



Management's Discussion and Analysis

Year Ended 31 December 2022

(Expressed in Canadian dollars, unless otherwise noted)

28 March 2023

For further information on the Company, reference should be made to its public filings on SEDAR at www.sedar.com. Information is also available on the Company's website at www.gunpointexploration.com. This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited annual consolidated financial statements for the year ended 31 December 2022 and related notes thereto which have been prepared in accordance with International Financial Reporting Standards. The MD&A contains certain forward looking statements, please review the disclaimers that are provided at the last page of this report.

OVERVIEW

Gunpoint Exploration Ltd. (the "Company" or "Gunpoint") is focused on the acquisition and exploration of gold-silver deposits located primarily in the United States. Gunpoint's flagship property is the Talapoosa gold project ("Talapoosa") in Nevada, USA. The Company's common shares trade on the TSX Venture Exchange under the symbol "GUN.TSXV". The Company has its head office in Vancouver, B.C.

During the current year, the Company's corporate activities were focused on coordinating due diligence for joint venture interest in Appaloosa situated inside the Talapoosa land package. The Company continued to maintain its El Escorpion property in good standing for joint venture or divesture.

HIGHLIGHTS – Year Ended 31 December 2022

- The Company's cash position as at 31 December 2022 was \$1,145,000.
- On 27 September 2022, the Company signed an option and earn-in agreement (the "Newcrest Agreement") with Newcrest Resources Inc. ("Newcrest"), a wholly-owned subsidiary of Newcrest Mining Limited, to explore Gunpoint's Appaloosa property ("Appaloosa") located in Nevada, USA, whereby Newcrest has the right to acquire, in multiple stages, up to a 75% interest in Appaloosa for cumulative exploration and development expenditures of US\$35 million, cash payments totaling US\$5 million to Gunpoint and completing a minimum indicated mineral resource estimate of 1.0 million gold ounces. The Company received US\$250,000 upon executing the Agreement.
- On 28 February 2022, the Company completed a private placement of 3,000,000 units at \$0.50 per unit for gross proceeds of \$1,500,000. Each unit consisted of one common share of the Company and one-half of one common share purchase warrant (each whole common share purchase warrant, a "Warrant"). Each Warrant entitles the holder to purchase one additional common share of the Company at an exercise price of \$0.75 until 28 February 2024.
- In January 2022, the Company completed the two debt settlement transactions by:
 - (1) issuing 1,723,333 common shares to settle a promissory note and accrued interest of \$1,034,000 owed to a company controlled by the President of the Company.
 - (2) issuing 1,720,000 common shares to settle \$1,032,000 owed to Chesapeake Gold Corp. ("Chesapeake"), the Company's parent.
- On 4 October 2022, the Company received from Madero Metals Corp. ("Madero"), a cash payment of \$55,000 (US\$40,000) and 300,000 common shares of Madero pursuant to the option agreement to acquire the Cerro Minas property.

- On 4 October 2022, the Company issued 900,000 common shares to the President of the Company for proceeds of \$225,000 pursuant to the exercise of stock options. The fair value of stock options of \$126,000 was transferred from share-based payment reserve to share capital.
- On 10 November 2022, the Company granted 200,000 incentive stock options to a director under its stock option plan, at an exercise price of \$0.60 per share for a term of five years. The options will vest and be exercisable on the basis of 25% annually commencing 10 November 2023, the first anniversary of the date of the grant.

EVENTS SUBSEQUENT TO 31 December 2022

- On 25 January 2023, the Company received an option payment of US\$750,000 from Newcrest, as they progressed into the “Option Phase” of the agreement.

MINERAL PROPERTIES

Talapoosa (Nevada, USA)

Overview

The Company owns a 100% interest in Talapoosa located in Lyon County, Nevada. Talapoosa is a low-sulphidation gold-silver property located in the Walker Lane gold trend of western Nevada, approximately 45 kilometres east of Reno. Talapoosa consists of 509 unpatented lode mining claims owned by the Company, 26 leased unpatented lode mining claims, 6 additional leased fee land sections and a portion of one additional fee land section owned by one of the Company’s US subsidiaries. The total land package for the property is contiguous and covers approximately 6,018 hectares (14,870 acres). The aggregate annual payments to the Bureau of Land Management and underlying owners are approximately US\$218,000. The project is subject to net smelter royalties of up to 5%.

Talapoosa has a National Instrument 43-101 compliant resource estimate hosting a measured and indicated resource of 632,000 ounces of gold (23.1 million tons at a grade of 0.035 oz/t AuEq) and an inferred resource of 326,000 ounces of gold (12.6 million tons at a grade of 0.033 oz/t AuEq) using a cut-off of 0.015 oz/t gold equivalent.

