

**Oroco Resource Corp.**  
**Management Discussion and Analysis**  
**For the nine months ended February 28, 2023**  
**Dated as of May 1, 2023**

*This Management Discussion and Analysis has been prepared as of May 1, 2023 and should be read in conjunction with the Company's condensed interim consolidated financial statements and related notes for the nine months ended February 28, 2023 and the audited consolidated financial statements and related notes thereto for the year ended May 31, 2022 (the "Financial Statements"). Those financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. All amounts in the financial statements and in this discussion and analysis are expressed in Canadian dollars, unless otherwise indicated.*

## **FORWARD LOOKING INFORMATION**

This management discussion and analysis ("MD&A") contains certain forward-looking statements and information relating to Oroco Resource Corp. ("the Company") and its operations that are based on the beliefs of its management as well as assumptions made by and information currently available to the Company. When used in this document, the words "anticipate," "believe," "budget," "estimate," "expect," "intends," "plans," "potential" and similar expressions, as they relate to the Company or its management and operations, are intended to identify forward looking statements.

These forward-looking statements or information relate to, among other things: the Company's future financial and operational performance; the sufficiency of the Company's current working capital, anticipated cash flow or its ability to raise necessary funds; the anticipated amount and timing of work programs; our expectations with respect to future exchange rates; the estimated cost of and availability of funding necessary for sustaining capital; forecast capital and non-operating spending; and the Company's plans and expectations for its property, exploration and community relations operations.

These forward-looking statements and information reflect the Company's current beliefs as well as assumptions made by, and information currently available to the Company and are necessarily based upon a number of assumptions that, while considered reasonable by the Company, are inherently subject to significant operational, business, economic, competitive, political, regulatory, and social uncertainties and contingencies. These assumptions include: cost estimates for exploration programs; cost of drilling programs; prices for base and precious metals remaining as estimated; currency exchange rates remaining as estimated; capital estimates; our expectation that work towards the establishment of mineral resource estimates and the assumptions upon which they are based will produce such estimates; prices for energy inputs, labour, materials, supplies and services (including transportation); no labour-related disruptions at our operations; no unplanned delays or interruptions in scheduled work; all necessary permits, licenses and regulatory approvals for our operations being received in a timely manner and can be maintained; and our ability to comply with environmental, health and safety laws, particularly given the potential for modifications and expansion of such laws. The foregoing list of assumptions is not exhaustive.

Forward-looking statements and information involve known and unknown risk, uncertainties, assumptions 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. Although the Company has attempted to identify important factors that could cause actual results or events to differ materially from those expressed or implied in the forward-looking statements (see "Risks and Uncertainties" in this MD&A), there may be other factors, such as the coronavirus global pandemic, which could cause results not to be as anticipated, estimated, described, or intended. Investors are cautioned against attributing undue certainty or reliance on forward-looking statements or information.

Forward-looking statements and information contained herein are made as of the date of this MD&A and the Company does not intend, and disclaims any obligation to update or revise forward-looking statements or information, whether as a result of new information, future events or to reflect changes in assumptions or in circumstances or any other events affecting such statements or information, other than as required by applicable law.

## **QUALIFIED PERSON**

Mr. Paul McGuigan, P. Geo., of Cambria Geosciences Inc., a Qualified Person under NI 43-101 and a senior consulting geoscientist to the Company, has reviewed and approved the technical disclosure in this management discussion and analysis.

## THE COMPANY

The Company was incorporated under the British Columbia Business Corporations Act on July 7, 2006. The Company's head office is located at Suite 1201 - 1166 Alberni Street, Vancouver, B.C., V6E 3Z3. The Company and its subsidiaries are engaged in the acquisition, exploration and development of mineral properties in Mexico with a primary focus on the confirmation and expansion of the historical resource of the Santo Tomas porphyry copper project (the "Santo Tomas Project") in Sinaloa State, Mexico.

The Company is listed on the TSX Venture Exchange ("TSX-V") under the symbol "OCO", and it also trades on the Frankfurt Stock Exchange Open Market under the trading symbol "OR6" and the US OTC exchange under the trading symbol "ORRCF.PK". The Company's website address is: "[www.orocoresourcecorp.com](http://www.orocoresourcecorp.com)".

The Company's subsidiaries are as follows:

Name of Subsidiary	Country of Incorporation	Percentage of Ownership	Principal Activity
Minera Xochipala S.A. de C.V. ("MX")	Mexico	100%	Exploration in Mexico
Xochipala Gold S.A. de C.V. ("XG")	Mexico	86%	Exploration in Mexico
0973496 B.C. Ltd.	Canada	100%	Holding company
Altamura Copper Corp. ("Altamura")	Canada	100%	Holding company
Aureum Holding Corporation	Canada	100%	Holding company

The Company also holds: (1) a 50% interest in an inactive, nominal company incorporated in Bahamas (Ruero International Ltd.); (2) an inactive, nominal company incorporated in Mexico (Desarrollos Copper, S.A. de C.V.); and (3) a majority interest in an inactive subsidiary incorporated in the United States (Aztec Copper Inc.), and its inactive subsidiary incorporated in Mexico (Prime Aztec Mexicana, S.A. de C.V.).

On March 2, 2020, pursuant to an option agreement dated September 27, 2018 (the "Altamura Option Agreement") the Company acquired 100% ownership of Altamura. Altamura held a majority interest in XG, which itself holds registered title to the seven mineral concessions (the "Core Concessions") which cover the known core of the Santo Tomas Project. For a description of the Altamura transaction, see the Company's Management Information Circular filed on SEDAR on November 22, 2019. In March 2021, XG issued 5 shares to Altamura for conversion of inter-company debt into equity, and in April 2021, the Company acquired the other XG shareholder's rights and interests in 25 shares of XG in consideration for US\$1,500,000 (the "XG Share Rights Acquisition"). The Company now holds an 86.1% interest in XG.

## MINERAL PROPERTIES

### Santo Tomas Project, Sinaloa State, Mexico

The Company is focused on the exploration of the mineral concessions which encompass the Santo Tomas porphyry copper (-Mo-Au-Ag) deposit in Sinaloa State, Mexico.

XG's 100% registered interest in the Core Concessions which was initially subject to an aggregate of 15% in contractual interests granted to third parties. The Company increased its net interest to 85.5% by the funding a cumulative \$30,000,000 in property related expenditures, as set out in the following table.

