2.0% zinc. Furthermore, compliant resources inclusive with reserves, were calculated at Measured and Indicated (M&I) categories to 6.1 million tonnes grading 2.48 g/tonne gold, 42.8 g/tonne silver, 0.31% copper, 1.2% lead and 2.15% zinc plus Inferred Resources of 3.5 million tonnes grading 1.3 g/tonne gold, 37.5 g/tonne silver, 0.27% copper, 1.34% lead and 2.44% zinc.

Effective January 1, 2017, management determined that technical feasibility and commercial viability were established through the positive results associated with the pre-feasibility study completed for this project, therefore, the decision was taken to move the asset into a development stage asset under IFRS.

3.- Operating and Financial Performance Highlights – Three months ended June 30, 2021

- Mine operating profit during the quarter was $9,056 and total income of $7,568. Year to date mine operating profit of $14,245 and total income of $11,371
- Cash flow from operations before changes in non-cash working capital of $6,471
- Gross revenues of $24,489
- The Company processed 164,047 tonnes of ore (1,803 tonnes per day - “tpd”) grading 4.5% zinc, 0.34% copper, 129 g/t silver and 1.16 g/t gold
- The Company produced 11,812 tonnes of zinc concentrate and 2,648 of lead concentrate
- Approximately 11,854 tonnes of zinc and 2,668 tonnes of lead concentrates were sold with an average grade of 45% and 21% respectively
- Ore mined during the period was 182,455 tonnes of ore grading 4.20% zinc, 1.09% lead, 125 g/t silver and 1.12 g/t gold

Board Changes

On May 10, 2021, the Company announced a restructuring of its Board of Directors which included the following incoming Board members: David Rhodes, Natascha Kiernan, Mark Bailey and Tom Kelly, all independent Directors. In order to accommodate for this Board restructure, the Company also accepted the voluntary resignations as Board members of Rory Godinho, Enrique Margalef and Yao Sun.

(Expressed in thousands of Canadian dollars, unless otherwise stated and per share amounts)

4.- Overall Operations Performance

2021 Quarterly Operational Performance Results

The following table and subsequent discussion provide a summary of the operating performance of the Company for the three and six months ended June 30, 2021, and 2020.

	Three months ended June 30, 2021	Three months ended June 30, 2020	Six months ended June 30, 2021	Six months ended June 30, 2020
Operational				
Ore Processed	164,047	70,490	338,429	158,876
Zn concentrate produced (ton)	11,812	3,899	22,825	10,279
Average realized zinc price per tonne (US$)	$ 2,762	$ 1,921	$ 2,736	$ 1,919
Zn grade	46%	45%	46%	45%
Zn recovery	74%	69%	74%	70%
Pb concentrate produced (ton)	2,648	923	4,555	2,269
Average realized lead price per tonne (US$)	$ 1,995	$ 1,679	$ 1,999	$ 1,707
Pb grade	22%	20%	23.21	21%
Pb recovery	31%	30%	29%	31%
Cost Analysis				
C1 Cash Cost (US$/lb)	$ 0.48	$ 1.26	$ 0.60	$ 0.95
All-in Sustaining Cost (US$/lb)	$ 0.77	$ 2.17	$ 0.83	$ 1.44
Financial				
Gross revenues	$ 24,489	$ 6,608	$ 45,705	$ 14,335
Mine operating profit	$ 9,056	$ (756)	$ 14,245	$ (693)
Income (Loss) for the period	$ 7,568	$ (4,551)	$ 11,371	$ (6,321)
Cash	$ 8,908	$ 662	$ 8,908	$ 662
Working capital deficiency	$ (38,470)	$ (58,912)	$ (38,470)	$ (58,912)
Shareholders				
Basic earnings (loss) per share	$ 0.03	$ (0.03)	$ 0.05	$ (0.04)
Diluted earnings (loss) per share	$ 0.03	$ (0.03)	$ 0.04	$ (0.04)

Operational Performance Results

Campo Morado

Production and concentrate sales

During Q2-2021, Campo Morado produced 11,812 tonnes of zinc concentrate grading an average of 46% zinc, 2.13 g/t gold, 656 g/t silver and sold 11,854 tonnes of zinc concentrate generating Q2-2021 revenue from zinc concentrate of US$12.2 million. Additionally, produced 2,648 tonnes of lead concentrate grading an average of 22% lead, 2.11% copper, 6.27 g/t gold, 751 g/t silver and sold 2,668 tonnes generating Q2-2021 revenue from lead concentrate of US$1 million.

Approximately 182,455 tonnes of mineralized material were mined with average grades of 4.2% zinc, 1.09% lead, 125 g/t silver, 1.12 g/t gold achieving recoveries of 74% in zinc, 31.1% in lead, 11% in gold, and 23% in silver.

(Expressed in thousands of Canadian dollars, unless otherwise stated and per share amounts)

An estimated 164,047 tonnes of mineralized material were processed through the processing plant aching a C1 cash cost per lbs of US$0.48.

Tahuehueto

Pre-production during Q2-2021

There was no mining and/or ore processing during the three and six months ended June 30, 2021, and 2020.

5.- Quarterly Financial Performance Results

Three and six months ended June 30, 2021, and 2020

The following tables is a summary of the condensed interim consolidated statements of income (loss) and comprehensive income (loss) of the Company.

		Three months ended June 30,			Six months ended June 30,	
		2021	2020		2021	2020
Mine operating income	$	9,056	$ (756)	$	14,245	$ (693)
General expenses		(2,295)	(1,391)		(3,643)	(2,966)
Other expenses		807	(2,404)		769	(2,661)
Total Income (loss)		7,568	(4,551)		11,371	$ (6,320)
Income tax expense		–	1		–	1
Net income (loss) for the year		7,568	(4,552)		11,371	(6,321)
Foreign currency translation adjustment		(63)	3,672		17	3,853
Total comprehensive Income (loss) for the period	$	7,505	$ (880)	$	11,388	$ (2,468)

During Q2-2021, the Company reported a total mine operating income of $9,056, a total comprehensive income of $7,505 and basic and diluted earnings per share of $0.03, compared to a total loss of $756 and total comprehensive loss of $880 and basic and diluted loss per share of $0.03, for the three months ended June 30, 2020.

The overall performance of Campo Morado has improved quarter over quarter during the last eighteen months, this is the result of various initiatives to improve mining and ore production as well as other cost reductions initiatives. When comparing Q2-2021 and Q2-2020, mine production increased from 73,367 tonnes to 182,455 tonnes, plant production increased from 70,490 tonnes of ore processed to 163,668 tonnes in Q2-2021. This translates into an increase of tonnes of concentrates produced and sold, which contributed to the increase in mine profit and total income for the period. The following sections will describe this in more detail.

Mine operating income for the three and six months ended June 30, 2021, and 2020, is comprised of:

(Expressed in thousands of Canadian dollars, unless otherwise stated and per share amounts)

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Revenue				
Gross sales	$ 24,489	$ 6,608	$ 45,705	$ 14,335
Treatment and selling costs	(6,009)	(3,315)	(13,490)	(7,500)
	18,480	3,293	32,215	6,835
Cost of Sales				
Production cost	8,622	3,765	16,489	6,907
Royalties	568	98	1,019	231
Accretion of provision for site reclamation and closure	109	88	217	183
Depreciation and amortization	125	98	245	207
	9,424	4,049	17,970	7,528
Mine operating income	**$ 9,056**	**$ (756)**	**$ 14,245**	**$ (693)**

During Q2-2021, the Company generated revenues in the amount of $24,489 as a result of, selling an estimated 11,854 tonnes of zinc concentrate with an average of 46% zinc and 639 g/t silver at an average selling price of zinc per tonne of US$2,762 and US$26.6/oz of silver. The Company also sold about 2,668 tonnes of lead concentrate with an average of 22% lead, 723 g/t silver and 5.7 g/t gold at an average selling price per tonne of lead of US$1,995, US$26.7/oz silver and US$1,788/oz gold. Revenue was net of treatment charges and penalties in the amount of $8,868 and freight and selling costs in the amount of $4,622 reported during the current quarter.

Total cost of sales incurred during Q2-2021was $9,924, including production cost in the amount of $8,622, which represents direct costs attributable to the production of concentrates. It also includes royalties paid and/or payable to the Servicio Geologico Mexicano in the amount of $568, for a [2% and 3%] discovery royalty and accretion, and depreciation expenses of $109 and $125, respectively. Accretion charged to the cost of sales relates to the increase in the carrying amount of the provision for site reclamation and closure due to the passage of time by using a discounted cash flow approach and depreciation was recorded to recognize the declining value of the tangible assets due to its use based on the straight-line method of depreciation over the estimated life of the assets.