During 2011, the Company completed 15 core holes totaling 3,251 meters at Talapoosa. With the 2011 drill data, the Company re-modeled and re-interpreted the resource with independent consultants. In 2013, Tetra Tech WEI Inc. (“Tetra Tech”) provided an updated NI 43-101 resource estimate adding approximately 380,000 ounces of gold and 5.4 million ounces of silver compared to the previous NI 43-101 resource estimate. In March 2015, WSP Canada Inc. (“WSP”) was commissioned by Timberline to update a technical report on the Project originally completed by Tetra Tech on April 12, 2013.

Set out in the table below is a summary of the resource estimation at Talapoosa by WSP:

Summary	Cut-Off (oz/ton)	Tons	Au (oz/ton)	Ag (oz/ton)	Tonnes	Au (g/t)	Ag (g/t)	Au (oz)	Ag (oz)
Oxide Measured	0.013	3,126,050	0.038	0.553	2,835,890	1.29	18.96	117,253	1,728,323
Sulphide Measured	0.013	14,044,820	0.036	0.481	12,741,180	1.22	16.50	501,215	6,760,763
Total Measured		17,170,870	0.036	0.494	15,577,070	1.23	16.95	618,468	8,489,086
Oxide Indicated	0.013	1,412,000	0.032	0.416	1,280,900	1.10	14.25	45,328	586,999
Sulphide Indicated	0.013	12,681,600	0.028	0.361	11,504,500	0.94	12.36	349,005	4,573,274
Total indicated		14,093,600	0.028	0.366	12,785,400	0.96	12.55	394,334	5,160,273
Total M&I		31,264,470	0.032	0.437	28,362,470	1.11	14.97	1,012,802	13,649,358
Oxide Inferred	0.013	1,762,000	0.027	0.065	1,598,000	0.93	2.24	47,745	115,115
Sulphide Inferred	0.013	9,436,000	0.020	0.218	8,560,000	0.68	7.48	185,787	2,057,651
Total Inferred		11,198,000	0.021	0.194	10,158,000	0.72	6.65	233,532	2,172,766

Appaloosa

During the year ended 31 December 2022, the Company received \$322,000 (US\$250,000) under the Newcrest Agreement. Newcrest entered into the “Option Phase” subsequent to year ended 31 December 2022 and the Company received a payment of US\$750,000.

The Appaloosa property (“Appaloosa”) lies within the Talapoosa land package located 1 kilometer northeast of the Talapoosa trend. On 27 September 2022, the Company signed the Newcrest Agreement to explore Appaloosa. Newcrest has the right to acquire, in multiple stages, up to a 75% interest in Appaloosa for cumulative exploration and development expenditures of US\$35 million, cash payments totalling US\$5 million to Gunpoint and completing a minimum indicated mineral resource estimate of 1 million gold ounces.

Agreement Summary Structure:

Stage	Payment	Expenditure	Newcrest Interest (%)	Time Schedule
Investigation	US\$250,000	-	-	completed
Option Phase	US\$750,000	US\$2,000,000 ⁽¹⁾	-	18 months
Stage 1	US\$1,500,000	US\$10,000,000	51%	3 years
Stage 2 ⁽²⁾	US\$1,000,000	US\$23,000,000	65%	3 years
Stage 3	US\$1,500,000	Minimum Mineral Resource Estimate of 1.0 million Gold Ounces	75%	2 years

⁽¹⁾ Minimum expenditure commitment required by Newcrest if it elects to enter into the Option Phase

⁽²⁾ If Newcrest elects to terminate Stage 2 or does not earn the additional 14%, Newcrest’s interest in Appaloosa will decrease to a 49% interest

Investigation and Option Phases

Gunpoint received \$322,000 (US\$250,000) upon signing the Newcrest Agreement. Subsequent to year end, Newcrest elected to enter into the Option Phase and continue to explore Appaloosa by providing a US\$750,000 cash payment to the Company. The Option Phase is an 18 month period from signing the Newcrest Agreement, and Newcrest will undertake a minimum US\$2 million in exploration expenditures during the Option Phase. Newcrest will not earn a vested interest in Appaloosa during the Investigation and Option Phases.

Terms of Earn-In

The earn-in phase (“Earn-in Phase”) consists of three stages whereby Newcrest can earn up to a 75% interest in Appaloosa over an 8 year period. Newcrest will act as manager during the earn-in phase.

Stage 1 Phase

Newcrest may elect to earn a 51% interest by providing a cash payment of US\$1.5 million and spending US\$10 million in exploration expenditures over 3 years. The Stage 1 Phase may be extended by Newcrest for one year by providing payment of US\$250,000 to Gunpoint or for force majeure.