**MINERAL PROPERTIES (cont'd...)**

**Santo Tomas Project, Sinaloa State, Mexico (cont'd...)**

**Altamura's net interest in the Core Concessions, following the XG Share Rights Acquisition, resulting from funding of property related expenditures:**

<b>Total Investment</b>	<b>Initial</b>	<b>\$3,000,000</b>	<b>\$10,000,000</b>	<b>\$20,000,000</b>	<b>\$30,000,000</b>
Core Concession interest via XG equity					
<b>Altamura</b>	73.2%	75.7%	80.7%	83.2%	85.5%
<b>Other</b>	11.8%	10.8%	7.3%	5.5%	4.5%
Third party contractual interest					
<b>Third parties</b>	15.0%	13.5%	12%	11.3%	10.0%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

The Company also now holds an 80% interest, subject to a 1.5% net smelter royalty, in each of the Papago 17, La China II and AMP Santo Tomas Red 1, Rossy and Papago Fracc 1 concessions (the "Peripheral Concessions") which are contiguous to the Core Concessions (collectively with the Peripheral Concessions, the "Santo Tomas Properties"). In August 2022, the Company formalized the increase of its interest in the Papago 17, La China II and AMP Santo Tomas Red 1 concessions from 77.5% to 80% and the reduction of related net smelter royalty from 2% to 1.5% as a result of the commencement of exploration on the Peripheral Concessions.

The Santo Tomas deposit lies within the Laramide porphyry copper province, an NW-SE trending, metallogenic belt formed in the Laramide Orogeny (80-40 Ma age). The province extends from southwestern USA into northwestern Mexico.

The Santo Tomas deposit lies mainly on the Core Concessions. The deposit is associated with an NNE-trending zone of sheeted quartz monzonite porphyry dikes hosted in strongly faulted and fractured Mesozoic metamorphosed andesite and limestone. The deposit is similar in age, host rocks and mineralization styles to the Cananea deposits, in Sonora, and other Laramide-age deposits of the southwestern USA. Nearby examples of similar Laramide-age deposits include the Bahuerachi and La Reforma deposits. *This information is not necessarily indicative of mineralization on the Properties that are the subject of this summary.*

The Santo Tomas deposit comprises chalcopyrite, pyrite, and molybdenite sulphides with minor bornite, covellite, and chalcocite, which occur as fracture fillings, veinlets, and fine disseminations. Minor copper oxides occur near the surface.

The Santo Tomas deposit is exposed in an outcrop pattern along a 5 km strike length. South of Rio Fuerte, mineralization on the eastern and western flanks of the N-S Santo Tomás ridge are called the North Zone and South Zones, respectively. A mineralized zone lying north of the Rio Fuerte is termed the Brasiles Zone. Historical information and recent geological mapping demonstrated that the Brasiles Zone extends from the Core Concessions to the northeast onto the Peripheral Concessions. On the South Zone, extensions onto the Peripheral Concessions are evidenced by historical drilling data.

The main mineralized zone varies between approximately 100 to 600 m in true thickness and dips moderately to the WNW at 50° in the North Zone. Similar moderate angle dips are apparent in the South Zone and Brasiles.

The Santo Tomas deposit was defined by active exploration from 1968 to 1994. During that time, it was tested by 106 diamond and reverse circulation drill holes, for which the Company has data for 90, totalling 21,075 m of drilling. In 1994, Exall Resources Limited ("Exall") engaged Mintec, Inc. to conduct a historical mineral resource estimate and mining study, and Mountain States Research and Development, Inc. ("MSRDI") to conduct metallurgical testing. Relying on information generated by these studies, Bateman Engineering Inc., E&C Division, conducted a Prefeasibility Study.

In 2017, the Company initiated a mineral exploration program on the Santo Tomas Properties with surface geological mapping and the assembly of historical drilling information by Cambria Geosciences Inc. ("Cambria"). Additionally, the Company acquired RadarSat-2 Synthetic Aperture Radar ("SAR") data for the Santo Tomas district from Auracle Geospatial Science, Inc. ("Auracle").

## MINERAL PROPERTIES (cont'd...)

### Santo Tomas Project, Sinaloa State, Mexico (cont'd...)

#### 2019-2023 Exploration Program

In early 2019, the Company commissioned fieldwork, led by D. A. Bridge, P. Geol., comprised of historical data verification and another structural and geological mapping of the North Zone and Brasiles Zone, toward the preparation of a Technical Report prepared in the requirement of the Canadian National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101") titled "Geology, Mineralization, and Exploration of the Santo Tomás Cu-(Mo-Au-Ag) Porphyry Deposit, Sinaloa, Mexico" by D. A. Bridge, P. Geol. with an effective date of August 22, 2019. The Technical Report, re-filed as amended in April 2020, is available on the Company's website at [www.orocoresourcecorp.com](http://www.orocoresourcecorp.com).

After filing the Technical Report, the Company commenced environmental permitting for camp, road and drill pad construction, and surface access negotiations with three landowners, including a private individual and two ejidos (communal agrarian settlements). The Company has entered into lease agreements with the two ejidos for the surface rights to South Zone and Brasiles Zone. Formalization of its agreement for the surface rights for the North Zone is pending regularization of the owner's title. The Company has obtained an environmental permit to construct roads, camp, and 46 drill pad locations in the Brasiles Zone as well as approval for roads, camps and one hundred and eighty drill pad locations in the North Zone and South Zone.

In September 2020, the Company commenced a large, induced polarization survey to generate a three-dimensional model of specific electro-physical characteristics (chargeability and resistivity/conductivity) of the subsurface to a depth of 500 – 700m. DIAS Geophysical carried out this "3D-DCIP" survey under COVID conditions: the crew was led by two technical personnel provided by DIAS, and was otherwise locally staffed by the Company. In May 2021, the survey was completed following two expansions of the target area to increase the survey coverage from approximately 10 km<sup>2</sup> to about 14 km<sup>2</sup>.

The Company also contracted Terraquest Ltd. to fly a heliborne magnetics survey and Eagle Mapping Services Ltd. to fly a local area fixed-wing LiDAR survey.

The Company currently operates community-based social and environmental programs in the area of the Santo Tomas Properties from its logistics and administrative base in the nearby community of Choix. The Company has supported modest public works such as water distribution, community road and infrastructure projects, and other social programs as part of its commitment to the communities proximal to the Company's operations.

The Santo Tomas Cu-Mo-Au porphyry deposit is an example of the geologic style of Laramide-age porphyry copper deposits in the southwestern United States and northwestern Mexico. Historical Pre-Feasibility Studies, recent 3D modelling of historical drilling and several new programs of geophysical surveying have defined drill targets both for confirmation of historical mineral resource estimates and for exploration for additional resources.

#### 2021-2023 Drilling Program

The Company commenced its 2021-2023 diamond drill program in the North Zone in July 2021, Brasiles Zone in November 2021 and South Zone in August 2022. A total of 47 holes are complete in the North Zone, spanning 1,600 meters of strike length; 21 drill holes in the South Zone along a strike length of 1,500 m; and 7 drill holes in the Brasiles Zone, along a strike length of 800 m in the Brasiles West Zone. The Company has completed its 2021-2023 North Zone, South Zone and Brasiles Zone drill programs. Drilling will provide a combined North Zone and South Zone mineral resource estimate to support its upcoming Preliminary Economic Assessment.

#### North Zone

The Company's 2021-2023 North Zone drill program aimed to confirm and expand the 2009 Gradeshell model of Cu > 0.30% (the "**Gradeshell Model**"). Historical drilling from 1968 to 1994 was primarily vertical and unsuited to defining the full width and depth of the North Zone. The Company's diamond drill program employs angled drill holes oriented perpendicular to the re-modelled strike and dip of the deposit. It is the first program that features drill holes that pass from the hanging wall of the North Zone deposit into the footwall. It is also the first program that features a full suite of assay information, including copper, molybdenum, gold and silver.