During the three months ended June 30, 2021, the Company processed 163,668 tonnes of mineral compared to approximately 70,490 tonnes of ore processed in the comparative period. The Company also mined about 182,455 tonnes of ore in Q2-2021 compared to 73,367 tonnes of ore during the comparative period. Other variables such as treatment and selling costs, production costs associated with the production of concentrates and royalties also increased accordingly on the same basis as production increased.

General and administration expenses for the three and six months ended June 30, 2021, and 2020 are comprised of:

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
General Expenses				
Consulting fees, wages and benefits	$ 526	$ 1,005	$ 1,108	$ 2,254
Legal and professional fees	256	96	348	131
Office, rent and administration	652	255	959	378
Amortization of right-of-use assets	22	12	27	55
Regulatory, transfer agent and shareholder information	16	5	19	21
Travel, promotion and investor relations	389	18	466	127
Share-based compensation	434	–	716	–
	$ 2,295	$ 1,391	$ 3,643	$ 2,966

(Expressed in thousands of Canadian dollars, unless otherwise stated and per share amounts)

During the Q2-2021, the Company incurred general expenses in the amount of $2,295, as compared to $1,391 incurred during Q2-2020. The net increase of $904 is mainly attributable to the following:

Share-based compensation recorded in the current period relates to stock options granted in February, March and May 2021, to certain directors, officers, employees and insiders of the Company for [an aggregate amount of 7,725,000 stock options] following the terms of the Company's stock option plan. These stock options are exercisable into one common share of the Company at an exercise price between $0.30 and $0.555per common share for a period of five years. The stock options granted vest as to one third on the date of the grant, one third after six months and one third on the first-year anniversary; this represents a total vesting period of 12 months.

Legal and professional fees increased by $160 in connection to extra legal fees incurred during the Q2-2021 as a result of more legal corporate activity in connection to the preparation and review of agreements related to the restructure of debt agreements with Escorfin, Nyrstar and Trafigura, and also to prepare and review loan agreement with Accendo Banco S.A. de C.V. ("Accendo") and Empress Royalty Corp., to provide the Company financing to complete the construction and ramp-up of Tahuehueto mining project.

Other (income) expenses for the three and six months ended June 30, 2021, and 2020 are comprised of:

	Three months ended June 30,		Six months ended June 30,	
	2021	**2020**	**2021**	**2020**
Other (income) expense:				
Interest income and other	$ (2)	$ 63	$ (213)	$ (366)
Accretion of provision for site reclamation and closure	8	8	15	16
Change in fair value of marketable securities	(56)	(326)	140	(467)
Interest expense and other	2,014	288	2,507	686
Other (income) expenses	(2,792)	–	(2,737)	–
Foreign exchange loss (gain)	21	2,371	(481)	2,792
	$ (807)	$ 2,404	$ (769)	$ 2,661

During Q2-2021, the Company incurred other income in the amount of $807, compared to other expenses of $2,404 incurred during Q2-2020. The total net decrease in the amount of $3,210 when compared to the previous year quarter is mainly attributable to: 1) during the current period the Company recorded within interest expense an amount of $1,597 which relates to a fair value change in the contingent liability in connection to the Nyrstar's variable purchase price; 2) the Company also recorded within other income the amount of $2,125 as a result of issuing 14,600,000 common shares to Nyrstar in order to settle the variable purchase price obligation under the Campo Morado share purchase agreement. The $2,125 income recorded represents the difference between the fair value of common shares issued at $2,920 and the $5,045 contingent consideration settled with Nyrstar; 3) a decrease of $2,350 attributable to fluctuations in foreign exchange. Foreign exchange variation is recorded in connection to fluctuations in exchange rates between the United States dollar, Mexican peso and Canadian dollar and the underlying assets or liability and the currency in which these are receivable or payable; and 4) the Company also recorded a reversal of an impairment previously recorded in connection to heavy equipment leased to Caterpillar which was subsequently impaired as the equipment was returned to Caterpillar []. During the current quarter, this equipment was reacquired by Campo Morado and this amount mainly represents the elimination of the lease liability.

(Expressed in thousands of Canadian dollars, unless otherwise stated and per share amounts)

Selected Quarterly Financial Information

	2021		2020				2019	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Gross revenues	$ 24,489	$ 21,216	$ 18,960	$ 11,148	$ 6,608	$ 7,727	$ 1,580	$ 1,068
Mine operating income (loss)	9,056	5,189	(260)	473	(756)	63	(3,156)	(233)
Net profit (loss)	7,568	3,802	(9,680)	4,377	(4,553)	(1,768)	(6,321)	(709)
Basic earnings (loss) per share	0.03	0.02	(0.06)	0.03	(0.03)	(0.01)	(0.17)	(0.02)
Diluted earnings (loss) per share	0.03	0.01	(0.06)	0.03	(0.03)	(0.01)	(0.17)	(0.02)
Cash	8,908	10,792	257	729	662	242	145	17
Total assets	69,207	64,125	52,924	52,862	50,766	52,355	51,234	71,220
Non-current liabilities	6,620	6,465	6,435	6,422	5,754	5,758	6,228	11,248
Deficiency	(903)	(12,316)	(26,711)	(23,493)	(25,078)	(24,531)	(24,132)	(194)
Working capital deficiency	(38,470)	(45,881)	(60,334)	(56,516)	(58,912)	(59,023)	(56,239)	(42,217)

Q1 and Q2 2021 continue to reflect the overall economic and operations improvements of the Company since the change of management on February 18, 2020. Since then, many operation and admin initiatives have been put in place resulting in improvements to the operations and all areas of the Company. Key indicators including mine and production rates, sales and other have significantly improved quarter over quarter which translates into higher revenues, lower costs and expenses and higher profits.

Cash flow results

The following table provides a summary of cash flows for the three and six months ended June 30, 2021, and 2020:

	Three months ended June 30,		Six months ended June 30,	
	2021	**2020**	**2021**	**2020**
Cash provided by (used in):				
Operating activities	$ 1,128	$ (5,394)	$ 2,198	$ (6,259)
Investing activities	(5,473)	(23)	(5,837)	(878)
Financing activities	2,862	401	12,674	1,513
Effect of foreign exchange rate changes on cash	(402)	5,533	(384)	6,141
Increase in cash during the period	**(1,885)**	**517**	**8,651**	**517**
Cash beginning of period	10,793	145	257	145
Cash end of period	**$ 8,908**	**$ 662**	**$ 8,908**	**$ 662**

As of June 30, 2021, the Company had a cash balance of $8,908 and a working capital deficiency of $38,470. Current liabilities at the same date are in the amount of $63,490, which have been incurred in connection with the acquisition and restart of Campo Morado mining project, the advancement of the Tahuehueto project into development and maintaining the Company's public listing.
During the period ended June 30, 2021, the Company generated net cash in operating activities in the amount of $1,128 compared to cash used in the amount of $5,394 during the same period of last year. The increase in cash is due to the increase in the total income for the period and changes in working capital items that used most of the available cash to pay for accumulated accounts payable and accrued liabilities.

The Company also used cash for $5,473 in investing activities during Q2-2021 compared to $(23) recorded during the period ended June 30, 2020. The $5,450 increase in investing activities was cash used in development asset additions to continue the advancement of its Tahuehueto project and add to its fixed assets.

During the current period, the Company generated $2,862 in financing activities comprised mainly of $499, due to proceeds from share purchase warrants and stock options exercised, and $2,479 received as the first advance payment from Empress Royalty Corp to recure the silver stream agreement. Current financing will mainly be used to ramp up development activities at the Tahuehueto project and general working capital purposes.

(Expressed in thousands of Canadian dollars, unless otherwise stated and per share amounts)

6.- Campo Morado Mine and Tahuehueto Mining Project

Campo Morado

Summary of NI 43-101 compliant Mineral Resources and Preliminary Economic Assessment, the "PEA"

The PEA Report was prepared by Eric Titley BSc, PGeo of Titley Consulting Ltd., William J. Lewis BSc, PGeo of Micon International Limited ("Micon"), Christopher Jacobs CEng, MIMMM of Micon, James W.G. Turner BSc(Hons) ACSM, MSc MCSM, MIMMM CEng of Micon and Eur Ing Bruce Pilcher CEng, FIMMM, FAusIMM (CP) of Micon.