Stage 2 Phase

Newcrest may elect to earn an additional 14% interest (65% total) by making a cash payment to Gunpoint of US\$1 million and spending an additional US\$23 million over 3 years in exploration expenditures (total of US\$35 million). Newcrest is required to spend US\$5 million in exploration expenditures per 12 month period during the 3 years. If Newcrest does not make such election or does not earn the additional 14% interest in Appaloosa in Stage 2, then Newcrest’s interest will decrease to 49% and Gunpoint will have the right to elect to purchase the 49% interest for Fair Value. The Stage 2 Phase may be extended by Newcrest for one year by providing payment of US\$250,000 to Gunpoint or for force majeure.

Stage 3 Phase

If Newcrest elects to proceed to the Stage 3 Phase of the earn-in, they will make a US\$1.5 million cash payment to Gunpoint and have the right to earn an additional 10% interest (75% total) by delivering a JORC or National Instrument

43-101 compliant indicated mineral resource of at least 1 million gold ounces. The Stage 3 Phase may be extended by Newcrest for one year by providing payment of US\$250,000 to Gunpoint or for force majeure.

Purchase Option

If Newcrest has earned a 75% interest in Appaloosa, Newcrest will have the option, within 120 days, to acquire Gunpoint's remaining 25% interest for the greater of fair value at the time of payment or US\$25 million.

Additional Terms

The Newcrest Agreement contains the following additional terms:

- A joint venture will be formed by Newcrest and Gunpoint when Newcrest acquires 51% interest in the Project.
- After the Earn-in Phase, funding will be pro rata, however, prior to a decision to mine, a party may elect to dilute instead of providing funding in which case straight line dilution shall apply, otherwise a failure to meet cash calls will result in default which may be remedied by accelerated dilution. If a party has less than a 10% interest, then this interest is converted to a 2% net smelter royalty ("NSR"). The non-diluting party has a right of first refusal on the 2% NSR.
- Both parties have a right of first refusal on a sale of the other party's interest in Appaloosa.
- Until the completion of the Earn-in Phase, Gunpoint may not grant a royalty or stream financing at Appaloosa. After the Earn-in Phase, provided Newcrest has earned a 65% interest in Appaloosa, Newcrest has a right of first refusal on any royalty or stream at Appaloosa that Gunpoint seeks to grant.
- Newcrest has a right of first refusal on a sale, earn-in, royalty or stream at Talapoosa sought to be entered into by Gunpoint during the Earn-in Phases and additionally while Newcrest owns at least a 51% interest in Appaloosa. If Newcrest exercises this right, it must pay Gunpoint 105% of the price offered by the third party.

OTHER EXPLORATION PROJECTS

La Gitana (Oaxaca State, Mexico)

The La Gitana Property ("La Gitana") is located in Oaxaca State and encompasses 494 hectares. On 4 June 2019, the Company signed a non-binding letter of intent (the "LOI") with Inomin Mines Inc. ("Inomin") to sell its 100% interest in La Gitana. The LOI provides for an exclusivity period to conduct due diligence and conclude a definitive agreement to finalize the purchase terms. Pursuant to the LOI, Inomin has an option to acquire La Gitana by making \$300,000 in cash payments and issuing 2,000,000 common shares as follows:

- A payment of \$10,000 on signing LOI (received);
- A payment of \$25,000 and 150,000 common shares following execution of definitive agreement;
- A payment of \$50,000 and 250,000 common shares on first anniversary;
- A payment of \$65,000 and 450,000 common shares on second anniversary;
- A payment of \$75,000 and 500,000 common shares on third anniversary; and
- A payment of \$75,000 and 650,000 common shares on fourth anniversary.

The definitive agreement required a surface rights agreement with the Santa Maria Lachixonace Ejido community ("Ejido"). The Company was unable to reach an agreement with the Ejido and on 4 August 2020, Gunpoint agreed to sell La Gitana and another exploration property in Oaxaca state ("Pena Blanca") to Inomin for \$25,000 and 1,000,000 common shares of Inomin.

On 21 March 2021, the TSX Venture Exchange approved the transaction and the Company received the consideration of a \$25,000 cash payment and 1,000,000 common shares of Inomin with a fair value of \$135,000. As at 31 December 2022, the fair market value of the 1,000,000 Inomin shares was \$60,000 (2021 – \$135,000)

The Company retains a 1.5% NSR on Pena Blanca. Inomin has the option to purchase 0.5% of the 1.5% NSR from Gunpoint for \$1 million dollars.

Cerro Minas (Oaxaca State, Mexico)

The Cerro Minas Property (“Cerro Minas”) is located 130 kilometers southwest of Oaxaca City and comprises 899 hectares.

