

Halcohes Precious Metals Corp.
Management's Discussion and Analysis
For the nine months ended September 30, 2022
(in Canadian dollars, unless otherwise noted)

Date: November 24, 2022

This Management's Discussion and Analysis ("**MD&A**") provides a discussion and analysis of the financial condition and results of the operations of Halcohes Precious Metals Corp. (individually or collectively with its subsidiaries, as applicable, "**Halcohes**" or the "**Company**"), to enable a reader to assess material changes in the financial condition and results of operations as at and for the nine months ended September 30, 2022. The MD&A should be read in conjunction with the condensed interim consolidated financial statements for the three and nine months ended September 30, 2022 as well as the audited consolidated financial statements for the year ended December 31, 2021. All amounts included in the MD&A are expressed in Canadian dollars, unless otherwise specified.

The Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as published by the International Accounting Standards Board. Please refer to Note 3 of the annual audited consolidated financial statements as at and for the year ended December 31, 2021 for disclosure of the Company's significant accounting policies.

The scientific and technical contents of this MD&A have been reviewed and approved by Mr. Vernon Arseneau, (PGeo), Qualified Person under National Instrument 43-101 ("**NI 43-101**"). As an officer of the Company, Mr. Arseneau is not considered independent.

The Board of Directors of the Company has reviewed this MD&A and the condensed interim financial statements for the nine months ended September 30, 2022, and the Company's Board of Directors approved these documents prior to their release.

Overview and Strategy

Halcohes is a Canadian exploration and development company engaged in the acquisition, exploration, and development of mineral properties with a primary focus on exploring in Chile. Exploration is conducted through the Company's wholly owned subsidiary, Exploraciones Los Halcohes S.A ("**Halcohes Panama**"), which in turn owns 100% of Minera Los Halcohes SpA ("**Halcohes Chile**").

The Company currently has an option to acquire a 100% ownership interest in the Carachapampa Project (the "**Project**" or the "**Property**") in Chile, which is described in detail below under the sections entitled, "Mineral Exploration Properties". The Company continues to review project submissions and data from various sources with a view to identifying opportunities that could create value for its shareholders.

Summary of Properties and Projects

Mineral Exploration Properties

The Company has the right to acquire 100% interest in the Carachapampa Project, located in Diego de Almagro, Copiapo Region.

Carachapampa Property

On September 24, 2021, the Company signed an assignment agreement of an option contract to acquire mining concessions in the Carachapampa Project.

The Carachapampa project is located within the northeast part of the renowned Maricunga belt. The Maricunga belt is the most important gold-producing district in South America. The property is tied onto the Nueva Esperanza property of Kingsgate which is a recent discovery that is planned for development next year. Other important deposits in the region include Solares Norte (Goldfields) and La Koipa (Kinross). The project comprises 12 claims covering 2,868 hectares and is two kilometres southeast of the Chimberos deposit, gold-silver-producing open pit.

Halcones Precious Metals Corp.
Management's Discussion and Analysis
For the nine months ended September 30, 2022
(in Canadian dollars, unless otherwise noted)

The Carachapampa project and adjacent producing and development projects are part of a high sulphidation, epithermal gold environment. An important aspect of the area is that the erosional level is such that the mineralized zones now occur relatively close to or at surface in this part of the belt. There is a thin layer of post mineralization volcanic cover and the basement rocks can be prospected through windows in the cover. A second critical criteria is the high sulphidation deposits occur on the flank of volcanic domes. Two such volcanic domes have been identified on the property. There are four main target areas identified to date, all with disseminated gold mineralization, on the Carachapampa property. Recent trenching in the northeast target returned values of up to 20.9 grams per tonne gold in disseminated mineralization, not in veins. This area also features a well-defined IP anomaly (resistivity and chargeability) associated with the window of basement rocks that were sampled through the volcanic cover.

Exploration Activities

On November 23, 2022, the Company announced assay results from the initial 2022 exploration program at its Carachapampa project, Chile. Field mapping and rock sampling were carried out in September, towards the end of the South American winter and crews were successful in identifying well mineralized zones in outcrop at several locations on the Project.

Highlights include:

A new highly prospective target area has been identified by the Company's field program. Well mineralized and strongly silicified (vuggy quartz textured) structures have been discovered adjacent to a previously unidentified volcanic dome. Presence of volcanic domes are essential to development of the high sulfidation gold deposits in this region.