Campo Morado PEA Highlights

Undiscounted cash flow before income and mining taxes of US$114M

- Pre-tax Net Present Value ("NPV") at an 8% discount rate of US$81M
- Undiscounted cash flow after income and mining taxes of US$91M
- After-tax NPV at a discount rate of 8% of US$65M
- Life of mine ("LOM") of 12 years, with 9.7 million tonnes of potential mill feed at an average grade of 4.33% zinc grade, 1.00% lead grade, 0.78% copper grade, 131.9 grams per tonne ("g/t") of silver and 1.71 grams per tonne ("g/t") of gold.
  Note – only potential mill feed resources located in close proximity to existing underground mine workings that are easily accessible with limited mine development are currently included in the PEA mine plan. There are additional measured and indicated resources of approximately 6.9 million tonnes available that could extend the projects LOM.
- Mining rate of 2,500 tonnes per day ("tpd")

Campo Morado Mine resources estimate with effective date as at November 5th, 2017:

Cut-off ZnEq (%)	ZnEq (%)	Tonnes	Au (g/t)	Ag (g/t)	Cu (%)	Pb %	Zn (%)
Measured							
3.0	6.94	17,004,000	1.34	91	0.73	0.67	3.17
4.0	7.87	13,412,000	1.49	104	0.76	0.78	3.71
5.5	**9.27**	**9,292,000**	**1.70**	**124**	**0.82**	**0.94**	**4.56**
7.0	10.71	6,318,000	1.88	143	0.87	1.11	5.44
Indicated							
3.0	5.78	16,848,000	1.25	85	0.68	0.61	2.25
4.0	6.62	12,324,000	1.42	99	0.72	0.73	2.68
5.5	**7.94**	**7,335,000**	**1.70**	**123**	**0.78**	**0.92**	**3.31**
7.0	9.32	4,086,000	1.96	151	0.86	1.12	3.94
Measured + Indicated							
3.0	6.36	33,852,000	1.29	88	0.70	0.64	2.71
4.0	7.27	25,736,000	1.46	102	0.74	0.76	3.22
5.5	**8.68**	**16,627,000**	**1.70**	**123**	**0.80**	**0.93**	**4.01**

(Expressed in thousands of Canadian dollars, unless otherwise stated and per share amounts)

7.0	10.16	10,404,000	1.91	146	0.87	1.11	4.85
Inferred							
3.0	5.03	3,316,000	0.98	76	0.52	0.58	2.10
4.0	5.85	2,152,000	1.11	90	0.55	0.71	2.54
5.5	**7.27**	**988,000**	**1.32**	**116**	**0.64**	**0.92**	**3.20**
7.0	8.75	416,000	1.52	148	0.76	1.10	3.78

Campo Morado Operations

Altaley purchased Campo Morado in September 2017 and during August 2017, Altaley commenced underground pre-production mining operations at Campo Morado. Mining development commenced within the El Largo Zone with mineralized mined development material transported and stockpiled at the mill site.

On August 14, 2019, the Company suspended mining operations at Campo Morado placing the mine into care and maintenance as a result of week zinc prices.

Altaley brought the mine out of care and maintenance and reinitiated mining and milling operations during late January 2020, subsequently during April and May 2020 the Company temporarily suspended operations as mandated by the Mexican Government for COVID-19 precautions, and re-initiated Mining operations September 4, 2020, after mining was declared an essential service in Mexico.

As of the date of this MD&A mining operations are continuing.

Management initiated an extensive metallurgical test work program to investigate technologies for potentially increasing both base metal recoveries and precious metal recoveries at Campo Morado, which, if successful, will enable Campo Morado to increase revenues and will create additional mine flexibility to target precious metal rich zones in times of reduced base metal pricing. This metallurgical test work program commenced during mid-July and is expected to be completed within four months during November 2021. Successful testing results from these technologies may also allow the Company to reprocess the existing tailings stored in the historic tailings facility to potentially recover a portion of the precious and base metals contained within the tailings.

- The company has engaged Maelgwyn Mineral Services Ltd ("MMS") of Cardiff, United Kingdom (https://www.maelgwyn.com) to investigate the potential for increased recoveries of gold, silver, zinc, lead and copper through MMS patented Imhoflot™ pneumatic flotation technology for concentrate flotation (https://www.maelgwyn.com/technology/pneumatic-flotation-imhoflot) and Leachox™ Process for forced oxidation and leach recovery of precious metals. (https://www.maelgwyn.com/leachox-process-for-flotation-concentrates).

- MMS has shipped an Imhoflot™ pneumatic flotation pilot plant to Campo Morado (Figure 1) and the pilot plant has initiated a 3-4-month extensive metallurgical testing program. Altaley will initially test the recoveries generated by the Imhoflot pilot plant to compare with the recoveries currently being realized within the mine's traditional mechanical flotation circuit.

-  

  Figure 1

  - Additional pilot plant testing will be conducted as follows.
  - Test the ability to make a gold rich pyrite concentrate which could be marketed for sale,
  - Fresh Imhoflot tailings material will be subjected to second phase testing with MMS patented Leachox Process. *See note below on 1st phase Leachox testing conducted in 2013.*
  - Historic tailing stored on site within the lower tailing's facility containing over 3.3 million tonnes of tailings, will be tested with both the Imhoflot Flotation and Leachox Process at micro fine grind levels to potentially recover both base metals and precious metals not originally recovered within the mine's traditional mechanical flotation cells.

- ABOUT 2013 1ST PHASE LEACHOX TESTING AT CAMPO MORADO

  - Previous First Phase Leachox testing was conducted very successfully on Campo Morado mineralization during 2013 by the mine's previous owner. (See the Company's press release dated April 1, 2019 where historic Leachox testing showed recovery increases up to 65% gold and 86% silver are possible at Campo Morado).
  - 2013 Leachox testing demonstrated that substantial increases in precious metal recoveries are available at Campo Morado using Maelgwyn Leachox Process. Very positive results were obtained in the 2013 testing of two separate mineralized zones where samples were submitted for testing to MMS. First phase Leachox testing returned recovery results of up to 65% gold and 75% silver at a grind size of 20 microns from the process tailings sample of the G9-Southwest Zone and recoveries of 45% gold and 81% silver at a grind of 40 microns were returned from the Reforma deposit sample. MMS's 2013 report stated, "It should be noted that the above test work was scouting test work only and higher recoveries would probably be achieved with optimization work". Campo Morado current recoveries using only mechanical flotation are approximately 20% for gold and 40% for silver.

- ABOUT THE LEACHBOX PROCESS:
  - The Leachox process is a partial sulphide oxidation process for the recovery of gold and silver from sulphide minerals. Depending upon the mineralogy, several processes are used, but central to the Leachox process is the Aachen shear reactor. In the leach process, it enhances the kinetics and reduces reagent consumptions (oxygen, cyanide, and lime) which otherwise can be prohibitive. The reactor is designed to introduce a high degree of shear which removes passivating films that reduce recovery.
  - *For more detailed technical information on the process, please visit the Maelgwyn website at:* https://www.maelgwyn.com/leachox-process-for-flotation-concentrates/

- ABOUT IMHOFLOT PNEUMATIC FLOTATION
  - Imhoflot pneumatic flotation technology has evolved through 25 years of industrial applications. This has led to the development of the patented Imhoflot G-Cell where centrifugal forces are used in the cell to quickly separate the phases after mineral collection and therefore considerably reducing the size of vessels required.
  - **Imhoflot is characterized by:**
  - High selectivity in terms of grade versus recovery relationship due to very small bubble sizes initially generated in the reactor and very high energy utilization in mineral collection
  - Efficient in also recovering small (<20μm) and coarse (>350μm) particles where tank flotation is inefficient
  - Small cell volumes and therefore small flotation plant footprint
  - No moving parts
  - Lower energy requirement as there is no rotor/stator required to keep the pulp in suspension

Altaley also intends to initiate metallurgical testing utilizing other potential recovery methods such as the Albion Process, Jamison and Woodgrove pneumatic flotation, bioleaching and the SART process to test the effectiveness of these technologies to improve recoveries from ongoing operations and potentially reprocessing the existing precious metal rich tailings stored within the historic Bajo Tailings Storage Facility.

During July 2021 the Campo Morado operations team completed work on the expansion of the Alto Tailings Storage Facility ("TSF"). This expansion work just completed provides and additional capacity of approximately 13 months. Additional future expansions of the TSF incorporated in the original TSF design can extend the TSF life by 4 years.

Tahuehueto Mining Project

NI 43–101 Compliant Pre-Feasibility Study

In January 2017, Altaley announced the results of a NI 43–101 compliant Prefeasibility Study (the "PFS") for Tahuehueto.