To date, 47 drill holes (30,909 m of drilling) are complete in the North Zone along a strike length of 1,600 m, with intersections of good-grade mineralization returned in all holes for which the Company has received assays (drill holes N001 to N045). Assay results and cross-sections through the first forty-five North Zone drill holes are available at the Company's website ([www.orocoresourcecorp.com](http://www.orocoresourcecorp.com)). Drill holes are shown in Figure 1.

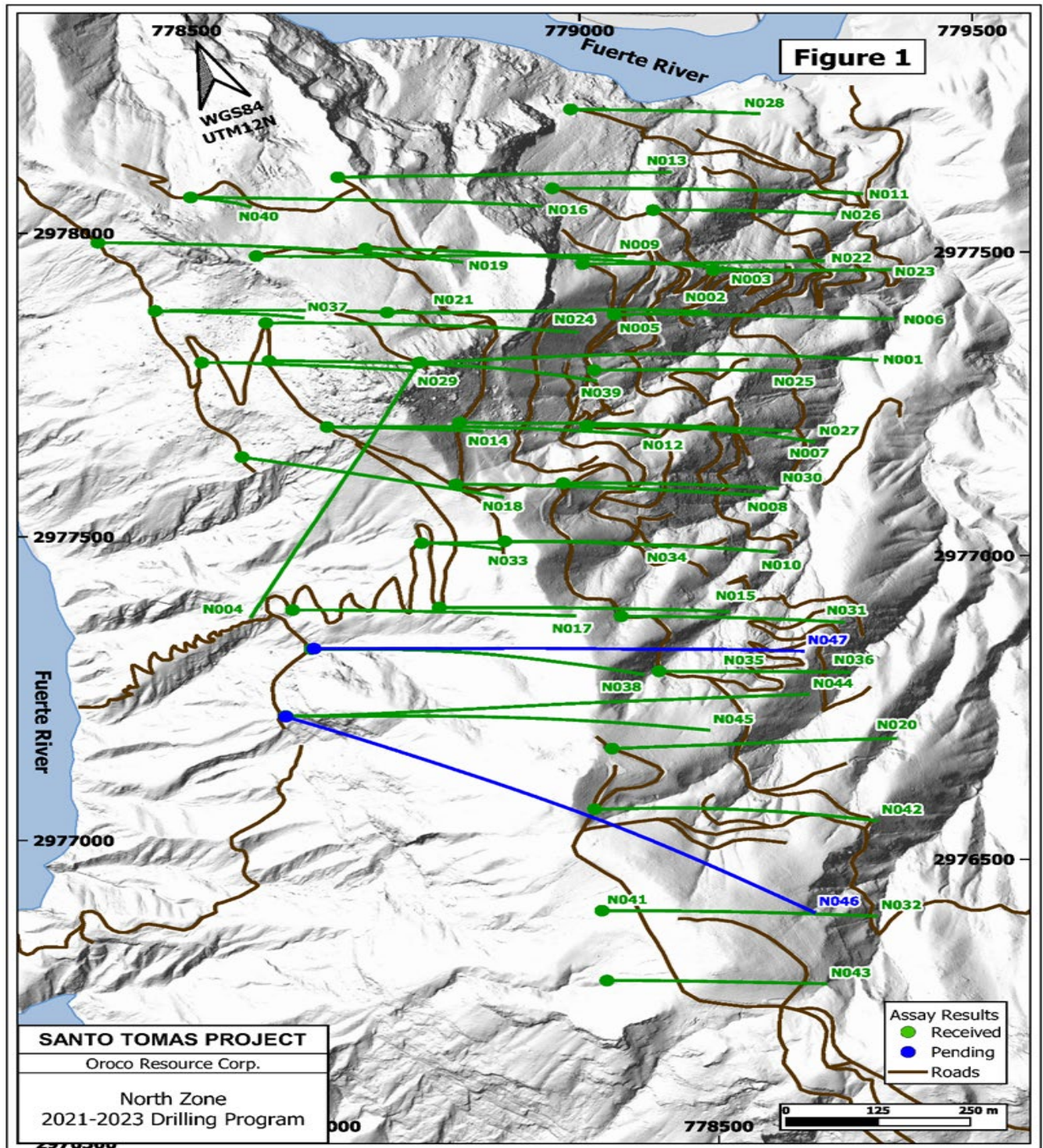


MINERAL PROPERTIES (cont'd...)

Santo Tomas Project, Sinaloa State, Mexico (cont'd...)

North Zone (cont'd...)

Figure 1 – North Zone:



Polymetallic assay results are cited herein as a Copper Equivalent Grade (CuEq).  $Cu\ Eq\ \% = Cu\ \% + (Mo\ \% * 3.75) + (Au\ ppm * 0.752)$ . The commodity prices (3-year Average) used are in \$US: Cu \$3.20 /lb, Mo \$12.00 /lb, and Au \$1,650.00 /troy oz. \* Ag values are not used in the CuEq calculations.

## MINERAL PROPERTIES (cont'd...)

### Santo Tomas Project, Sinaloa State, Mexico (cont'd...)

#### North Zone (cont'd...)

The best assay intersections in the North Zone were returned by drill holes N044, with a 352.5 m interval of 0.46% CuEq, N008, with a 328.3 m interval of 0.45% Copper Equivalent ("CuEq"), and drill hole N025, with a 286.0 m interval of 0.45% CuEq.

Intensely fractured, potassic- and phyllic-altered andesite volcanics and Laramide-age porphyritic intrusive dikes comprise the North Zone. Elevated Mo, Au, and Ag accompany copper assays along the central axis of the North Zone. Pyrite is relatively low in the core, explaining the IP response in the mid-range of the Chargeability High responses on the Property. In contrast, drilling into the footwall of the North Zone consistently intersected propylitic-altered andesite. The footwall contains abundantly disseminated and vein pyrite, explaining the pronounced Chargeability High and a corresponding Resistivity Low in the 3D IP modelling.

The 47 drill holes completed in the North Zone test the North Zone deposit and the Gradeshell Model to a depth of 300 to 500 m below the surface. Notably, geological and geophysical modelling supports targeting the western and hanging wall of the Gradeshell Model.

Geological logging indicates that copper is present as chalcopyrite, bornite disseminations, and vein fillings. Pyrite is relatively sparse in the main drill intersections. Sulphide mineralization in the main North Zone is hosted in strongly potassic-altered volcanic and intrusive rocks with an overprint of phyllic alteration. Fracturing, Laramide intrusive dikes, mylonite zones, veining and sulphide mineralization are controlled by faulting co-eval with the formation of the North Zone deposit. As reported in the Technical Report, the deposit is confirmed in drilling to have an approximate strike of N20°E and a dip of 50-55°W.

Molybdenum, gold, and silver are elevated in the core across the width of the North Zone and provide an approximate 15% contribution to the copper equivalent grade without factoring for metallurgical recoveries.