At least four structures characterized by intense vuggy silica alteration were identified initially, with gold values in bedrock samples of 17.2 g/t Au, 8.93 g/t Au, 4.2 g/t Au, 3.6 g/t Au and 1.43 g/t Au. This sampling is based on limited exposure due to young volcanic cover in the area and as well was hampered by intermittent snow cover when work was done. More detailed mapping and sampling is in progress on this new target presently.

The structures have been mapped for at least 600 metres along strike and across strike for more than 200 metres. Mapping is ongoing presently to identify additional structures as well as to look for windows where the rocks between the structures may be exposed through the cover of younger volcanics in the area.

Drill hole 003 which was drilled previously appears to have collared on the side of the newly identified volcanic dome and intercepted 54 m grading 0.32 g/t Au including 20 m grading 0.56 g/t Au. This hole was drilled prior to the mapping and does not intersect the mineralized structures but is an indication of a highly anomalous and wide section of mineralization associated with the flank of the dome. The hole is approximately 1.5 km northeast from the mineralized samples.

A second area approximately 1 km north and still on the flank of the dome returned samples with 2.5 g/t Au and 65 g/t Ag on highly silicified, vuggy quartz altered structures as well.

One sample from the northeast target area which occurs approximately 2.8 km northwest of this new target area had a grade of 548 g/t Ag. The initial field results are encouraging. Given the limited time the crews had in the field in the late winter, the discovery of the previously unmapped volcanic dome and associated vuggy silica alteration hosting significant gold mineralization over what appears to be an extensive area is an encouraging outcome. Now that the weather has improved as Andean summer has commenced, the crews are back in the field to follow up on the initial discoveries with detailed sampling and mapping in preparation for drill testing in the coming months.

Halcones Precious Metals Corp.
Management's Discussion and Analysis
For the nine months ended September 30, 2022
(in Canadian dollars, unless otherwise noted)

Liquidity and Capital Resources

As at September 30, 2022, the Company had working capital of \$2,506,372 (December 31, 2021 - \$3,143,554), which included a cash balance of \$3,103,537 (December 31, 2021 - \$3,276,157), amounts receivable of \$428,514 (December 31, 2021 - \$3,100) and prepaid expenses of \$14,228 (December 31, 2021 - \$3,664) offset by accounts payable and accrued liabilities of \$1,039,907 (December 31, 2021 - \$139,367).

Halcones Precious Metals Inc. ("the Target") and Pinehurst Capital II Inc. ("Pinehurst") entered into an amalgamation agreement (the "Amalgamation Agreement") dated January 25, 2022, (the "Transaction"). The Transaction constituted Pinehurst's Qualifying Transaction under the Capital Pool Companies policy (the "CPC Policy") of the TSX Venture Exchange (the "Exchange"). Following the completion of the Transaction, Pinehurst continued on the business of the Target under the name "Halcones Precious Metals Corp." (the "Resulting Issuer"). For financial reporting purposes, the Transaction has been presented as a reverse acquisition of Pinehurst by the Target.

Prior to the Transaction, Pinehurst consolidated its shares on the basis of 0.47 post-consolidation share for each pre-consolidation share. On closing of the Transaction, 2,500,000 shares of the Resulting Issuer were issued to the shareholders of Pinehurst. Outstanding convertible securities of Pinehurst were also converted at the same ratio and exchanged for convertible securities of the Resulting Issuer.

On closing of the Transaction, each holder of common shares of the Target received one common share of the Resulting Issuer for each Target share held. All outstanding convertible securities of the Target immediately prior to closing of the amalgamation, including warrants of the Target, were exchanged or replaced with convertible securities of the Resulting Issuer.

On June 24, 2022, the Company closed a brokered private placement (the "Subscription Receipt Offering") of subscription receipts in connection with the Transaction by issuing 11,462,200 subscription receipts at a price of \$0.30 per subscription receipt for aggregate gross proceeds of \$3,438,660 (the "Financing").

The gross proceeds from the sale of the Subscription Receipts, less the cash portion of the Agents' commission and Agents' expenses, were held in escrow by Computershare in accordance with the Subscription Receipt Agreement and were released to the Company upon satisfaction and/or waiver of certain escrow release conditions (the "Escrow Release Conditions"), including completion of all conditions precedent to the Transaction.