On 16 October 2019, Gunpoint entered into an agreement with Megastar Development Corp. (“Megastar”) whereby Megastar was granted an option to acquire a 100% in Cerro Minas by making US\$100,000 in cash payments and issuing 800,000 Megastar common shares to Gunpoint over three years. Subsequently, Megastar changed its name to Madero Metals Corp. (“Madero”). The cash and share consideration are payable as follows:

- A cash payment of US\$10,000 and 100,000 common shares of Madero on the 19 October 2019 (received)
- A cash payment of US\$20,000 and 150,000 common shares of Madero on or before 19 October 2020 (received)
- A cash payment of US\$30,000 and 250,000 common shares of Madero on or before 19 October 2021; and (received)
- A final cash payment of US\$40,000 and 300,000 common shares of Madero on or before 19 October 2022. (received)

Madero completed the acquisition of Cerro Minas in 2022. Gunpoint retains a 1.5% net smelter royalty on Cerro Minas which Madero has the option to purchase a 0.5% net smelter royalty for US\$1 million dollars. Madero will be responsible for the property taxes and holding costs (including surface right agreement) to maintain Cerro Minas in good standing during the term of the agreement.

In October 2022, Madero completed the acquisition of Cerro Minas by making a cash payment of \$55,000 (US\$40,000) and issuing 300,000 common shares to the Company with a fair value of \$12,000. The cash and fair value of common shares received for the option agreement was recorded in other income. As at 31 December 2022, the fair market value of 800,000 Madero common shares held by the Company was \$40,000 (2021– \$33,000).

El Escorpion (Guatemala)

The Company acquired a 100% interest in El Escorpion by issuing 500,000 common shares to Chesapeake and assuming the remaining property payments to the prior concession owner. To date, the concession owner has received US\$331,000 of the US\$351,000 purchase price.

The El Escorpion property is located 85 kilometers southeast of Guatemala City, Guatemala. El Escorpion is situated 7 kilometers southwest of Pan American Silver Corp.’s world class Escobal silver deposit. The Escobal land package surrounds El Escorpion. If Chesapeake elects to purchase the existing 1.0% NSR from the concession owner, Chesapeake will be granted a 0.5% NSR royalty from Gunpoint.

On 19 August 2015, the Ministry of Energy and Mines granted title for the El Escorpion concessions. In late 2016, the Constitutional Court of Guatemala temporarily suspended permits for several mineral concessions in the country including El Escorpion. The Constitutional Court is seeking a review of the stakeholder engagement process. Gunpoint has initiated a follow up consultation with the local community to support the cancellation of the suspension. The prior concession owner has agreed to an extension of the final payment of US\$20,000 to purchase El Escorpion until the exploration suspension is lifted.

RESULTS OF OPERATIONS – SELECTED ANNUAL INFORMATION

The following table summarizes selected financial data for the Company for each of the three most recently completed financial years. The information set forth below should be read in conjunction with the consolidated audited financial statements, prepared in accordance with International Financial Reporting Standards and Canadian generally accepted accounting principles as applicable.

In \$000s	Year Ended 31 December 2022	Year Ended 31 December 2021	Year Ended 31 December 2020
Exploration	\$ (3)	\$ (12)	\$ (3)
General & administration ⁽¹⁾	(306)	(212)	(140)
Share-based compensation	(259)	(49)	(39)
	(568)	(273)	(181)
Finance cost	(2)	(28)	(36)
Foreign exchange gain (loss)	(7)	6	(14)
Unrealized gain (loss) on investment	(450)	(851)	1,511
Other income (expenses)	68	216	230
Gain on debt settlement	103	-	-
Net income (loss) before tax	(856)	(930)	1,508
Deferred income tax recovery	-	-	-
Net income (loss) after tax	(856)	(930)	1,508
Revenue	-	-	-
Total assets	8,336	7,441	8,113
Non-current financial liabilities	-	1,032	1,032
Basic/diluted earnings (loss) per share	(0.02)	(0.02)	0.03

¹ General and administration ("G&A") consists of general and administrative expenses and professional fees

The Company incurred a net loss of \$856,000 for the year ended 31 December 2022, compared to net loss of \$930,000 in 2021 and net gain of \$1,508,000 in 2020. The fluctuation of net income over the past three years was primarily due to unrealized gains and losses on investments, cash and fair value of common shares received for various option agreements, cash and fair value of common shares received for the sale of a mineral property during the year ended 31 December 2022.

The Company incurred \$306,000 of general and administration costs in 2022 compared to \$212,000 in 2021, and \$140,000 in 2020. The higher G&A costs are mostly due to an increased office/warehouse lease in Reno, Nevada and professional fees in negotiating the Newcrest Agreement.

The Company recognized a share-based compensation expense of \$259,000 in the current year compared to an expense of \$49,000 in 2021, and \$39,000 in 2020. The higher expense in 2022 was due to vesting of share options granted in April 2018, November 2021, and November 2022.