- Drill Holes N001 to N047, except for N004, were drilled to test the North Zone deposit at angles almost perpendicular to its structural attitude. *As a result, core intervals for those holes (excluding N004) are within approximately 10-20% of true thicknesses.*
- Hole N004 was drilled to test the strong chargeability anomaly that extends westward from N008 and the known North Zone deposit and did not test the North Zone deposit. Copper grades in holes N001 to N003, and N006 to N031 are comparable to the historical drilling reported on each of the cross-sections drilled to date. Results continue to confirm the geological conclusions of the Gradeshell Model.
- The Dias Geo 3D IP modelling as confirmed in drill holes N008 and southward to N044 and N045 have intersected increasing widths of mineralization in the southern and western areas of the North Zone.

#### Brasiles Zone

Two regions comprise Brasiles Zone: the Brasiles Main Zone and the Brasiles West Zone. The Brasiles Main Zone is a prominent gossan on the north bank of the Fuerte River. Exall Resources Limited's historical records cite three drill hole collars in that area but include no description of the drilling results. The field programs found no evidence of the drill collars at the reported locations. Furthermore, two new drill holes (B001 and B002) were collared to test that historical area. Drilling encountered limestone, strongly altered and pyritic andesite volcanics and monzonite intrusion but no significant base or precious metal mineralization. No significant assay results were obtained from B001 and B002.

The Brasiles West Zone is located on the western fringe of the Brasiles Main zone and is the major Santo Tomas structural zone. It is an NNE trending zone at the surface, partly concealed under a veneer of younger volcanic and sedimentary strata. Brasiles West Zone has strong similarities to the North Zone geology, if somewhat attenuated. Like the North Zone, monzonite dikes cutting the Cretaceous limestone (marble) are accompanied by skarn development and minor base metal mineralization. Below the limestone, drilling encountered intensely fractured and altered andesite and monzonite porphyry dikes with chalcopyrite and pyrite in the same habit as the North Zone.



**MINERAL PROPERTIES (cont'd...)**

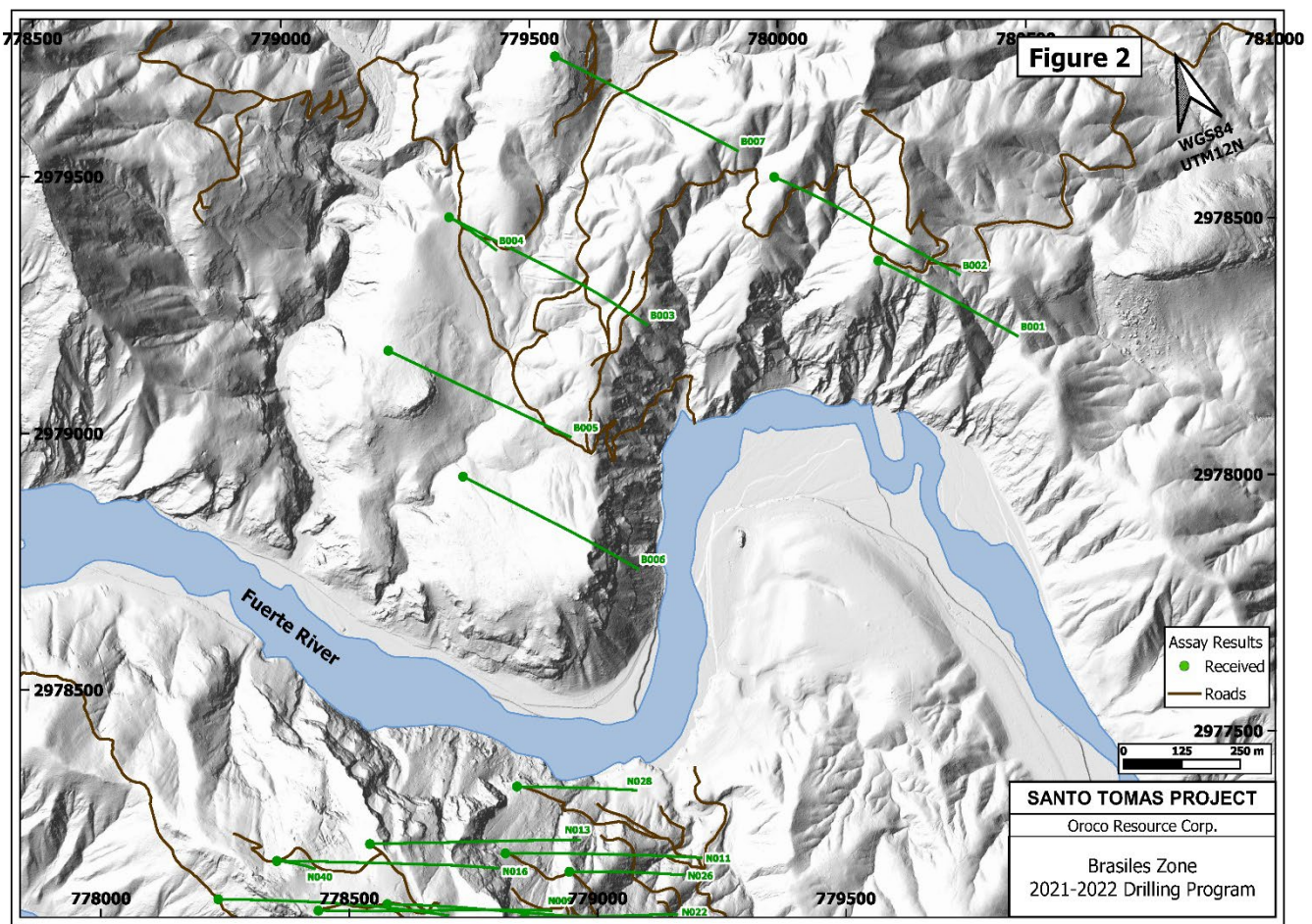
**Santo Tomas Project, Sinaloa State, Mexico (cont'd...)**

**Brasiles Zone (cont'd...)**

The Brasiles West Zone is now documented in surface geological mapping for an additional 3.5 km northward of the North Zone, with drill holes B003, B004, B005 and B007 (B006 did not test the zone) showing that the first 1.0 km of this extension demonstrates similar mineralization to that of the North Zone. Drill holes B003, B004, B005 and B007, over a total strike length of 800 m, returned significant intersections of good-grade mineralization. To date, the Company has completed seven drill holes (totalling 5,116 m of drilling). See the Company's website ([www.orocoresourcecorp.com](http://www.orocoresourcecorp.com)) for assay results through the seven Brasiles Zone drill holes.

The 2021-2022 Brasiles Zone drill program has confirmed the excellent potential of the zone, with the expectation that further exploration will delineate a significant mineralized deposit similar in nature to the North Zone. See Figure 2, below, for the location of all seven Brasiles Zone drill holes.

**Figure 2 – Brasiles Zone**



The Company temporarily suspended the program on the Brasiles Zone to focus on completing the drilling in the North Zone and South Zone to provide a mineral resource estimate for the upcoming Preliminary Economic Assessment.