(Expressed in thousands of Canadian dollars, unless otherwise stated and per share amounts)

The PFS was prepared by Metal Mining Consultants Inc. based in Highlands Ranch, Colorado. The PFS was authored by Scott E. Wilson of MMC along with contributions from other industry experts. This PFS has been prepared in compliance with Form 43-101F1 (Technical Report) and Companion Policy 43-101CP. The effective date of the report is November 18, 2016.

The following summarizes the PFS.

The Tahuehueto is an advanced stage polymetallic project. The mineralization consists of epithermal Au-Ag veins and brecciated structures with lead, zinc and copper, located in the Durango State within the prolific Sierra Madre Mineral Belt which hosts a series of historic and producing mines and most of México´s active exploration and development projects.

From 1996 to the day of this PFS, Altaley and Real de la Bufa, S.A. de C.V., a Mexican subsidiary of Altaley, have conducted surface and underground sampling and mapping, drilled 248 holes totalling 47,276m into several mineralized bodies, and conducted metallurgical testing, as well as geophysics and other geological studies. The Project consists of 28 mining concessions that total 7,492.7889 ha.

Tahuehueto configuration evaluated in the PFS is an owner-operated 790 tpd underground mine that will utilize overhand cut and fill mining with conventional mining equipment in a blast/load/haul operation. Mill feed will be processed in a 550 tpd comminution circuit consisting of primary and secondary crushing, grinding in a single ball mill followed by three floatation circuits producing lead, copper, and zinc concentrates. The concentrates will be trucked from site for smelting and refining.

The highlights of this Pre-Feasibility Study report include:

- Post-tax Net Present Value (“NPV”), using an 8% discount rate of US$77M, with an internal rate of return (“IRR”) of 36% and a payback period of three years.
- Pre-tax NPV, using an 8% discount rate of US$138M with an IRR of 56%.
- Financial Analysis completed on base case metal price forecasts of US$0.87/lb for lead, US$0.92/lb for zinc, US$2.65/lb for copper, US$1,180/oz for gold and US$16.70/oz for silver.
- Metal Prices lower than 3-year averages.
- Average annual earnings before interest, taxes, depreciation, and amortization (“EBITDA”) of US$16.7M per year and US$352M over the life of the Project.
- Probable Mineral Reserves of 3.3 million tonnes, grading 3.4 g/t gold, 41.8 g/t silver, 0.31% copper, 1.1% lead and 2.0% zinc.
- 21-year mine life with average annual production of 16,100 oz of gold, 177,100 oz of silver, 900 k-lbs of copper, 3,200 k-lbs of lead and 5,600 k-lbs of zinc.

Pre-production capital costs of US$32.2M including US$17.2M surface site development including mill construction and US$14.9M of mining equipment and preliminary underground development.

The mineral resource has been limited to mineralized material that occurs within the mineralized blocks and which could be scheduled to be processed based on the defined cut-off grade. All other material was reported as non-mineralized material.

Table 1.1 Tahuehueto Measured, Indicated, and Inferred Mineral Resource Estimate cut-off grade of 2.5 g/t of gold equivalent (AuEq)

Classification	kTonnes	Au Grade (gpt)	Cont Au kOz	Ag Grade (gpt)	Cont Ag kOz	Cu Grade (%)	Cont Cu klbs	Pb Grade (%)	Cont Pb klbs	Zn Grade (%)	Cont Zn klbs
Total Measured	2,771	2.77	247	44.70	3,982	0.31	18,914	1.27	77,827	2.29	139,821
Total Indicated	3,343	2.23	240	41.26	4,435	0.30	22,466	1.15	84,455	2.04	155,687
Total Measured and Indicated	**6,114**	**2.48**	**487**	**42.82**	**8,417**	**0.31**	**41,380**	**1.20**	**162,282**	**2.15**	**295,508**
Total Inferred	3,501	1.31	147	37.59	4,230	0.27	20,469	1.34	103,080	2.44	188,409

Tahuehueto Bulk Sample and Pre-production Testing

On February 23, 2017, the Company announced that it had finalized the sale of lead and zinc concentrates produced from its industrial scale bulk sample collected from the El Creston zone during late 2016 and 2017, on its 100% owned Tahuehueto project.

The collection and processing of this industrial test provided proof of concept that the selective mining method utilized in the bulk sample collection to be employed at Tahuehueto in future mining operations resulted in industry-standard mining costs and metal recovery processes utilized at the sulphide flotation toll mill were very successful in producing saleable lead and zinc concentrates.

Tahuehueto Pre-production Program

Based upon the successful results of the above referenced industrial-scale bulk sample, Management initiated a program of pre-production during the Tahuehueto mine development and construction phase. Pre-production mining commenced early September 2017 and continued throughout 2018 and part of 2019. Management curtailed pre-production at Tahuehueto during Q3 2019.

Tahuehueto Pre-production operations during 2019, produced a total of 32,558 tonnes of ore.
During 2019, an estimated 12,316 tonnes of ore were shipped to the Atocha Toll Mill.

Mineral processing at the Atocha Toll mill processed 13,574 tonnes of ore producing,

- 436 tonnes of lead concentrate with average grades of 90.08 grams per tonne gold, 879 grams per tonne silver, 39% lead, and 4.80% copper.
- 547 tonnes of zinc concentrate with average grades of 12.23 grams per tonne gold, 158 grams per tonne silver, and 45% zinc.

Overall average metal recoveries achieved during the 2019 were 83.83% gold, 84.56% silver, 88.89% lead, 82.02% zinc, and 93.37 copper.

Underground Exploration

Tahuehueto underground development along the major mineralized structure, El Perdido, extended approximately 225 meters along strike to the north-east from the Level 12 access decline. The first 60 meters of this development was designed to prepare reserves identified by previous drilling for mining, however, the development drift was extended in continuous mineralization beyond known reserves/resources outlined by previous drilling and exposed an additional 165 meters of continuous mineralization beyond the known drilling. This development is effectively serving as both mine development and underground exploration and is adding new resources at Tahuehueto. Underground exploration drilling is planned to further explore this newly exposed mineralization within the El Perdido structure.

Channel sampling results from this newly exposed El Perdido mineralization are the subject of corporate news releases dated June 25, 2019 available on the Company’s web site and are verifying the continuity of mineralization along the El Perdido structure helping to prove managements assumption that the El Perdido Zone connects with the Santiago Zone on the same structure and if continuously mineralized will allow new exploration along approximately 800 meters of unexplored structure which could add significant additional resources to the project.

Mine Construction and Underground Development.

The Company initiated underground development work in November 2017. Underground development is estimated to be 90% complete to provide continuous ore feed for at least the first full year of production to the on-site processing facility under construction. Development included the Level 12 decline, the El Perdido development drift, El Creston development drift, the Haulage level portal, and the main access decline for Level 20 known as Ramp 540.

Altaley initiated construction activities on-site at Tahuehueto in 2018. In 2018 and 2019 construction was advanced to within an estimated 50-60% of completion. Hwever, as a result of reduced cash flows from the Company's Campo Morado operations, Altaley management curtailed, on a temporary basis, its construction efforts at Tahuehueto.

On February 23, 2021, the Company announced that it had executed a Letter of Intent with Accendo Banco S.A. de C.V., Empress Royalty Corp., & Endeavour Financial (the "Accendo Syndicate") to provide up to US$25 million of financing (collectively the "Financing") to complete the construction and ramp-up of Altaley's 100% owned Tahuehueto project The reader is referred to the Company's press release of February 23, 2021 available on the Company's website, www.Altaleymining.com.

On March 30, 2021, the Company announced that it had completed the first stage of the above referenced financing by closing a $10.1 million non brokered private placement. Proceeds from this private placement allowed the Company to reinitiate construction efforts at Tahuehueto. The reader is referred to the Company's press release of March 20, 2021, available on the Company's website.

On April 16, 2021, Altaley announced the execution of US$5 million silver stream agreement Empress Royalty Corp. and on July 22, 2021 Altaley announced a US$12 million loan facility agreement with Accendo Banco S.A. Institucion de Banca Multiple to complete the final part of its previously announced US$25 million Accendo Syndicate Funding plan providing a fully funded solution to complete the construction and ramp-up of AltaleyAltaley's 100% owned Tahuehueto Gold Mine project.

[Final construction costs are estimated at approximately US$13.5 million including a 15% contingency., The Company reinitiated construction at Tahuehueto on a limited basis in April 2021 using proceeds of the above referenced private placement and after closing the Accendo loan facility and Empress silver stream funding, ramped up construction efforts in anticipation of commencing production at half capacity of approximately 500 tonnes per day near the end of 2021 and completing construction in early 2022 to wrap up to full capacity of 1,000 tonnes per day.