Each Subscription Receipt, without any further consideration on the part of the subscriber, automatically converted on the satisfaction or waiver of the Escrow Release Conditions into one common share of the Company and one-half of one warrant of the Company. Each whole warrant will entitle the holder to purchase one common share of the Company at a price of \$0.40 per share for a period of 24 months following the closing of the Subscription Receipt Offering.

In connection with the Subscription Receipt Offering, a commission was paid to the Agents with an aggregate cash payment of \$245,706 as well as amounts to cover legal fees. As additional consideration, 802,354 broker warrants were issued to the Agents, each entitling the Agents to purchase one common share of the Resulting Issuer at a price of \$0.30 until June 24, 2024. The fair value of the broker warrants issued was estimated at \$107,034 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 116% based on the volatility of comparable companies; risk-free interest rate of 3.12%, share price of \$0.24 based on the pricing of the subscription receipt financing, and an expected life of 2 years.

On June 30, 2022, the Company completed a unit financing whereby 713,334 units were issued for gross proceeds of \$214,000 at a price of \$0.30 per unit. Each unit consists of one common share and one half of

Halcones Precious Metals Corp.
Management's Discussion and Analysis
For the nine months ended September 30, 2022
(in Canadian dollars, unless otherwise noted)

one common share purchase warrant of Halcones. Each whole warrant entitles the holder to purchase one common share of Halcones for a two-year period at a price of \$0.40.

The warrants were valued at \$42,800 based on a proration of the unit proceeds between common shares based on their estimated relative fair value. The fair value of the warrants was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 116% based on the volatility of comparable entities; risk-free interest rate of 3.10% and an expected life of 2 years.

Results of Operations

Three months ended September 30, 2022

During the three months ended September 30, 2022, the Company recorded a net loss of \$1,395,347 or \$0.02 per share.

Expenses incurred during the three months ended September 30, 2022 included \$1,366,896 in exploration and evaluation expenses, mostly topography work; \$193,379 in consulting and management fees; \$117,110 in professional fees, including legal fees related to the transaction; \$55,151 in shareholder communications expenses and \$5,893 in office and general expenses. As well, a value of \$666,630 was recorded as transactions costs representing the excess of the value of the shares issued over the net assets acquired.

Nine months ended September 30, 2022

During the nine months ended September 30, 2022, the Company recorded a loss of \$4,506,049 or \$0.06 per share.

Expenses incurred during the nine months ended September 30, 2022 included \$2,881,042 in exploration and evaluation expenses. This included topography and drilling costs, as well as the initial option payments to acquire the property. Consulting and management fees were \$604,481 for the nine months ended September 30, 2022. The Company incurred \$127,985 in professional fees, \$206,151 in shareholder communications costs and \$12,293 in office and general costs.

Cash flows

Nine months ended September 30, 2022

During the nine months ended September 30, 2022, the Company used cash of \$3,450,801 in operating activities. Cash used in operating activities consisted primarily of exploration and evaluation expenditures in Chile and management fees.

During the nine months ended September 30, 2022, the Company acquired \$8,093 in investing activities, this being the cash acquired from the reverse acquisition transaction.

During the nine months ended September 30, 2022, the Company had cash provided by financing activities in the amount of \$3,270,088 consisting of gross proceeds from the private placement and subscription receipt financings of \$3,652,660 less cash costs to issue shares of \$382,572.

Financial Instruments

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- a) Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- b) Level 2 - Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
- c) Level 3 - Inputs for assets and liabilities that are not based on observable market data.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The Company's financial instruments include cash and accounts payable and accrued liabilities. The carrying values of these financial instruments reported in the statement of financial position approximate their respective fair values due to the relatively short-term nature of these instruments. As at September 30, 2022, the Company had no instruments to classify in the fair value hierarchy.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

(a) *Credit risk*

Counterparty credit risk is the risk that the financial benefits of contracts with a specific counterparty will be lost if a counterparty defaults on its obligations under the contract. This includes any cash amounts owed to the Company by those counterparties, less any amounts owed to the counterparty by the Company where a legal right of set-off exists and also includes the fair values of contracts with individual counterparties which are recorded in the financial statements.

Trade credit risk

The Company is not exposed to significant trade credit risk.