## MINERAL PROPERTIES (cont'd...)

### Santo Tomas Project, Sinaloa State, Mexico (cont'd...)

#### *South Zone*

Historical drilling, surface geological mapping, and the Dias Geo 3D Induced Polarization survey have defined near-surface mineralization projected to 400 m below the surface along 2,000 m of strike length in the South Zone. While the current drill program only partly tests the South Zone, the historical drilling and the 2022-2023 drill program conclusively define an NNW to NNE trending zone of faulting, Laramide-age intrusion, hydrothermal breccias and mineralization along the entire two-kilometer-long corridor south of North Zone drill hole N043.

The South Zone is comprised of intensely fractured, potassic- and phyllic-altered andesite volcanics and Laramide-age porphyritic intrusive dikes. South Zone intrusion and mineralization are only partly oriented along north-striking, west-dipping intrusive dikes and veins. Younger hydrothermal breccias, fractures and veins of several strike directions and divergent dips are present, indicating a local center of intrusion at the southern portion of the South Zone. The mineralized zone crops out at the surface and extends to approximately 400 m in depth. Like the North Zone, the footwall is propylitic-altered andesite.

The Company has now completed its current 21-hole South Zone drill program (12,154 m) designed to confirm and test the South Zone mineralized structures, with all results released.

The **northern segment of the South Zone**, between drill holes N043 and S012, representing a 500 m long, undrilled corridor, will be tested in a future drilling program.

The **middle segment of the South Zone** extends from drill hole S012 southward to holes S002 and S007. Drilling demonstrates a zone of moderate-grade, shallow-seated mineralization to a depth of 200 to 400 m below the surface along a strike length of approximately 700 m. Additional drilling is needed to confirm the continuity in this area.

The **southern segment of the South Zone** extends southward from drill holes S002 and S007 along a strike length of approximately 800 m to drill hole S021. Drill holes S001, S003 to S004, and S015 to S021 demonstrate the continuity of good-grade mineralization within a southwest plunging zone at least 300 m in width, extending from surface to 200-400 m in depth. As these drill holes test an area of the South Zone that begins within and extends beyond the historical resource, they potentially add significant tonnage to the mineral resource estimate being prepared to support the planned Preliminary Economic Assessment.

- Drill hole S020 returned two mineralized intervals, of which the most significant is 221.7m of 0.45% CuEq.
- Drill hole S021 returned two mineralized intervals of 145 m of 0.32% CuEq and 89 m of 0.34% CuEq, which includes 25 m of 0.81% CuEq.

All drill holes tested the deposit approximately perpendicular to its structural attitude. Core intervals are within about 10% of true thickness.

Assay results and cross-sections of all South Zone, North Zone and Brasiles Zone drill holes released to date are available at the Company's website.

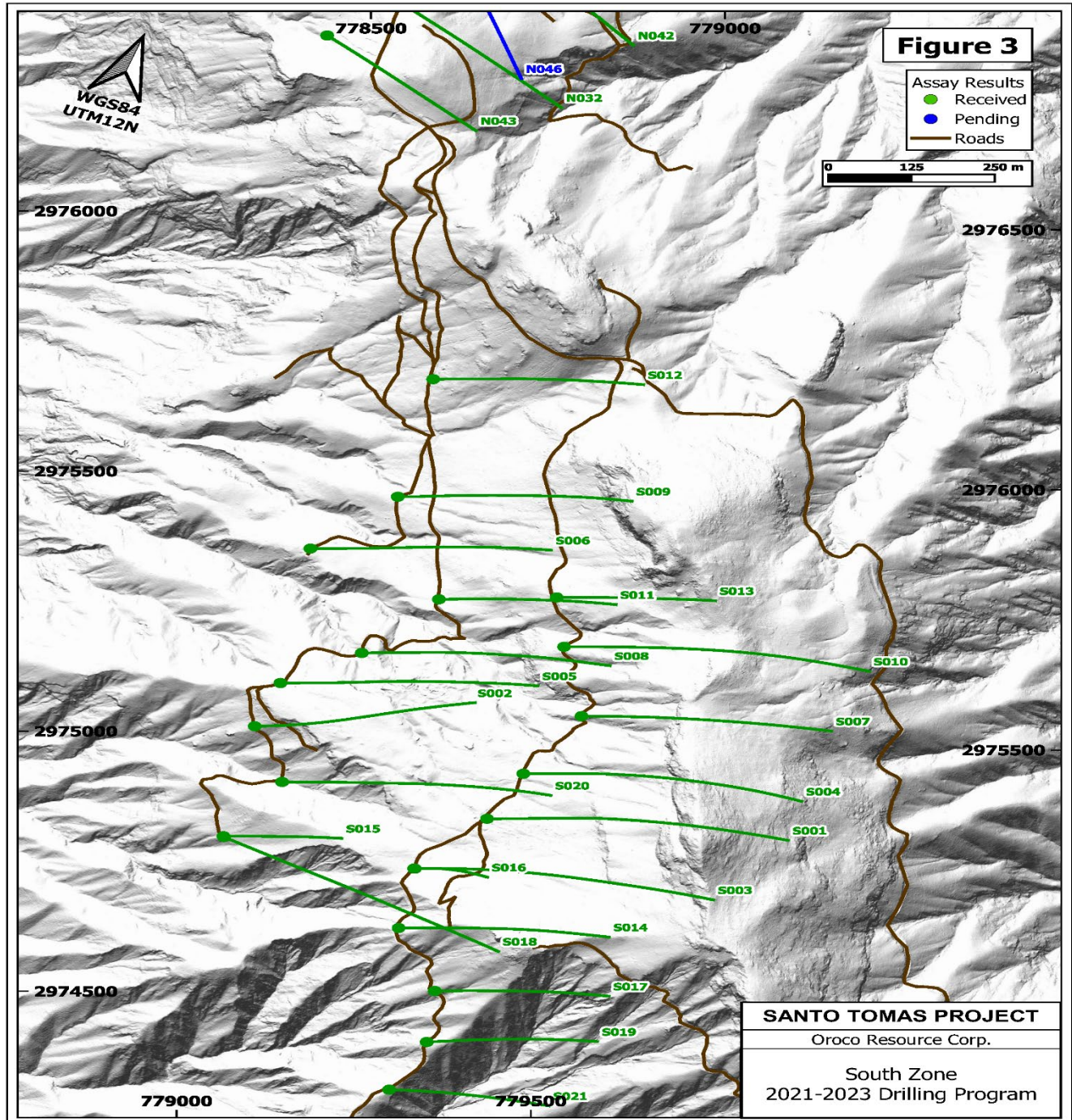


MINERAL PROPERTIES (cont'd...)

Santo Tomas Project, Sinaloa State, Mexico (cont'd...)

South Zone (cont'd...)

Figure 3 – South Zone



An interactive 3D model that includes the drill results announced to date may be viewed at the Company's website at the following link: <https://vrify.com> or visit Oroco's website: [www.orocoresourcecorp.com](http://www.orocoresourcecorp.com).