As of the date of this Management Discussion construction efforts at Tahuehueto have advanced steadily with good progress being made in the assembly of the milling facility, camp construction being essentially complete, initiation construction of the tailing's storage facility, road access improvements, waterline and power generation plant planning completed and ready to initiate construction and finally, remaining underground mining development ready to initiate by the end of this year.

(Expressed in thousands of Canadian dollars, unless otherwise stated and per share amounts)

Mill Concentrate Filtration Area

Aerial View of Milling Facility

Mineral Properties and Development Assets

Effective January 1, 2017, the Company commenced capitalization of all direct costs related to the development of the Tahuehueto project to property, plant and equipment under IAS 16, as management determined the technical feasibility and commercial viability were established through the positive results associated with the pre-feasibility study, thereby moving it into a development stage asset under IFRS.

As at June 30, 2021, the Company capitalized the following acquisition and developments costs:

MINERAL INTEREST AND DEVELOPMENT ASSETS

		Tahuehueto
Balance as at December 31, 2020	**$**	**16,585**
Costs incurred:		
Freight and related costs		4
Depreciation capitalized		500
Assaying, data, and maps		1
Camp cost, equipment, and field supplies		474
Fuel and consumables		18
Supplies, lubricants and other		26
Project general and office expenses		237
Permitting, environmental and community costs		7
Salaries and wages		208
Share-based compensation		78
Travel and accommodation		14
Interest capitalized, net		886
Total additions for the year		2,453
Foreign currency movement		(453)
Balance, June 30, 2021	**$**	**18,585**

Qualified Person

The Qualified Person who has reviewed and approved all technical disclosure in this MD&A is Ralph Shearing, P. Geol, who is the Company's President, CEO and Director.

7.- Non-GAAP measures

The Company has included certain non-GAAP performance measures throughout this MD&A. These performance measures are employed by management to assess the Company's operating and financial performance and to assist in business decision-making. The Company believes that, in addition to conventional measures prepared in accordance with GAAP, certain investors and other stakeholders use this information to evaluate the Company's operating and financial performance; however, as explained elsewhere herein, these non-GAAP performance measures do not have any standardized meaning. Accordingly, these performance measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

C1 cash cost per pound of payable zinc

C1 cash costs per pound of payable zinc for the Campo Morado Mine operation are estimated by adding the total cost to produce concentrate (mining, milling, site general and administration), adding the cost of transporting concentrate to the point of sale, adding the cost of smelter treatment and refining charges, subtracting the by-product credits estimated from sales of lead, silver, gold and dividing by the pounds of payable zinc. By-product credits are calculated using the realized weighted average metal price, during the year.

All-in sustaining costs ("AISC")

The Company believes that AISC more fully defines the total costs associated with producing zinc. The Company calculates all-in sustaining costs as the sum of total cash costs (as described above), corporate general and administrative expense (net of stock-based compensation), reclamation cost accretion and amortization and sustaining capital, all divided by the zinc pounds produced to arrive at a per pound figure.

Other companies may calculate this measure differently as a result of differences in underlying principles and policies applied. Differences may also arise due to a different definition of sustaining versus growth capital.

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Non GAAP reconciliation				
Production payable Zinc (1,000 lb)	9,898	3,177	19,069	8,572
Production cost per financial statements (US$000)	$ 7,064	$ 2,709	$ 13,238	$ 5,046
Treatment and refining charges (US$000)	2,898	1,816	7,093	4,227
Freight (US$000)	1,995	568	3,711	1,269
By-product credits (US$000)	(7,184)	(1,096)	(12,634)	(2,359)
C1 cash cost (US$000)	$ 4,772	$ 3,997	$ 11,409	$ 8,183
C1 cash cost per payable pound of zinc (US$/lb)				
Production Cost	$ 0.71	$ 0.85	$ 0.69	$ 0.59
Treatment and refining charges	0.29	0.57	0.37	0.49
Freight	0.20	0.18	0.19	0.15
By-product credits – estimated	(0.73)	(0.35)	(0.66)	(0.28)
C1 cash cost per payable pound of zinc (US$/lb)	$ 0.48	$ 1.26	$ 0.60	$ 0.95
All-in Sustaining Costs				
C1 cash cost (US$000)	$ 4,772	$ 3,997	$ 11,409	$ 8,183
Depletion, Depreciation & Amortization (US$000)	101	70	196	152
Accretion (US$000)	89	63	174	134
Corporate Costs (US$000)	1,096	777	1,804	1,750
Royalties (US$000)	462	70	819	170
Capital Expenditure (sustaining) (US$000)	1,129	1,916	1,472	1,916
All-in Sustaining Costs (US$000)	$ 7,650	$ 6,894	$ 15,874	$ 12,304
AISC per payable pound of zinc (US$/lb)	$ 0.77	$ 2.17	$ 0.83	$ 1.44

Note: Amounts in the table above are presented in thousands of US dollars. These amounts were translated into US dollars using the average foreign exchange rate or the true US dollar amounts if available.

8.- Liquidity

The Company manages its capital structure and adjusts it, based on the funds available to the Company, in order to support the acquisition, development, exploration and evaluation of assets. The Board does not impose quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain the future development of the business.

The Company's principal business activity is the production of base metals and the acquisition, exploration and development of resource properties in Mexico, with a focus on the mine operation of Campo Morado and the development of Tahuehueto mine project. Effective May 16, 2018, the Company completed commissioning of Campo Morado mine and declared commercial production. On February 23, 2021, the Company executed a letter of intent with Accendo Banco S.A. de C.V., Empress Royalty Corp., & Endeavour Financial (the "Accendo Syndicate") to provide up to US$25 million of financing to complete the construction and ramp-up of Tahuehueto mining project, meet debt service obligations and working capital purposes. Notwithstanding, subsequent to completing the financing with the Accendo Syndicate and placing Tahuehueto into commercial production there can be no assurances that the Company will meet its production targets and that realized metal prices will be sufficient to cover the cost of operations. In addition, the business of mineral development involves a high degree of risk and there can be no assurance that the Company's current operations, including development programs, will result in profitable mining operations. The recoverability of the carrying value of mineral interests, and the Company's continued ongoing existence is dependent upon the preservation of its interest in the underlying properties, the achievement of profitable operations, the ability of the Company to raise additional sources of funding, and/or, alternatively, upon the Company's ability to dispose of some or all of its interests on an advantageous basis. These conditions may cast significant doubt upon the Company's ability to continue as a going concern. The Company has a working capital deficit as at June 30, 2021 of $38,470 and an accumulated deficit of $89,381. Current liabilities as of the same date are in the amount of $63,490, which have been incurred in connection with the acquisition and restart of Campo Morado mining project, the advancement of the Tahuehueto project into development and maintaining the Company's public listing in good standing. The condensed interim consolidated financial statements of the Company as at June 30, 2021, have been prepared on a going concern basis, which contemplates the realization of assets and the payment of liabilities in the ordinary course of business.

There are inherent risks to mining that may affect the Company's liquidity. The ability to generate revenue and positive cash flow will depend on the ability of the Company to meet its production targets, ship concentrates and realize economic commodity prices for zinc, lead, gold and silver. Exchange rates could also have a significant impact on the Company's profitability since some of its costs and expenses are denominated in currencies other than the US dollar.

The Company has received the following sources of capital:

Line of Credit

On July 22, 2016, the Company entered into an agreement with Estrategica Corporativa en Finanzas, S.A.P.I. de C.V. ("Escorfin"), for a line of credit for up to $9.6M (MXN$150 million) (the "LOC"). The funds drawn down under the LOC accrue interest at a rate of 15% per year, payable monthly after a grace period of 12 months. Interest generated during the grace period will be subsequently paid in 12 consecutive monthly instalments. Furthermore, the Company is required to pay back any cash disbursements in 24 equal consecutive monthly instalments following a 36-month grace period and no later than July 28, 2022. The Company may repay any outstanding balance of the LOC at any time without penalty. In case of default of any payment under the LOC, the Company will pay a moratorium interest rate of 30% per annum. The funds from the LOC are to be applied towards the Company's investment plan established in its completed Internal Scoping Study.

For the three months ended June 30, 2021, the Company has an outstanding balance of $4,362, it accrued interest in the amount of $143 and repaid principal and interest in the amount of $nil. The Company is also in default of its contractual obligations in respect to the line of credit which is therefore presented within current liabilities in the statement of financial position.