Cash

In order to manage credit and liquidity risk the Company's policy is to invest only in highly rated investment grade instruments that have maturities of three months or less. Limits are also established based on the type of investment, the counterparty, and the credit rating.

(b) *Currency risk*

Currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company's foreign currency risk arises primarily with respect to the Chilean Peso (CLP) from its property interests in Chile and the US dollar in which some costs are denominated. Fluctuations in the exchange rates between these currencies and the Canadian dollar could have a material effect on the Company's business, financial condition, and results of operations. The Company does not engage in any hedging activity to mitigate this risk.

As at September 30, 2022 and December 31, 2022, the Company had the following financial instruments and denominated in foreign currency (expressed in Canadian dollars):

Halcones Precious Metals Corp.
Management's Discussion and Analysis
For the nine months ended September 30, 2022
(in Canadian dollars, unless otherwise noted)

| September 30, 2022 | | |
|--|----------------------|--------------------|
| | Chilean pesos | US dollars |
| Cash | \$ 29,578 | \$ 704 |
| Accounts payable and accrued liabilities | (579,081) | (65,170) |
| | \$ (549,503) | \$ (64,466) |

| December 31, 2021 | | |
|--|----------------------|-------------------|
| | Chilean pesos | US dollars |
| Cash | \$ 218,733 | \$ - |
| Accounts payable and accrued liabilities | (2,433) | - |
| | \$ 216,300 | \$ - |

A 10% strengthening (weakening) of the Canadian dollar against the Chilean Peso would decrease (increase) net loss by approximately \$55,000 (December 31, 2021 - \$21,630).

A 10% strengthening (weakening) of the Canadian dollar against the US dollar would decrease (increase) net loss by approximately \$6,500 (December 31, 2021 - \$nil).

(c) *Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. At September 30, 2022, the Company had a cash balance of \$3,103,537 (December 31, 2021 - \$3,276,157) to settle current liabilities of \$1,039,907 (December 31, 2021 - \$139,367). The Company's trade payables have contractual maturities of less than 30 days and are subject to normal trade terms.

(d) *Commodity / Equity price risk*

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, as they relate to gold, zinc, and lithium, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company. Commodity price risk is remote as the Company is not a producing entity.

Critical Accounting Policies

The Company's significant accounting policies are described in Note 2 of the condensed interim financial statements for the nine months ended September 30, 2022. The preparation of statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The following is a list of the accounting policies that management believes are critical, due to the degree of uncertainty regarding the estimates and assumptions involved and the magnitude of the asset, liability or expense being reported:

Halcones Precious Metals Corp.
Management's Discussion and Analysis
For the nine months ended September 30, 2022
(in Canadian dollars, unless otherwise noted)

- Foreign currencies
- Exploration and evaluation properties

Foreign currencies

The Foreign currency translation presentation and functional currency of the Company and its subsidiary is the Canadian dollar.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Exchange differences are recognized in operations in the period in which they arise.

The Company makes expenditures and incurs costs in Chilean Pesos ("CLP"). At September 30, 2022, one Canadian dollar was worth CLP 698.94. During the nine months ended September 30, 2022, the average value of one Canadian dollar was CLP 669.26.

The Company makes expenditures and incurs costs in US dollars ("US\$"). At September 30, 2022, one Canadian dollar was worth US\$0.73. During the nine months ended September 30, 2022, the average value of one Canadian dollar was US\$0.78.

Exploration and evaluation expenses

| | Three months ended | | Nine months ended | |
|--|---------------------------|-------------------|--------------------------|-------------------|
| | September 30, | | September 30, | |
| | 2022 | 2021 | 2022 | 2021 |
| Property option payments | \$ - | \$ 188,932 | \$ 250,450 | \$ 188,932 |
| Royalties | (18,753) | - | - | - |
| Land management fees, taxes and permits | (5,638) | 116 | 274,918 | 116 |
| Drilling and geophysics | 325,019 | - | 2,136,403 | - |
| Travel, meals and accommodations | 4,437 | - | 28,326 | - |
| Professional fees | 8,976 | 15,834 | 37,051 | 15,834 |
| Project overhead costs | 52,855 | - | 153,894 | - |
| Total exploration and evaluation expenses | \$ 366,896 | \$ 204,882 | \$ 2,881,042 | \$ 204,882 |

Commitments and Contingencies

The Company's exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company expects to make expenditures to comply with such laws and regulations.