The Company incurred \$231,000 in acquisition costs and \$18,881,080 in exploration expenditures on the Santo Tomas Properties during the nine months ended February 28, 2023.

## **MINERAL PROPERTIES (cont'd...)**

### **Santo Tomas Project, Sinaloa State, Mexico (cont'd...)**

#### **Xochipala Property, Guerrero State, Mexico**

The Xochipala Property, comprised of the Celia Gene (100 ha) and the contiguous Celia Generosa (93 ha) concessions, is located in the Municipality of Eduardo Neri, Guerrero, Mexico at the southern end of the Guerrero Gold Belt (the "GGB").

The Xochipala Property lies approximately four kilometres southeast of the Los Filos mine, just one kilometre from the town of Xochipala and 30 kilometres by good paved road from the state capital of Chilpancingo. The area is well served by a network of local roads. The district is served with hydroelectric power from the Caracol Dam.

The Company incurred \$10,841 in exploration expenditures on the Xochipala Property during the nine months ended February 28, 2023 and continues to assess the appropriate next stage of exploration.

#### **Salvador Property, Guerrero State, Mexico**

The Salvador Property is a 100-hectare mining concession 100% owned by Minera Xochipala which lies approximately 25 kilometers to the west of the Xochipala Property and approximately 30 kilometers west of Chilpancingo, Guerrero. The Salvador property also hosts skarn mineralization associated with felsic intrusions similar to mineralization in the known ore deposits in the area.

The Company did not conduct exploration on the Salvador Property during the nine months ended February 28, 2023.

## **CERRO PRIETO ROYALTY**

Pursuant to the sale of the Company's interest in the Cerro Prieto Property to Goldgroup in fiscal 2013, Goldgroup agreed to pay to the Company a production royalty (the "Production Royalty"). The Production Royalty, payable for each month in which the monthly average of the daily PM London gold fix is in excess of US\$1,250 per ounce, is calculated at the rate of 20% of the dollar value of that excess for each ounce of gold produced from the property during that month, to a maximum royalty of US\$90 per ounce. This Production Royalty was payable for each ounce of the first 90,000 ounces of gold produced from the Property, which was fulfilled during August 2022.

During the nine months ended February 28, 2023, the Company received or accrued \$285,279 (2022 - \$899,957) in royalty income.

## **RESULTS OF OPERATIONS**

For the nine months ended February 28, 2023, the Company recorded a loss from continuing operations of \$4,525,648 (2022 - \$4,807,567) or \$0.02 per share (2022 - \$0.03). The Company has no income producing assets. The Company reported royalty revenues during the period from the Cerro Prieto Property. The Company is considered to be in the acquisition and exploration stage.

For the nine months ended February 28, 2023, the Company recorded operating expenses of \$4,844,872 (2022 - \$5,729,032), which included consulting fees of \$148,415 (2022 - \$240,500), management and directors fees of \$519,050 (2022 - \$336,000), professional fees of \$220,285 (2022 - \$259,200), and share-based payment of \$2,774,803 (2022 - \$4,071,740).

## SELECTED QUARTERLY RESULTS

Quarter	February 28, 2023	November 30, 2022	August 31, 2022	May 31, 2022
Operating loss	\$1,222,112	\$1,701,055	\$1,921,705	\$3,092,500
Other items	\$(3,752)	\$(25,880)	\$(289,592)	\$(348,355)
Net income (loss) for the period	\$(1,218,360)	\$(1,675,175)	\$(1,632,113)	\$2,744,145
Income (loss) per share	\$(0.01)	\$(0.01)	\$(0.01)	\$(0.01)
Total assets	\$78,911,685	\$77,094,857	\$76,764,925	\$77,595,325
Total liabilities	\$3,138,246	\$3,494,218	\$3,136,821	\$4,096,943

Quarter	February 28, 2022	November 30, 2021	August 31, 2021	May 31, 2021
Operating loss	\$1,570,912	\$2,043,983	\$2,114,137	\$2,500,603
Other items	\$(347,978)	\$(197,590)	\$(375,898)	\$(465,039)
Loss for the period	\$(1,222,934)	\$(1,846,393)	\$(1,738,239)	\$(2,035,564)
Income (loss) per share	\$(0.01)	\$(0.01)	\$(0.01)	\$(0.01)
Total assets	\$59,514,626	\$58,817,498	\$56,982,170	\$54,928,876
Total liabilities	\$2,404,354	\$2,443,836	\$1,171,287	\$1,199,695

The operating loss for the quarter ended February 28, 2023 decreased as compared to the prior two quarters. November 30, 2022 remained consistent with that of the quarter ended August 31, 2022. All three recent quarters were significantly lower than the quarter ended May 31, 2022 primarily due to a decrease in the amount of share-based payment. A significant number of options were granted in the last quarter of fiscal 2022; accordingly, the amount recorded in share-based payment decreases each subsequent quarter as a result of the vesting terms. The increase in total assets for the quarter ending May 31, 2022 is principally due to an increase in cash resulting from an equity financing completed in March 2022. The Company's operating expenses during the quarter ended May 31, 2022 increased over the prior quarters as a significant number of stock options vested during the quarter, resulting in a charge to share based payment totalling \$2,281,160. The Company's operating loss decreased during the quarter ended February 28, 2022 compared with those of the previous three quarters, in part because of a decrease in share-based payment charges of \$896,395. The higher operating loss for the quarters ended August 31, 2021 and May 31, 2021 are due primarily to relatively higher share-based payment charges of \$1,712,269 and \$1,989,821, respectively. Increase in total assets for the quarter ending February 28, 2021 is principally due to an increase in cash resulting from equity financing completed in December, 2020 and the exercise of warrants, for proceeds of \$10,433,166. Total assets for the current quarter have increased primarily due to additional work performed on the Santo Tomas property, which is consistent with prior quarters. The current quarter had expenditures offset by funds received for share subscriptions received in advance. Variations in other items for the quarter ended November 30, 2022 is principally due to variations in the Goldgroup Royalty, which was fulfilled during the month of August 2022.

## ANALYSIS OF FINANCINGS

The following table sets out prior disclosure by the Company of its intended use of proceeds, other than working capital related costs, from financings, the Company's actual achievements and an explanation of any variation.

Disclosed Use of Proceeds (other than working capital)	Company Achievements	Reasons for Variation
<b>March 17, 2023 News Release</b> (1) exploration and development activities,	(1) The Company continues its exploration and development activities on the Santo Tomas Project with its current focus on an upcoming Preliminary Economic Assessment	

ANALYSIS OF FINANCINGS (cont'd....)