The Company had an unrealized loss on investments of \$450,000 compared to a loss of \$851,000 in 2021, and a gain of \$1,511,000 in 2020. The unrealized investment gains and losses are due to the fluctuations in market value from the Company's equity holdings in Timberline Resources Corp., Jiulian Resources Inc. (formerly South Atlantic Gold), Precipitate Gold Corp., Riverside Resources Inc., Madoro Metals Corp., Capitan Mining Inc., and Inomin Mines Inc.

A foreign exchange loss of \$7,000 was recognized for the year ended 31 December 2022 compared to an exchange gain of \$6,000 in 2021, and a loss of \$14,000 in 2020. The change in foreign exchange gain or loss was due to the fluctuation of the foreign exchange rates through the years.

During the current year, the Company received the final payment of \$55,000 (US\$40,000) cash payment and 300,000 common shares of Madoro with a fair value of \$12,000 related to the Cero Minas Property. The fair value of cash

and common shares received for the option agreement was recorded in other income. As at 31 December 2022, the fair market value of 800,000 Madoro common shares held by the Company was \$40,000.

Total assets decreased over the past fiscal years due to a decline in market value of Company's equity holdings in investments, and funding the Company's corporative activities including maintaining its mineral properties in good standing.

SUMMARY OF QUARTERLY RESULTS

The following table summarizes selected financial data for the Company for each of the eight most recently completed financial quarters. The information set forth below should be read in conjunction with the consolidated financial statements for the relevant period, prepared in accordance with International Financial Reporting Standards.

In \$000s	3mths 31-Dec-22 \$	3 months 30-Sep-22 \$	3 months 30-Jun-22 \$	3 months 31-Mar-22 \$	3 months 31-Dec-21 \$	3 months 30-Sep-21 \$	3 months 30-Jun-21 \$	3 months 31-Mar-21 \$
Total revenue	-	-	-	-	-	-	-	-
Exploration	-	-	-	1	(24)	25	1	1
Net income (loss) before taxes	103	(418)	(1,159)	618	326	(490)	(147)	(620)
Deferred income tax recovery	-	-	-	-	-	-	-	-
Net income (loss) after taxes	103	(418)	(1,159)	618	326	(490)	(147)	(620)
Comprehensive income (loss) for the period	103	(418)	(1,159)	618	326	(490)	(147)	(620)
Basic/diluted income (loss) per share	(0.00)	(0.01)	(0.02)	0.01	0.02	(0.01)	(0.00)	(0.01)
Total assets	8,336	8,605	8,673	9,668	7,441	7,030	7,389	7,479

FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES

In \$000s	Year Ended 31 December 2022	Year Ended 31 December 2021	Year Ended 31 December 2020
Cash inflow (outflow) from operating activities	(430)	(62)	(107)
Cash inflow (outflow) from financing activities	1,685	-	-
Cash inflow (outflow) from investing activities	(187)	(244)	(144)
Foreign exchange impact on cash	(7)	5	(17)
Net cash flows	1,068	(306)	(268)
Cash balance	1,145	84	385

As at 31 December 2022, the Company has working capital of \$1,061,000 compared to a working capital deficit of \$1,154,000 at 31 December 2021. The increase in working capital is due to the private placement, property payments, stock options exercised, cash received pursuant to the Newcrest Agreement, and the debt settlements. See Related Party Transactions.

Cash outflow from investing activities for the year ended 31 December 2022 was \$187,000 compared to an outflow of \$244,000 in 2021. The mineral property expenditures of \$564,000, offset by \$322,000 received pursuant to the Newcrest Agreement and a cash payment of \$55,000 (US\$40,000) received for the Cerro Mina property netted the \$187,000 cash outflow. The \$564,000 of mineral property expenditures were largely related to Talapoosa's underlying property payments and maintaining the Company's other properties in good standing.

It may be necessary for the Company to arrange for additional financing to meet its on-going obligations and overhead requirements. The Company's ability to continue as a going concern may be dependent on the corporate ability to raise funds. The Company incurs approximately US\$218,000 per year to maintain its mineral properties in good standing.

Although the Company successfully completed a financing in February 2022, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing may be favourable.

SHAREHOLDERS' EQUITY

As at 31 December 2022, the Company had 50,844,933 shares issued and outstanding, 1,965,000 options outstanding, and 1,500,000 warrants outstanding.

In January 2022, the Company closed the transactions related to debt settlement agreements by issuing 3,443,333 common shares.

On 28 February 2022, the Company completed a private placement of 3,000,000 units at \$0.50 per unit for gross proceeds of \$1,500,000. Each unit consisted of one common share of the Company and one-half of one common share purchase warrant (each whole common share purchase warrant, a "Warrant"). Each Warrant entitles the holder to purchase one additional common share of the Company at an exercise price of \$0.75 until 28 February 2024.

On 4 October 2022, the Company issued 900,000 common shares to the President of the Company for proceeds of \$225,000 pursuant to the exercise of stock options. The fair value of stock options of \$126,000 was transferred from share-based payment reserve to share capital.