The Company is party to certain management contracts. As of September 30, 2022, these contracts require payments of approximately \$1,578,000 (December 31, 2021 - \$1,473,000) to be made upon the occurrence of a change of control to the officers and consultants of the Company. The Company is also committed to payments upon termination of approximately \$800,000 (December 31, 2021 - \$747,000) pursuant to the terms of these contracts as of September 30, 2022. As a triggering event has not taken place on September 30, 2022, these amounts have not been recorded in the condensed interim consolidated financial statements for the nine months ended September 30, 2022.

Halcones Precious Metals Corp.
Management's Discussion and Analysis
For the nine months ended September 30, 2022
(in Canadian dollars, unless otherwise noted)

The Company is party to an assignment agreement of an option contract to acquire mining concessions. See Note 4 of the Company's condensed interim consolidated financial statements for the three and nine months ended September 30, 2022.

Transactions with Related Parties

As at September 30, 2022, prepaid expenses and advance included an amount of \$500 due from a director of the Company (December 31, 2021- \$nil).

As at September 30, 2022, an amount of \$238,365 (December 31, 2021 - \$81,083) included in accounts payable and accrued liabilities, was owed to directors and officers of the Company. Such amounts are unsecured, non-interest bearing, with no fixed terms of repayment.

As at September 30, 2022, accounts payable included an amount of \$nil (December 31, 2021 - \$12,500) owing to an entity with a common director and officer of the Company.

In connection with the July 5, 2021 incorporation of the Company, 17,500,000 common shares were issued to directors and or officers of the Company for nominal gross proceeds.

On November 1, 2021, 500,000 common shares were issued to an officer and director of the Company. See Note 5 of the condensed interim consolidated financial statements for the nine months ended September 30, 2022.

Compensation of key management personnel of the Company

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. During the nine months ended September 30, 2022, the remuneration of directors and other key management personnel is as follows:

| | Three months ended | | Nine months ended | |
|-----------------|---------------------------|-------------|--------------------------|-------------|
| | September 30, | | September 30, | |
| | 2022 | 2021 | 2022 | 2021 |
| Management fees | \$ 180,266 | \$ - | \$ 565,838 | \$ - |
| Total | \$ 180,266 | \$ - | \$ 565,838 | \$ - |

Risk Factors

Mining exploration inherently contains a high degree of risk and uncertainty, which even a combination of careful evaluation, experience and knowledge may not eliminate. The following are certain factors relating to the business of the Company, which investors should carefully consider when making an investment decision concerning the Company's shares. These risks and uncertainties are not the only ones facing the Company. Additional risks and uncertainties not presently known that the Company currently deems immaterial, may also impair the operations of the Company. If any such risks occur, the financial condition, liquidity, and results of operations of the Company could be materially adversely affected and the ability of the Company to implement its growth plans could be adversely affected. An investment in the Company is speculative. An investment in the Company will be subject to certain material risks and investors should not invest in securities of the Company unless they can afford to lose their entire investment. The following is a description of certain risks and uncertainties that may affect the Company.

Novel Coronavirus ("COVID-19")

The Company's operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations.

Substantial Capital Requirements and Liquidity

Substantial additional funds for the establishment of the Company's current and planned operations will be required. No assurances can be given that the Company will be able to raise the additional funding that may be required for such activities, should such funding not be fully generated from operations. Mineral prices, environmental rehabilitation or restitution, current financial conditions, revenues, taxes, capital expenditures, operating expenses and geological results are all factors which will have an impact on the amount of additional capital that may be required. To meet such funding requirements, the Company may be required to undertake additional equity financing, which would be dilutive to shareholders. Debt financing, if available, may also involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and pursue only those projects that can be funded through cash flows generated from its existing operations, if any.

Financing Risks and Dilution to Shareholders

The Company will have limited financial resources, no operations, and no revenues. Even if the Company's exploration program on one or more of the properties is successful, additional funds will be required for the purposes of further exploration and development. There can be no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be available on favourable terms or at all. It is likely such additional capital will be raised through the issuance of additional equity which would result in dilution to the Company's shareholders.