Effective July 1, 2021, the Company and Escorfin agreed to amend the LOC agreement. The outstanding balance including interest was capitalized and converted to United States dollars at current exchange rates. The main terms on the amended agreement are: 10% interest rate per annum, with a 36-month term of repayment and a 12-month grace period on both principal and interest. As consideration for the restructure of the line of credit, the Company has agreed to issue Escorfin, 500,000 bonus shares and 1,500,000 bonus warrants, with each bonus warrant exercisable within a period of two years at a price of $0.475

Due to Nyrstar Mining Ltd

As at June 30, 2021, the Company has a balance owing of $10,628, which includes accrued interest of $373 for the period and interest paid of $nil.

On June 13, 2017, the Company acquired Campo Morado Mine for a total purchase price of US$20 million as follows: 1) US$0.8 million at signing of the agreement (paid), 2) US$2.7 million on or before September 12, 2017 (paid), and 3) US$16.5 million on or before June 13, 2018 (US$11 million paid).

On June 12, 2018, the Company renegotiated the terms for the remaining US$8.5 million balance of the Campo Morado Mine acquisition and entered into a loan agreement with Nyrstar Mining Ltd. ("Nyrstar"). Subsequently, on November 19, 2018, the Company amended the terms of the loan agreement to mainly reduce the monthly principal repayment from US$1.0 million to US$0.5 million, which also effectively extended the repayment period. The main terms of the amended loan agreement are as follows:

- Monthly principal repayment of US$0.5 million, plus
- A fixed interest rate of 10% per annum, plus

- Along with the monthly principal repayments and interest mentioned above, the Company will also pay:
  - 70% of any monthly free cash flow generated by Altaley; plus, any monthly excess cash balance above US$0.5 million; plus
  - 50% of the monthly free cash flow generated by Altaley on the Tahuehueto Project once Altaley declares commercial production.

On October 11, 2019, the Company received a formal notice of default in regards to the Campo Morado Loan Agreement. As a result, the Company is required within five business days from the date of the default notice letter to pay all amounts currently due and payable under the loan agreement. The Company was not able to make payments as requested in the notice of default.

During June 20, 2020, the Company entered into a letter agreement (the "Nyrstar Letter Agreement") with Nyrstar in which Nyrstar has provided Altaley a conditional waiver to Altaley's default status of the Campo Morado Loan Agreement.

Under the terms of the Nyrstar Letter Agreement, Altaley acknowledges that it is in default of its obligations under the Nyrstar Loan Agreement and as an inducement for Nyrstar to enter into the Nyrstar Letter Agreement granting the waivers, Altaley, with Trafigura's consent, has agreed to accept Nyrstar into the Trust Agreement (the "Trust"), thereby granting full security to Nyrstar, subordinate to Trafigura, and new secured lender(s) that may provide debt funding that fund the final Tahuehueto mine construction costs.

Effective April 13, 2021, the Company exercised its option to settle the US$4 million VPP obligation under the Campo Morado Agreement. As consideration, it was agreed that the obligation was settled with 14,600,000 common shares of Altaley valued at $0.345 per common share. The Company recorded a gain of $2,125 which represents the difference between the fair value of common shares issued at $2,920 and the $5,045 contingent consideration settled with Nyrstar.

Effective June 17, 2021, the Company and Nyrstar agreed to amend the loan agreement with the following terms: the Company will repay the interest owing, a portion of the principal and the incurred VPP for a total of US$3.2 million (Interest owing and incurred VPP on the amount of US$ 3.1 million were recognized as Interest expense and others) payable upon the execution and funding of the Accendo loan. The remaining outstanding balance will be paid in twenty-six equal monthly instalments and the interest rate on the loan is 10% per annum.

The above loan amendment was subject to Altaley closing on the US$12 million Accendo loan which was subsequently executed on July 1, 2021, with fist funding received on July 19, 2021.

Loan Facilities

On September 11, 2017, the Company entered into a loan agreement ("Loan Agreement Campo") with Trafigura in the amount of US$5 million for financing working capital to initiate the restart of continuous mining operations at the Campo Morado mining facility. The loan bears interest at an effective annual rate equivalent to LIBOR (3 month) plus 5%, it has a three-year term with nine months grace period followed by thirty monthly repayments. In connection to the loan agreement the Company also entered into an Offtake agreement with Minas de Campo Morado, S.A. de C.V., ("Offtake Agreement Campo") in which the Company will sell all its zinc and lead concentrates for a fifty-one-month term starting October 2017.

As at June 30, 2021, the Company has a balance owing of $5,015 which includes accrued interest of $130 incurred during the current period.

On December 7, 2017, the Company entered into a loan agreement ("Loan Agreement Real") with Trafigura in the amount of US$15 million for financing working capital, rehabilitation, and operation of the Tahuehueto mining project. The Loan Facility is available in three tranches, the first tranche equivalent to US$7.5 million was received upon signing of the agreement. The second tranche equal to US$5 million was received on November 6, 2018. The third tranche for US$2.5 million was available in nine months after the signing of the agreement but shall not pass nine months after the signing of the agreement subject to securing additional funding of US$2.5 million in the form of equity and/or a loan and at least US$2 million of these funds are invested on capital expenditures. The loan bears interest at an effective annual rate equivalent to LIBOR (1 year) plus 6%, it has a three-year term with a twelve-month grace period followed by twenty-four repayments. In connection to the loan agreement the Company also entered into an Offtake agreement with Real de la Bufa, S.A. de C.V., ("Offtake Agreement Real") in which the Company will sell all its zinc and lead concentrates for a ninety-month term, starting January 2018.

As at June 30, 2021, the Company has a balance owing of $18,629 which includes accrued interest of $573 for the current period.

On March 26, 2020, the Company entered into a letter agreement (the "Letter Agreement") with Trafigura which defines the terms under which Trafigura will provide Altaley a waiver to certain terms of the loan agreements entered into between the companies.

Under the terms of the Letter Agreement, Altaley acknowledges that it is in default of its loan obligations under two loan agreements entered into between Trafigura and Altaley as follows:

1) Loan Agreement Campo and,
2) Loan Agreement Real.

Together (the "Loan Agreements")

Material Terms of the Letter Agreement are as follows:

1) Trafigura has provided their approval and consent to allow Altaley to avoid a cause for default by granting Altaley a waiver, forgoing defaults under the Loan Agreements, and deferring interests and principal payments until June 30, 2021. Subsequent on July 1, 2021, with the execution of the loan agreement with Accendo, the Trafigura Loan Agreements were effectively restructured removing any default on these loans.
2) This waiver also eliminates the Loan Agreements restriction on Altaley for disposition of assets, if necessary, to generate cash to allow Altaley to repay its loan obligations to Trafigura.
3) Trafigura agrees to restructure the entire loan debt obligation under terms and conditions to be negotiated on good faith by both parties based on market conditions and updated cash flow projections which confirm the projects financial viability, if
    a. the Tahuehueto Project is ramped up or,
    b. Altaley successfully raises funding in sufficient amounts to fully fund the final construction and ramp up of the Tahuehueto Project, which funding amount and requirements for effective ramp up, to be independently verified by a mutually acceptable independent engineering consultant.
    c. And subject to the fulfilment of the milestones outlined in section 7 below.
4) Altaley agrees to undertake to conduct a process to market assets for potential sale (the "Transaction") in amounts to repay its loan obligations to Trafigura.
5) Altaley will transfer all its assets in the Campo Morado Project and its assets in the Tahuehueto Project to a trustee of the Trust Agreement (the "Trust") in order to secure the full repayment of the Loan Agreements. Should Altaley repay the total debt due to Trafigura under the Loan Agreements, the Trust will be terminated, and all assets held within the Trust will return to Altaley.
6) Altaley undertakes to make every effort to,

   a. Raise funding to repay the full amount of the Loan Agreements and at the same time to,

   b. Progress the Transaction and should Altaley not obtain sufficient funding to repay the Loan Agreements debt before June 30, 2021, Altaley intends to perform the sale of one or more of its project assets, to generate sufficient funds to repay the Loan Agreements.

7) Milestones - Altaley will take all reasonable commercial efforts to advance the Transaction, adhering to the time schedule outlined below and will provide Trafigura evidence that this process is advancing to the following schedule.

   a. Before December 31, 2020, Altaley shall have received at least three (3) letters of intent from potential buyers regarding the Transaction.

   b. Before March 31, 2021, Altaley shall have received at least three (3) binding offers from potential buyers regarding the Transaction.

   c. It is recognized that a breach of the Letter Agreement shall not have occurred should Altaley fail to receive the letters of intent and binding offers as contemplated in the above sections as a result of market conditions which fail to generate bona fide interest in the purchase of the assets so long as Altaley has in good faith made all commercially reasonable efforts to advance the Transaction and can provide evidence of such efforts.

   d. No later than June 30, 2021, the corresponding sales and purchase agreement shall be executed between Altaley and the relevant purchaser if Altaley has not either, repaid its loan debt obligations or satisfied the conditions outlined within section 3 above.