As at the date of this report, the Company had 50,844,933 shares issued and outstanding and 1,965,000 options outstanding.

The following is a summary of the stock options outstanding as at 31 December 2022 and as at the date of this report:

Expiry Date	Exercise Price	Number of Options	Number of Options Vested
2 May 2023	\$ 0.25	150,000	150,000
23 November 2026	\$ 0.60	1,615,000	403,750
10 November 2027	\$ 0.60	200,000	-

REGULATORY DISCLOSURES

Off-Balance Sheet Arrangements

As at 31 December 2022 and the date of this report, the Company does not have any off-balance sheet arrangements.

Related Party Transactions

The following table summarizes the transactions with the Company's key management and directors:

(\$000's)	31 December 2022	31 December 2021
Management fees	\$ 67	\$ 28
Stock-based compensation to officers and directors	\$ 259	\$ 49

During the year ended 31 December 2022, management fees of \$67,000 (2021 – \$28,000) were paid to the Company's Chief Financial Officer ("CFO") and are included in professional fees.

During the year ended 31 December 2022, the Company recognized share-based compensation expense of \$259,000 (2021 – \$49,000) for stock options issued to employees, officers, and directors of the Company.

The following table summarizes balances owed to the Company's related parties:

(\$000's)	31 December 2022	31 December 2021
Amounts payable and accrued liabilities	\$ 17	\$ 174
Promissory note and interest	\$ -	\$ 1,034
Due to related party	\$ -	\$ 1,032

As at 31 December 2022, \$14,000 (2021 – \$3,000) is owed to the CFO, \$3,000 (2021 – \$169,000) is owed to the President of the Company for expenses paid on behalf of the company and \$nil (2021 – \$1,036,000) is owed to companies controlled by President of the Company for expenses paid on behalf of the Company and a promissory note. As of 31 December 2022, \$nil (2021 – \$1,032,000) is owed to Chesapeake, the Company's parent.

In January 2022, the Company completed a debt settlement transaction by (i) issuing 1,723,333 common shares to settle a promissory note and accrued interest of \$1,034,000 owed to a company controlled by the President of the Company; and (2) issuing 1,720,000 common shares to settle \$1,032,000 owed to Chesapeake. The remaining \$171,000 owed to the President and a Company controlled by the President were repaid in cash during the year ended 31 December 2022.

Financial Instruments and risk management

a) Financial instrument classification and measurement

The Company classifies the fair value of these transactions according to the following hierarchy:

- Level 1 – quoted prices in active markets for identical financial instruments.
- Level 2 – quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3 – valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The following table sets forth the Company's assets and liabilities measured at fair value on a recurring basis by level within the fair value hierarchy. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

In \$000s	Level 1	Level 2	Level 3	Total
				31 December 2022
Investments	\$ 890	\$ -	\$ -	\$ 890

In \$000s	Level 1	Level 2	Level 3	Total
				31 December 2021
Investments	\$ 1,328	\$ -	\$ -	\$ 1,328

The fair value of other financial instruments, including cash, accounts payable and accrued liabilities, promissory note payable, and amounts due to a related party, approximate their carrying values due to the relatively short-term maturity of these instruments. The Company's policy for determining when a transfer occurs between levels in the fair value hierarchy is to assess the impact at the date of the event or the change in circumstances that could result in a transfer. There were no transfers between the levels during the year ended 31 December 2022.

b) Fair values of financial assets and liabilities

The fair values of financial instruments are summarized as follows:

In \$000s	31 December 2022		31 December 2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets				
Cash	\$ 1,145	\$ 1,145	\$ 84	\$ 84
Investment	890	890	1,328	1,328
Financial liabilities				
Accounts payable & accrued liabilities	127	127	565	565
Promissory note	-	-	700	700
Due to related party	-	-	1,032	1,032

c) Credit risk

The Company's credit risk is primarily attributable to cash. 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 has no significant concentration of credit risk arising from operations. Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash. The Company's cash is held through

large Canadian financial institutions. As at 31 December 2022, management considers the Company's exposure to credit risk is minimal.

d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages liquidity risk through the management of its capital structure as described in Note 5. The accounts payable and accrued liabilities are due within the current operating period.