Limited Operating History

The Company is a relatively new company with limited operating history. The Company only recently acquired its interest in its material properties and the Company has no history of business or mining operations, revenue generation or production history. The Company has yet to generate a profit from their activities. The Company will be subject to all the business risks and uncertainties associated with any new business enterprise, including the risk that it will not achieve its growth objective. The Company anticipates that it may take several years to achieve positive cash flow from operations.

No Mineral Resources or Mineral Reserves

Resource exploration is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Company may be affected by numerous factors which are beyond the control of the Company and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to

Halcones Precious Metals Corp.
Management's Discussion and Analysis
For the nine months ended September 30, 2022
(in Canadian dollars, unless otherwise noted)

royalties, allowable production, importing and exporting of minerals, and environmental protection, the combination of which factors may result in the Company not receiving an adequate return of investment capital.

The Company's properties are in the exploration stage only and, to date, no mineral resources or mineral reserves have been identified. Development of the Company's properties will follow only if favourable exploration results are obtained. The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. There is no assurance that any mineral resources or mineral reserves will be identified or developed. The long-term profitability of the Company's operations will in part be directly related to the costs and success of its exploration programs, which may be affected by a number of factors.

Substantial expenditures are required to establish mineral resources and mineral reserves and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis.

Fluctuating Mineral Prices

The economics of mineral exploration are affected by many factors beyond the Company's control, including commodity prices, the cost of operations, variations in the grade of minerals explored and fluctuations in the market price of minerals. Depending on the price of minerals, the Company may determine that it is impractical to continue a mineral exploration operation.

Mineral prices are prone to fluctuations and the marketability of minerals is affected by government regulation relating to price, royalties, allowable production and the importing and exporting of minerals, the effect of which cannot be accurately predicted. There is no assurance that a profitable market will exist for the sale of any minerals that may be found on the Company's properties.

Regulatory, Permit and License Requirements

The current or future operations of the Company require permits from various governmental authorities, and such operations are and will be governed by laws and regulations that may concern, among other things, exploration, development, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, site safety and other matters. Companies engaged in the exploration and development of mineral properties generally experience increased costs and delays in development and other schedules because of the need to comply with applicable laws, regulations and permits. There can be no assurance that all permits which the Company may require for facilities and the conduct of exploration and development operations on its properties will be obtainable on reasonable terms, or that such laws and regulations will not have an adverse effect on any exploration or development project which the Company might undertake.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in exploration and development operations may be required to compensate those suffering loss or damage by reason of the exploration and development activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations. Amendments to current laws, regulations and permits governing operations and activities of mineral companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or exploration and development costs, or require abandonment or delays in the development of new or existing properties.

Title to Properties

Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed. The Company cannot give an assurance that title to some or all the Company's interest in its properties will not be challenged or impugned. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify. A successful claim that the Company does not have the interest it understands it has in its properties could cause the Company to lose any rights to explore, develop and mine any minerals on such properties without compensation for its prior expenditures relating thereto.

Competition

The mineral exploration and development industry is highly competitive. The Company will have to compete with other companies, many of which have greater financial, technical, and other resources than the Company, for, among other things, the acquisition of minerals claims, leases and other mineral interests, as well as for the recruitment and retention of qualified employees and other personnel. Failure to compete successfully against other companies could have a material adverse effect on the Company and its prospects.

Reliance on Management and Dependence on Key Personnel

The success of the Company will be largely dependent upon the performance of its directors and officers and the ability to attract and retain key personnel. The loss of the services of these persons may have a material adverse effect on the Company's business and prospects. The Company will compete with numerous other companies for the recruitment and retention of qualified employees and contractors. There is no assurance that the Company can maintain the service of its directors and officers, or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Company and its prospects.

Environmental Risks

The Company's exploration and appraisal programs will, in general, be subject to approval by regulatory bodies. Additionally, all phases of the exploration, development and mining business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and national and local laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with exploration, development, and mining operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned, and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs.

Local Resident Concerns

Apart from ordinary environmental issues, the exploration, development, and mining of the Company's properties could be subject to resistance from local residents that could either prevent or delay exploration and development of the properties.