Disclosed Use of Proceeds (other than working capital)	Company Achievements	Reasons for Variation
<p><b>March 25, 2022 News Release</b></p> <p>(1) Continued exploration of the Santo Tomas Project; and</p> <p>(2) Reserve for acquisitions.</p>	<p>(1) The Company has completed its 2021-2023 diamond drill exploration program in the North Zone, South Zone and Brasiles Zone, with the focus programs in the North Zone and South to provide a mineral resource estimate for the upcoming Preliminary Economic Assessment.</p>	<p>(2) The Company has not made any acquisitions since closing the March 25, 2022 financing.</p>
<p><b>December 9, 2020 News Release</b></p> <p>(1) Advance the Santo Tomas Project, including the environmental permits;</p> <p>(2) Expansion of the Company's Definition drill program, which will include both additional infill and step-out drilling;</p> <p>(3) Preliminary engineering studies, and general corporate purposes; and</p> <p>(4) Certain contingent legal costs relating to the acquisition of the core Santo Tomas concessions are to be paid.</p>	<p>(1) The Company is continuing to advance the exploration of the Santo Tomas Project. An exploration permit for Brasiles Zone and a series of approvals for select drill sites in Sinaloa have been obtained, and an application for a combined North Zone and South Zone exploration permit submitted.</p> <p>(2) The Company expanded the drill program to as many as 7 drill rigs operating. With the completion of the 2021-2023 drill programs, the Company has halted drilling while it analyses the results.</p> <p>(3) The Company has commenced the preparation of a mineral resource estimate and a preliminary economic assessment for the North and South Zones, which incorporates project engineering.</p> <p>(4) Paid in full – of which \$400,000 paid since December 9, 2020</p>	
<p><b>September 15, 2020 News Release</b></p> <p>(1) To generally advance the Santo Tomas Project, including the acquisition of surface rights and environmental permits;</p> <p>(2) Site preparation for the Phase 1.1 drill program; and</p> <p>(3) Contingent legal and data acquisition costs.</p>	<p>(1) The Company has acquired long term surface rights leases for the Brasilles Zone and South Zone, and is advancing the acquisition of surface rights for the North Zone. An exploration permit for Brasiles Zone and a series of approvals for select drill sites in Sinaloa have been obtained, and an application for a combined North Zone and South Zone exploration permit submitted.</p> <p>(2) The Company has completed site preparations for the Phase 1.1 drill program.</p>	<p>Acquisition of formal surface rights for North Zone has been delayed pending regularization of the owner's legal title, which process has been delayed by the COVID pandemic. In the meantime, the Company is proceeding with its exploration program in the North Zone with the approval of the land holder and approvals from the Mexican environmental agency for select drill pad locations.</p>



## ANALYSIS OF FINANCINGS (cont'd....)

	(3) The Company has paid all outstanding contingent legal and data acquisition costs, with an aggregate total of US\$650,000.	
<b>June 30, 2020 News Release</b> (1) Preparation for drill program; (2) acquisition of surface rights and permits; (3) 3D IP survey	(1) The Company commenced its drill program in July, 2020. (2) The Company has acquired long term surface rights leases for the Brasilles Zone and South Zone, and is advancing the acquisition of surface rights for the North Zone. An exploration permit for Brasiles Zone and a series of approvals for select drill sites in Sinaloa have been obtained, and an application for a South Zone exploration permit submitted. (3) The 3D IP is complete	(2) Acquisition of formal surface rights for North Zone has been delayed pending regularization of the owner's legal title, which process has been delayed by the COVID pandemic. In the meantime, the Company is proceeding with its exploration program in the North Zone with the approval of the land holder and approvals from the Mexican environmental agency for select drill pad locations.

## LIQUIDITY AND CAPITAL RESOURCES

As at February 28, 2023, the Company had working capital of \$3,163,231 as compared with working capital of \$20,385,857 at the year ended May 31, 2022.

As at February 28, 2023, the Company held marketable securities of \$61,614, which included 560,125 shares of Goldgroup (the "Goldgroup Shares") valued at \$61,614.

During the nine months ended February 28, 2023, the Company issued 1,817,034 common shares, pursuant to the exercise of warrants, for proceeds of \$1,001,326.

## OFF-BALANCE SHEET ARRANGEMENTS

The Company currently has no off-balance sheet arrangements that would potentially affect current or future operations, or the financial condition of the Company.

## TRANSACTIONS WITH RELATED PARTIES

During the nine months ended February 28, 2023, the Company entered into transactions with related parties as follows:

- (a) paid or accrued management and director's fees totalling \$118,250 to a company controlled by Craig Dalziel, Executive Chairman of the Company, for management and other services, and to Mr. Dalziel directly for Mr. Dalziel's services as director of the Company;
- (b) paid or accrued management and director's fees totalling \$130,750 to a company controlled by Ian Graham, a director of the Company and to Mr. Graham directly for Mr. Graham's services as director of the Company,
- (c) paid or accrued professional and consulting fees totalling \$126,000 to David Rose, Corporate Secretary of the Company, for legal and management consulting services provided to the Company;
- (d) paid or accrued consulting and director's fees totalling \$58,750 to a company controlled by Steve Vanry, Chief Financial Officer of the Company, and to Mr. Vanry directly, for his services as Chief Financial Officer and director;
- (e) paid or accrued director's fees totalling \$7,750 to Robert Friesen for Mr. Friesen's services as a director;
- (f) paid or accrued director's fees totalling \$4,750 to Stephen Leahy for Mr. Leahy's services as a director;
- (g) paid or accrued director's fees totalling \$21,750 to Ian Rice for Mr. Rice's services as a director;
- (h) recorded share-based payments of \$229,404 to a company controlled by Mr. Dalziel;
- (i) recorded share-based payments of \$302,087 to Mr. Graham;

## TRANSACTIONS WITH RELATED PARTIES (cont'd...)

- (j) recorded share-based payments of \$224,810 to Mr. Rose;
- (k) recorded share-based payments of \$143,378 to Mr. Vanry;
- (l) recorded share-based payments of \$114,702 to Mr. Friesen;
- (m) recorded share-based payments of \$114,702 to Mr. Leahy;
- (n) recorded share-based payments of \$162,864 to Mr. Rice;
- (o) recorded share-based payments of \$344,716 to Mr. Lock; and
- (p) paid or accrued management and director's fees totalling \$154,550 to a company controlled by Richard Lock, CEO of the Company, for management, and to Mr. Lock directly for Mr. Lock's services as director of the Company,

As at February 28, 2023, \$689,024 was owing to officers and directors for directors, management, consulting, legal and accounting fees. These charges were measured by the exchange amount, which is the amount agreed upon by the related parties. The amounts owing are unsecured, non-interest bearing and have no fixed repayment terms. The above transactions were incurred in the normal course of operations and are recorded at the exchange amount, being the amount agreed upon by the transacting parties.

## CONTRACTUAL OBLIGATIONS

The Company has no material capital lease agreements and no material long term obligations other than those described above or in the description of mineral properties.

## RISKS AND UNCERTAINTIES

Risk management is an ongoing exercise upon which the Company spends a substantial amount of time. While it is not possible to eliminate all of the risks inherent in the mineral exploration and mining business, the Company strives to manage these risks, to the greatest extent possible, to ensure that its assets are protected. For a discussion of risks and uncertainties which are the most applicable to the Company, please refer to the Company's audited annual financial statements and related notes thereto and the annual MD&A for the year ended May 31, 2022. These documents are available for viewing at the Company's website at [www.orocoresourcecorp.com](http://www.orocoresourcecorp.com) or on the Company's profile at [www.sedar.com](http://www.sedar.com).