As at 31 December 2022, the Company had a cash balance of \$1,145,000 (2021 – \$84,000) to settle current liabilities of \$127,000 (2021 – \$1,265,000). So far, the Company is not profitable and has had to primarily rely on the issuance of equity securities for cash, primarily through private placements and from related and other parties. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

e) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Company's financial instruments include investments which are publicly traded and therefore subject to the risks related to the fluctuation in the equity markets. The Company closely monitors market values to determine the most appropriate course of action.

f) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate because of changes to market interest rates. The Company is exposed from time to time to interest rate risk as a result of holding fixed income cash equivalents and investments, of varying maturities. A 1% change in market interest rates would result in no significant change in value of cash or fixed income securities. The risk that the Company will realize a loss as a result of a decline in the fair value of these assets is limited as they are generally held to maturity.

g) Currency risk

Currency risk is the risk of a loss due to the fluctuation of foreign exchange rates and the effects of those fluctuations on the Company's foreign currency denominated monetary assets and liabilities. The Company currently operates in the United States, Mexico, and Guatemala. Certain costs and expenses are incurred in US dollars, Mexican pesos, and Guatemalan quetzal. The Company attempts to mitigate currency risk through the preparation of short and long term expenditure budgets in the foreign currencies and planning for the conversion of Canadian dollars into foreign currencies whenever exchange rates are favourable.

h) Price risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risk associated with fluctuations in the market price of commodities.

Capital Management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue the development of its resource properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

In the management of capital, the Company includes the components of shareholders' equity as well as cash and investments.

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

In order to maximize ongoing development efforts, the Company does not pay out dividends.

The Company's investment policy is to invest its cash in Canadian chartered banks or the equivalent in the United States and in highly liquid short-term interest-bearing investments, such as Canadian Government treasury bills, banker's acceptances or Guaranteed Investments Certificates, with initial maturity terms less than one year from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

Significant Accounting Policies

Please refer to the audited annual financial statements for the year ended 31 December 2022 which were filed on SEDAR.

RISKS AND UNCERTAINTIES

The Company is in the business of acquiring, exploring and developing gold and silver properties. The Company is exposed to a number of risks and uncertainties that are common to other resource exploration companies in the same business.

The risks and uncertainties described in this section are considered by management to be the most important in the context of the Company's business. The risks and uncertainties below are not inclusive of all the risks and uncertainties the Company may be subject to and other risks may apply.

COVID-19 Pandemic

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The impact on the Company has been minimal to date and it is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business at this time.

Early Stage – Need for Additional Funds

Gunpoint has no history of profitable operations and its present business is at an early stage. The Company anticipates that it may make substantial capital expenditures for the acquisition, exploration, development and production of its mineral properties in the future. The Company currently has no revenue and may have limited ability to raise the capital necessary to undertake or complete future exploration or development programs. As such, the Company is subject to many risks common to other companies in the same business, including under-capitalization, cash shortages, and limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that Gunpoint will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations.

The Company hopes to obtain financing in the future primarily through further equity and/or debt financing, as well as through joint venturing and/or optioning out the Company's properties to other mineral exploration companies. There can be no assurance that the Company will succeed in obtaining additional financing, now or in the future. Failure to raise additional financing on a timely basis could cause the Company to suspend its operation and eventually to forfeit or sell its interest in its properties.

Exploration and Development

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits, but also from finding mineral deposits that, though present, are of insufficient size and/or grade to return a profit from production.

The Company does not have any operating mines at present. All the Company's properties are in the exploration stage. There is no assurance that a commercially viable mineral deposit exists on any of the Company's properties and substantial additional work will be required in order to determine the presence of any such deposit.

All of the mineral claims to which Gunpoint has a right to acquire an interest are in the exploration stages only, and are without a known body of commercial ore. Upon discovery of a mineralized occurrence, several stages of

exploration and assessment are required before its economic viability can be determined. Development of the subject mineral properties would follow only if favorable results are determined at each stage of assessment. Few precious and base metal deposits are ultimately developed into producing mines.

There is no assurance that Gunpoint's mineral exploration activities will result in any discoveries of commercial bodies of ore. The long-term profitability of Gunpoint'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.

Operating Hazards and Risks

Mining operations involve many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome.

In the course of exploration, development and production of mineral properties, certain risks, and in particular unexpected or unusual geological operating conditions, including rock bursts, cave-ins, fires, flooding and earthquakes, may occur. Operations in which Gunpoint has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of mineral deposits, any of which could result in damage to or destruction of mines and other producing facilities, damage to life and property, environmental damage and possible legal liability for any or all damages.

Although Gunpoint maintains liability insurance in an amount which it considers adequate, the nature of these risks is such that liabilities could exceed policy limits, in which event Gunpoint could incur significant costs that could have a materially adverse effect upon its financial conditions.

Supplies, Infrastructure, Weather and Inflation

Gunpoint's property interests are often located in remote, undeveloped areas and the availability of infrastructure such as surface access, skilled labour, fuel and power at an economic cost cannot be assured. These are integral requirements for exploration, production and development facilities on mineral properties. Power may need to be generated on site.

Due to the partial remoteness of its exploration projects, Gunpoint may be forced to rely on the accessibility of secondary roads and air transport for the supply of goods and services.