8) In partial consideration of the waiver granted by Trafigura, Altaley issued to Trafigura 12,000,000 share purchase warrants exercisable into one common share of the Company for each warrant at an exercise price of $0.175 per share over a term of 36 months. If any of the Campo Morado Project or the Tahuehueto Project are sold and Altaley repays its total debt under the Loan Agreements within the timeline proposed the share purchase warrants will expire and thereby be cancelled.

On November 12, 2020, the Company executed the Trust with Trafigura as mandated under the terms of the Waiver Agreement. Then, in December 2020, the Trust agreement was amended to include Nyrstar and Escorfin as beneficiaries to the Trust. Later on, July 1, 2021, Accendo was also added as beneficiary.

Subsequently, on February 23, 2021, the Company, has executed a letter of intent with Accendo Banco S.A. de C.V., Empress Royalty Corp., & Endeavour Financial (the “Accendo Syndicate”) to provide up to US$25 million of financing (collectively the “Financing”) to complete the construction and ramp-up of Tahuehueto mining project, meet debt service obligations and working capital purposes. Also, Altaley, the Accendo Syndicate and Trafigura have executed a memorandum of understanding (“MOU”) that provides a non-binding framework with terms to be used by the parties to negotiate the potential entry into the definitive agreements of the proposed transactions including, the potential restructuring of Altaley’s debt obligations to Trafigura and Nyrstar.

Effective June 17, 2021, the Company and Trafigura agreed to amend the Loan Agreement Campo and Loan Agreement Real with the main following terms:

- Loan Agreement Campo – The Company will capitalize the interest owing up the end of May 2021 and will continue to capitalize the interest until May 2022, subsequently the Company will pay the interest until the end of the agreement in September 2023. The balance owing of the loan will be repaid in twenty-six equal monthly installments starting in August 2021 with no change to the interest rate.

- Loan Agreement Real – The Company will capitalize the interest owing up the end of May 2021 and will start paying interest in June 2021. The balance owing of the loan will be repaid in thirty-two equal monthly installments starting in February 2022 with no change to the interest rate.

The above loan amendments were effective subject to Altaley closing on the US$12 million Accendo loan which was subsequently executed on July 1, 2021, with first funding received on July 19, 2021.

Accendo Loan

On June 16, 2020, the Company signed a term sheet with Accendo Banco, S.A. Insititucion de Banca Multiple ("Accendo") whereby Accendo will, subject to final due diligence, provide Altaley with a US$12 million Medium Term Loan Facility ("MTLF") for the purpose of funding construction at Altaley's Tahuehueto mining project and general working capital purposes.

The main terms and conditions of Accendo's MTLF are as follows:

- Loan facility amount - US$12 million
- Repayment term - 4 years including a one-year grace period on principal
- Repayable in 36 equal monthly payments starting 12 months after closing
- Interest rate of 13.5% per annum
- Secured by second ranking security interest over all assets of the Company
- An arrangement fee of 2.5% of the facility amount payable from the proceeds upon first draw down at the closing
- An origination fee of 2.5% of the facility amount payable from the proceeds upon first draw down at the closing
- Altaley to issue 15 million bonus warrants at an exercise price of $0.09 per share for a period of 48 months. The bonus warrants are to be issued in lieu of a work fee but subject to cancelation if the loan facility does not close.

Accendo advanced the Company US$500,000 and as at June 30, 2021, the Company has a balance owing of $620 which includes accrued interest of $43 incurred during the current period and has paid $63 in interest.

On July 1, 2021, the Company and Accendo executed the MTLF with first funding received on July 19, 2021, in the amount of US$3.2 million.

Right of use assets and right of use liabilities

The continuity of right of use liabilities for the three and six months ended June 30, 2021, and the year ended December 31, 2020, are as follows:

(Expressed in thousands of Canadian dollars, unless otherwise stated and per share amounts)

		Amount
Balance lease liabilities, December 31, 2019	$	1,927
New leases		303
Cancelation of leases		(160)
Lease payments		(359)
Interest expense		102
Interest paid		(102)
Foreign exchange adjustment		(90)
Balance lease liabilities, December 31, 2020	**$**	**1,621**
Lease payments		(184)
Cancelation of leases		(739)
Interest expense		37
Interest paid		(37)
Foreign exchange adjustment		(36)
Balance, June 30, 2021	**$**	**662**

9.- Capital resources

Common shares issued

Period ended June 30, 2021

i. On March 30, 2021, the Company closed a non-brokered private placement for gross proceeds of $10,080. The Company issued 50,400,000 units (each, a “Unit”) of the Company at a price of $0.20 per Unit for aggregate gross proceeds of $10,080. Each Unit is comprised of one common share (a “Common Share”) and one-half of one common share purchase warrant (each whole such warrant, a “Warrant”). Each Warrant entitles the holder thereof to purchase one additional Common Share of the Company at a price of $0.30 per Common Share within twenty-four months from March 29, 2021 (the “Closing Date”). All securities issued under the private placement are subject to a hold period expiring four months and one day after the Closing Date.

   Escorfin, a related party, acquired 500,000 Units.

   In connection with the above private placement, the Company incurred in $478 as finders’ fees.

ii. During the period ended June 30, 2021, the Company issued 2,973,335 common shares for gross proceeds of $398 in connection with stock options exercised. The fair value of the options exercised was $398 and was transferred from the equity reserves and recorded against share capital.

iii. During the period ended June 30, 2021, the Company issued 2,052,500 common shares for gross proceeds of $478 in connection with share purchase warrants exercised. There was no fair value allocated these share purchase warrants.

Period ended June 30, 2020

i. On February 4, 2020, the Company closed the first tranche of a non-brokered private placement offering, whereby gross proceeds of $1,946 were raised by the issuance of 19,458,442 units (each, a “Unit”) at a price of $0.10 per Unit. Each Unit is comprised of one common share and one half of one whole transferable share purchase warrant. Each whole share purchase warrant entitles the holder thereof to purchase one additional common share of the Company at $0.25 within twenty-four months from closing. The fair value of the warrants is $10.

(Expressed in thousands of Canadian dollars, unless otherwise stated and per share amounts)

Escorfin, a related party, acquired 5,853,796 Units.

ii. On May 27, 2020, the Company closed the second and final tranche of a non-brokered private placement offering, whereby gross proceeds of $197 were raised by the issuance of 1,965,990 units at a price of $0.10 per unit. Each unit is comprised of one common share and one half of one whole transferable share purchase warrant. Each whole share purchase warrant entitles the holder thereof to purchase one additional common share of the Company at $0.25 within twenty-four months from closing.

Escorfin, a related party, acquired 1,412,400 units.

In connection with the above private placement, the Company issued 361,239 units as finders' fees. Each unit is comprised of one common share and one half of one whole transferable share purchase warrant. Each whole share purchase warrant entitles the holder thereof to purchase one additional common share of the Company at $0.25 within twenty-four months from closing. The finders' warrants were recorded at a fair value of $6.

Other sources of funds

As at June 30, 2021, the other sources of funds potentially available to the Company are through the exercise of outstanding stock options and share purchase warrants with terms as follows:

Stock options outstanding are as follows:

	Outstanding			Exercisable
Expiry date	**Number of options**	**Exercise price**	**Remaining contractual life (years)**	**Number of options**
November 11, 2022	695,000	$ 0.71	1.37	695,000
November 11, 2022	1,308,333	0.30	1.37	1,308,333
April 16, 2023	400,000	0.30	1.79	400,000
August 6, 2025	100,000	0.16	4.10	66,667
January 29, 2025	200,000	0.20	3.59	66,667
February 8, 2025	250,000	0.20	3.61	83,333
February 2, 2023	300,000	0.30	1.59	100,000
February 25, 2026	5,350,000	0.30	4.66	1,783,333
March 16, 2023	300,000	0.30	1.71	300,000
May 19, 2026	2,000,000	0.45	4.89	666,667
May 11, 2026	75,000	0.46	4.87	25,000
Outstanding, June 30, 2021	**10,978,333**			**5,495,000**

Share purchase warrants outstanding are as follows:

(Expressed in thousands of Canadian dollars, unless otherwise stated and per share amounts)

Outstanding				
Expiry date	Granted	Exercise price		Remaining contractual life (years)
February 4, 2022	8,029,221	$	0.25	0.6
May 27, 2022	1,163,615		0.25	0.9
July 9, 2022	6,645,573		0.15	1.0
June 30, 2024	25,200,000		0.30	3.0
October 16, 2023	12,000,000		0.18	2.3
June 30, 2024	15,000,000		0.09	3.0
	68,038,409	**$**	**0.21**	**2.4**

In the future, the Company may have capital requirements in excess of its currently available resources and may be required to seek additional financing. There can be no assurance that the Company will have sufficient financing to meet its future capital requirements or that additional financing will be available on terms acceptable to the Company in the future.