## CRITICAL ACCOUNTING ESTIMATES

The preparation of the condensed interim consolidated financial statements requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and are, but are not limited to, the following:

- Share-based payment - The fair value of stock options and compensatory warrants issued are subject to the limitation of the Black-Scholes option pricing model which incorporates market data and which involves uncertainty and subjectivity in estimates used by management in the assumptions. Changes in the input assumptions can materially affect the fair value estimate of stock options and compensatory warrants.
- Valuation of marketable securities - The Company evaluates, among other factors, the financial health of, and near-term business outlook for, the investee, including factors such as industry and sector performance, changes in technology, and operational and financing cash flow.
- The carrying value and the recoverability of exploration and evaluation assets - Management has determined that exploration, evaluation and related costs incurred, which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, scoping and feasibility studies, accessible facilities and existing permits.

## **CRITICAL ACCOUNTING ESTIMATES (cont'd...)**

- Rehabilitation provisions - The Company's potential for rehabilitation provisions includes estimates of future costs directly attributable to remediating the liability, inflation, movements in foreign exchange rates, and assumptions of risks associated with the future cash outflows, and the applicable risk-free interest rates for discounting future cash outflows. Changes in the factors above can result in a change to the provision recognized by the Company. To the extent the carrying value of the related mining property is not increased above its recoverable amount, changes to reclamation and closure cost obligations are recorded with a corresponding change to the carrying amounts of related mining properties.
- Equipment - The carrying amounts of equipment are depreciated to their estimated residual value over the estimated economic life of the specific assets to which they relate, using the deprecations methods and rates as indicated below. Estimates of residual values and useful lives are reassessed annually and any change in estimate is taken into account in the determination of the remaining depreciation rate. Depreciation commences on the date the asset is available for its use as intended by management.

## **CHANGES IN ACCOUNTING POLICIES**

### **New accounting policies adopted**

The were no standards or amendments to existing standards that have been adopted by the Company since June 1, 2022.

### **New standards, interpretations and amendments to existing standards not yet effective**

There are no new standards or amendments to standards and interpretations issued by the IASB that are not yet effective that would be expected to have a material impact on the consolidated financial statements of the Company.

## **FINANCIAL INSTRUMENT RISK AND CAPITAL MANAGEMENT**

The Company's objectives when managing capital are to identify, pursue and complete the exploration and development of mineral properties, to maintain financial strength, to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. The Company does not have any externally imposed capital requirements to which it is subject. Capital of the Company comprises shareholders' equity. There has been no significant change in the Company's objectives, policies and processes for managing its capital during the nine months ended February 28, 2023.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares. The Company's investment policy is to invest its cash in financial instruments in high credit quality financial institutions with terms to maturity selected with regards to the expected timing of expenditures from continuing operations.

### **Fair value hierarchy**

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in level 1. Prices in level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The carrying value of cash, restricted cash, receivables, and accounts payable and accrued liabilities approximated their fair value because of the short-term nature of these instruments. Derivative liability and the Goldgroup shares, recorded in marketable securities, are measured using level 1 of the fair value hierarchy. The BC Co., shares recorded in marketable

## **FINANCIAL INSTRUMENT RISK AND CAPITAL MANAGEMENT (cont'd...)**

### **Fair value hierarchy (cont'd...)**

securities, are measured using level 3 of the fair value hierarchy. Investments classified within level 3 have significant unobservable inputs. As observable prices are not available for these securities, the Company has used valuation techniques to derive the fair value.

The Company's financial instruments are exposed to certain financial risks, which include credit risk, liquidity risk, and market risk.

### **Credit Risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank accounts and receivables. The bank accounts are mainly held with a major Canadian bank and this minimizes the risk to the Company. Receivables are due primarily from Goldgroup.

### **Liquidity Risk**

Liquidity risk is the risk that the Company will not have sufficient funds to meet its financial obligations when they are due. The Company manages liquidity risk through the management of its capital structure and financial leverage as outlined above. The Company monitors its ability to meet its short-term expenditures by raising additional funds through share issuance when required. All of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms.

### **Foreign Exchange Risk**

The Company's property interests in Mexico make it subject to foreign currency fluctuations, which may adversely affect the Company's financial position, results of operations and cash flows. The Company is affected by changes in exchange rates between the Canadian dollar and foreign currencies. The effect of a 10% change in the foreign exchange rate on the monetary balances held in foreign currencies at February 28, 2023 is approximately \$27,000.

### **Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk.

### **Management of Industry Risk**

The Company is engaged in mineral exploration and manages related industry risk issues directly. The Company may be at risk for environmental issues and fluctuations in commodity pricing as well as changes in foreign government policy. Management is not aware of and does not anticipate any significant environmental remediation costs or liabilities in respect of its current operations; however, it is not possible to be certain that all aspects of environmental issues affecting the Company, if any, have been fully determined or resolved.

## **SUBSEQUENT EVENTS**

Subsequent to February 28, 2023, the Company:

- i. had 300,000 options expire unexercised;
- ii. issued 6,344,970 units at a price of \$0.75 per unit for total proceeds of \$4,758,728, pursuant to a non-brokered private placement. Each unit is comprised of one common share and one-half of one common share purchase warrant, exercisable at a price of \$1.05 per common share, for a period of 24 months from the date of issue. The Company paid a total of \$78,500 in cash for finders' fees, issued 60,000 finders' shares, and issued 60,000 finders' warrants. Of the total finders' warrants, 10,000 will entitle the holder to purchase one common share of the Company at a price of \$0.75 per common share, for a period of 24 months from the date of issue and 50,000 will entitle the holder to purchase one



## **SUBSEQUENT EVENTS (cont'd...)**

- common share of the Company at a price of \$1.05 per common share, for a period of 24 months from the date of issue; and
- iii. granted 450,000 stock options, exercisable at a price of \$1.10 per common share for a period of three years, with 150,000 vesting on grant and 150,000 on each of the 3 and 6 month anniversaries of the date of grant, expiring on April 3, 2026.

## **OTHER MD&A DISCLOSURE REQUIREMENTS**

### ***Disclosure by Venture Issuer without significant revenue***

An analysis of the material components of the Company's general and administrative expenses is disclosed in the Financial Statements to which this MD&A relates. An analysis of the material components of the acquisition and deferred exploration costs of the Company's mineral properties is disclosed in the annual Financial Statements to which this MD&A relates.

### ***Share Capital***

As at May 1, 2023, the Company had 213,438,543 common shares, 11,367,000 incentive stock options, and 14,156,596 share purchase warrants outstanding.

### ***Information Available on SEDAR***

Additional information relating to the Company is available on the SEDAR website at [www.sedar.com](http://www.sedar.com).

**On behalf of the Board of Directors,**

**May 1, 2023**

***"Craig Dalziel"***  
**Executive Chairman**