Foreign Operations

The Company's properties are located in Chile. As such, the Company's proposed activities with respect to its properties will be subject to governmental, political, economic and other uncertainties, including but not limited to expropriation of property without fair compensation, repatriation of earnings, nationalization,

Halcones Precious Metals Corp.
Management's Discussion and Analysis
For the nine months ended September 30, 2022
(in Canadian dollars, unless otherwise noted)

currency fluctuations and devaluations, exchange controls and increases in government fees, renegotiation or nullification of existing concessions and contracts, changes in taxation policies, economic sanctions and the other risks arising out of foreign governmental sovereignty over the areas in which the Company's operations will be conducted, as well as risks including loss due to civil strife, acts of war, insurrections and the actions of national labour unions. Future government actions concerning the economy, taxation, or the operation and regulation of nationally important facilities such as mines, could have a significant effect on the Company. No assurances can be given that the Company's plans and operations will not be adversely affected by future developments in Spain. Any changes in regulations or shifts in political attitudes will be beyond the Company's control and may adversely affect the Company's business.

Uninsurable Risks

Exploration, development, and production operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, earthquakes, and other environmental occurrences, any of which could result in damage to, or destruction of, equipment and mines, damage to life or property, environmental damage, and possible legal liability. Although precautions to minimize risk will be taken, operations are subject to hazards that may result in environmental pollution and consequent liability that could have a material adverse impact on the business, operations, and financial performance of the Company. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could have an adverse impact on the Company's results of operations and financial condition and could cause a decline in the value of the Company securities.

Litigation

The Company and/or its directors or officers may be subject to a variety of civil or other legal proceedings, with or without merit.

Outstanding Share Data

As at the date of this MD&A, the Company has:

90,057,114 common shares outstanding;

8,122,121 warrants outstanding, with expiry dates ranging from October 20, 2023 to June 30, 2024. If all the warrants were exercised, 8,122,121 shares would be issued for gross proceeds of \$2,799,013.

235,849 options outstanding, with an expiry date of September 23, 2023. If all options were exercised, 235,849 shares would be issued for gross proceeds of \$50,000.

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING INFORMATION

This MD&A contains, or incorporates by reference, "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to the future performance of Halcones Corp. ("Halcones" or the "Company"), Halcones's mineral properties, the future price of gold, zinc and other metals, the estimation of mineral resources and mineral reserves, results of exploration activities and studies, the realization of mineral resource estimates, exploration activities, costs and timing of the development of new deposits, the acquisition of additional mineral resources, the results of future exploration and drilling, costs and timing of future exploration of the mineral projects, requirements for additional capital, management's skill and knowledge with respect to the exploration and development of mining properties in Spain, government regulation of mining operations and exploration operations, timing and receipt of approvals and licenses under mineral legislation, the Company's local partners, and environmental risks and title disputes. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "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, among others, risks associated with the Company's dependence on the mineral projects; general business, economic, competitive, political and social uncertainties; the actual results of current exploration activities; risks associated with dependence on key members of management; conclusions of economic evaluations and studies; currency fluctuations (particularly in respect of the Canadian dollar, the United States dollar and the rate at which each may be exchanged for the others); future prices of gold, copper, and other metals; uncertainty in the estimation of mineral resources; exploration and development risks; infrastructure risks; inflation risks; defects and adverse claims in the title to the projects; accidents, political instability, insurrection or war; labour and employment risks; changes in government regulations and policies, including laws governing development, production, taxes, royalty payments, labour standards and occupational health, safety, toxic substances, resource exploitation and other matters; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; insufficient insurance coverage; the risk that dividends may never be declared; and liquidity and financing risks related to the global economic crisis. Such forward-looking statements are based on a number of material factors and assumptions, including; that contracted parties provide goods and/or services on the agreed timeframes; that ongoing contractual negotiations will be successful and progress and/or be completed in a timely manner; that no unusual geological or technical problems occur; that plant and equipment work as anticipated and that there is no material adverse change in the price of gold. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated, or intended. A qualified person, as defined in National Instrument 43-101, has not done sufficient work on behalf of the Company to classify certain of the historical technical information included in this MD&A, including the historical estimates of the Company's projects as a current mineral resource and the Company is not treating the historical estimates as a current mineral resource or mineral reserve. This historical information should not be relied upon and the Company cannot guarantee the accuracy of the historical data. Forward-looking statements contained herein are made as of the date of this MD&A. There can be no assurance that the forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements due to the inherent uncertainty therein.