10.- Off-balance sheet arrangements

The Company does not utilize off-balance sheet arrangements.

11.- Transactions between related parties

The Company's related parties consist of the Company's directors, officers and companies associated with them including the following:

- Estrategica Corporativa en Finanzas, S.A.P.I. DE C.V. (“Escorfin”) with Roberto Guzman as a Director in common.

All transactions with related parties have occurred in the normal course of operations and are measured at their fair value as determined by management.

a) Compensation of key management personnel

Key management personnel include members of the Board of Directors and officers of the Company. The net aggregate compensation paid, or payable and related party transactions are shown as follows:

	Three months ended June 30,				Six months ended June 30,			
		2021		2020		2021		2020
Short-term benefits	$	217	$	232	$	357	$	142
Share-based compensation		179		-		401		-
	$	396	$	232	$	758	$	142

b) Related party balances:

As at June 30, 2021, directors and officers or their related companies were owed $150 (December 31, 2020 – $615) included in accounts payable and accrued liabilities mainly in respect to reimbursement of expenses and labour obligations. These amounts are unsecured, non-interest bearing and have no specific terms of settlement.

a) Estrategica Corporativa en Finanzas, S.A.P.I. DE C.V. (“Escorfin”)

(Expressed in thousands of Canadian dollars, unless otherwise stated and per share amounts)

Effective November 6, 2018, the Company appointed Roberto Guzman to the Board of Directors. Roberto is also the president, director and shareholder of Escorfin. Escorfin is a private equity fund that specialize in real estate development, energy innovations, and tourism investment in Mexico.

The following summarizes the transactions and balances owing to Escorfin as at June 30, 2021:

		June 30, 2021		December 31, 2020
Debt current portion	$	4,362	$	4,127
Debt long term portion		-		-
Balance	**$**	**4,362**	**$**	**4,127**

During the three and six months ended June 30, 2021, the Company incurred interest in the amount of $144 and $249 respectively of which $nil was paid for both periods.

During the three and six months ended June 30, 2020, the Company incurred interest in the amount of $103 and $216 respectively of which $nil was paid for both periods.

Escorfin acquired the following Units in the private placement:

March 30, 2021, private placement 500,000 Units and February 4, 2020 – 5,853,796 Units.

12.- Subsequent events

a) On July 1, 2021, the Company and Accendo executed the MTLF with first funding received on July 19, 2021, in the amount of US$3.2 million and second funding on August 23, 2021, in the amount of US$2.5 million.

b) On July 1, 2021, the Company and Escorfin agreed to restructure the LOC agreement. The outstanding balance including interest was capitalized and converted to United States dollars at current exchange rates. The main terms on the amended agreement are: 10% interest rate per annum, with a 36-month term of repayment and a 12-month grace period on both principal and interest. As consideration for the restructure of the line of credit, the Company has agreed to issue Escorfin, 500,000 bonus shares and 1,500,000 bonus warrants, with each bonus warrant exercisable within a period of two years at a price of C$0.475.

c) On June 17, 2021, the Company and Trafigura agreed to amend the Loan Agreement Campo and Loan Agreement Real which became effective July 1, 2021, as they were subject to Altaley closing on the US$12 million Accendo MTLF loan. The main terms of the amendments are:

- Loan Agreement Campo – The Company will capitalize the interest owing up the end of May 2021 and will continue to capitalize the interest until May 2022, subsequently the Company will pay the interest until the end of the agreement in September 2023. The balance owing of the loan will be repaid in twenty-six equal monthly installments starting in August 2021 with no change to the interest rate.

- Loan Agreement Real – The Company will capitalize the interest owing up the end of May 2021 and will start paying interest in June 2021. The balance owing of the loan will be repaid in thirty-two equal monthly installments starting in February 2022 with no change to the interest rate.

d) On June 17, 2021, the Company and Nyrstar agreed to amend the Campo Morado Loan Agreement which became effective July 1, 2021. as it was subject to Altaley closing on the US$12 million Accendo MTLF loan. The main terms of the amendments are: the Company will repay the interest owing, a portion of the principal and the incurred VPP for a total of US$3.2 million payable upon the execution and funding of the Accendo loan. The remaining outstanding balance will be paid in twenty-six equal monthly installments and the interest rate on the loan is 10% per annum.

On July 21, 2021, the Company repaid the US$3.2 million mentioned above.

e) On July 22, 2021, the Company received the last advance payment in the amount of US$3 million from Empress as part of the Empress Royalty Agreement.

f) On August 9, 2021, the Company granted 100,000 incentive stock options to a recently hire employee with the terms of the Company's stock option plan. These stock options are exercisable into one common share of the Company at an exercise price of $0.53 per common share and for a period of five years. The stock options granted vest as to one third on the date of the grant, one third after six months and one third on the first-year anniversary; this represents a total vesting period of 12 months.

13.- Proposed transaction

Please refer to debt restructuring under section 8 – Liquidity

14.- Accounting policies and critical accounting estimates and judgements

Full disclosure of the Company's accounting policies and significant accounting estimates and judgments in accordance with IFRS can be found in note 2 and 3 of its audited consolidated financial statements as at December 31, 2020.

15.- Financial Instruments

As at June 30, 2020, the Company's financial instruments consist of cash, marketable securities, amounts receivable, accounts payable and accrued liabilities, obligation under share purchase obligation, current portion of the long-term debt, Empress royalty stream and Nyrstar Mining, Ltd. The fair values of these financial instruments approximate their carrying values due to their short-term to maturity. Marketable securities are classified as level one and recorded at fair value using quoted market prices. The fair value of the long-term debt has been determined based on Level 1 of the fair value hierarchy and approximates their carrying values as the cost of the long-term debt is consistent with market rates.

The Company's financial instruments are exposed to certain financial risks including, credit risk, liquidity risk, foreign currency risks, interest rate risk, commodity and equity price risk and capital risk management. Details of each risk are laid out in the notes to the Company's consolidated financial statements.

16.- Other requirements

Outstanding share data

Authorized: Unlimited number of common shares
Number of common shares issued and outstanding as at December 31, 2020: 182,766,619
Number of common shares issued and outstanding as at August 30, 2021: 254,342,454

Stock options as at August 30, 2021:

(Expressed in thousands of Canadian dollars, unless otherwise stated and per share amounts)

	Outstanding			Exercisable
Expiry date	**Number of options**	**Exercise price**	**Remaining contractual life (years)**	**Number of options**
November 11, 2022	1,883,333	$ 0.71	1.21	1,883,333
April 16, 2023	400,000	$ 0.77	1.64	400,000
August 6, 2025	100,000	$ 0.16	3.95	100,000
January 29, 2025	200,000	$ 0.20	3.43	132,000
February 8, 2025	250,000	$ 0.20	3.45	165,000
February 2, 2023	300,000	$ 0.30	1.44	198,000
February 25, 2026	5,250,000	$ 0.30	4.50	3,465,000
March 16, 2023	300,000	$ 0.30	1.55	300,000
May 19, 2026	2,000,000	$ 0.45	4.73	660,000
May 11, 2026	75,000	$ 0.46	4.71	24,750
August 9, 2026	100,000	$ 0.53	4.95	33,000
Outstanding	**10,858,333**			**7,361,083**

Share purchase warrants outstanding as at August 30, 2021:

	Outstanding		
Expiry date	**Granted**	**Exercise price**	**Remaining contractual life (years)**
February 4, 2022	8,029,221	$ 0.25	0.4
May 27, 2022	1,163,615	0.25	0.7
July 9, 2022	6,645,573	0.15	0.9
June 30, 2024	25,150,000	0.30	2.8
October 16, 2023	12,000,000	0.18	2.1
June 30, 2024	15,000,000	0.09	2.8
October 23, 2023	1,500,000	0.48	2.2
	69,488,409	**$ 0.22**	**2.2**

17.- Disclosure Controls and Procedures and Internal Controls over Financial Reporting

Disclosure controls and procedures are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized, and reported within the time periods specified by securities regulations and that the information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2021, and 2020, and this accompanying MD&A (together, the "Interim Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information, the reader should refer to the Venture Issuer Basic Certificates filed by the Company on SEDAR at www.sedar.com.