Metal Prices

The mining industry, in general, is intensely competitive and there is no assurance that a profitable market will exist for the sale of metals produced even if commercial quantities of precious and/or base metals are discovered. Factors beyond the control of Gunpoint may affect the marketability of metals discovered. Pricing is affected by numerous factors beyond Gunpoint's control, such as international economic and political trends, global or regional consumption and demand patterns, increased production and smelter availability. There is no assurance that the price of metals recovered from any mineral deposit will be such that they can be mined at a profit.

Title Risks

Although Gunpoint has exercised the usual due diligence with respect to determining title to properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned. Gunpoint's mineral property interests may be subject to prior unregistered agreements, or transfers, or indigenous claims, and title may be affected by undetected defects.

Environmental Regulations, Permits and Licenses

Gunpoint's operations are subject to various laws and regulations in the various jurisdictions in which the Company operates that govern the protection of the environment, exploration, development, production, taxes, labour standards, occupational health, waste disposal, safety and other matters.

Environmental legislation provides restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of legislation may result in imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact statements. Environmental legislation is evolving in a direction of stricter standards and enforcement, and higher fines and penalties for non-compliance. Environmental assessments of proposed projects carry a heightened degree of

responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations. Gunpoint intends to fully comply with all environmental regulations.

The current operations of Gunpoint require permits from various United States and Guatemalan domestic authorities and such operations are governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental, mine safety and other matters.

In the event that the Company advances the Talapoosa project towards a mine construction decision, it will be required to apply for, receive and obtain, among other approvals, permits and authorizations, the utilization of water rights from both state agencies and private water rights holders, and a special use mining permit which is granted by applicable county and state regulatory authorities. In 2021 the Division of Water Resources of the Nevada Department of Conservation and Natural Resources cancelled a water right held by the Company for non-use. The Company appealed that decision. There can be no assurance that such applications for approvals, permits, authorizations or appeals will be successful.

Gunpoint believes that it is in substantial compliance with all material laws and regulations which currently apply to its activities. There can be no assurance, however, that all permits which Gunpoint may require for its operations and exploration activities will be obtainable on reasonable terms or on a timely basis or that such laws and regulations would not have an adverse effect on any mining project which the Company might undertake.

Competition and Agreements with Other Parties

The mining industry is intensely competitive in all its phases, and Gunpoint competes with other companies that have greater financial resources and technical capacity. Competition could adversely affect Gunpoint's ability to acquire suitable properties or prospects in the future.

Gunpoint may, in the future, be unable to meet its share of costs incurred under such agreements to which it is a party and it may have its interest in the properties subject to such agreements reduced as a result. Also, if other parties to such agreements do not meet their share of such costs, Gunpoint may not be able to finance the expenditures required to complete recommended programs.

Economic Conditions

Unfavourable economic conditions may negatively impact Gunpoint's financial viability. Unfavorable economic conditions could also increase Gunpoint's financing costs, decrease net income or increase net loss, limit access to capital markets and negatively impact any of the availability of credit facilities to the Company.

Dependence on Management

The Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of Gunpoint could result and other persons would be required to manage and operate Gunpoint.

FORWARD LOOKING STATEMENTS

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Such forward-looking statements and information herein include, but are not limited to, statements regarding prospective metal production, timing and expenditures to develop the properties, mineral resources, grades and recoveries, cash costs per ounce, capital and operating expenditures and sustaining capital and the ability to fund mine development. The Company does not intend to, and does not assume any obligation to update such forward-looking statements or information, other than as required by applicable law.

Forward-looking statements or information involve known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company and its operations to be materially different from those expressed or implied by such statements. Such factors include, among others: ability to finance mine development, fluctuations in the prices of metals, fluctuations in the currency markets (particularly Canadian dollar and U.S. dollar); changes in national and local governments, legislation, taxation, controls, regulations

and political or economic developments in Canada and the United States; operating or technical difficulties in mineral exploration, development and mining activities; risks and hazards of mineral exploration, development and mining (including environmental hazards, industrial accidents, unusual or unexpected geological conditions, pressures, cave-ins and flooding); inadequate insurance, or inability to obtain insurance; availability of and costs associated with mining inputs and labour; the speculative nature of mineral exploration and development, diminishing quantities or grades of mineral reserves as properties are mined; risks in obtaining necessary licenses and permits, and challenges to the Company's title to properties.

Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements or information, there may be other factors that cause results to be materially different from those anticipated, described, estimated, assessed or intended. There can be no assurance that any forward-looking statements or information will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements or information. Accordingly, readers should not place undue reliance on forward-looking statements or information.

Other technical information

Mr. Todd McCracken (P. Geo) of Tetra Tech is the Qualified Person as defined by NI 43-101 and is responsible for technical information in the updated Resource Estimate for Talapoosa.