

# CMX GOLD & SILVER CORP.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion is management's analysis of CMX Gold & Silver Corp.'s (the "Company" or "CMX") operating and financial data for the nine months ended September 30, 2023 and 2022 as well as management's estimates of future operating and financial performance based on information currently available. It should be read in conjunction with the consolidated financial statements and notes for the nine months ended September 30, 2023 and 2022.

This Management's Discussion and Analysis ("MD&A") and the consolidated financial statements and comparative information have been prepared in accordance with IFRS.

Technical disclosure for the Clayton Property included in this MD&A has been reviewed by Richard Walker, P.Geo., a Qualified Person under National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101").

All financial information in this MD&A is stated in Canadian dollars, the Company's reporting currency, unless otherwise noted. The MD&A was prepared effective November 28, 2023. Additional information relating to CMX can be found at [www.sedarplus.ca](http://www.sedarplus.ca).

## MATERIAL FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking information as contemplated by Canadian securities regulators' Form 51-102F1, also known as forward-looking statements. All estimates and statements that describe the Company's objectives, goals or future plans are forward-looking statements. Readers are cautioned that the forward-looking statements are based on current expectations, estimates and projections that involve a number of risks and uncertainties, which could cause actual results to differ materially from those anticipated by the Company and described in the forward-looking statements. The Company will issue updates where actual results differ materially from any forward-looking statement previously disclosed.

## RESPONSIBILITY OF MANAGEMENT

The preparation of the financial statements, including the accompanying notes, is the responsibility of management. Management has the responsibility of selecting the accounting policies used in preparing the financial statements. In addition, management's judgment is required in preparing estimates contained in the financial statements.

## ABOUT CMX GOLD & SILVER CORP.

CMX is a junior mining company with a silver-lead-zinc property in the United States of America. The Company's focus is the development of its 100%-owned Clayton Silver Property located in Idaho, U.S.A., with the primary focus being to determine the feasibility of reactivating the mine. The property has historically produced silver, lead and zinc with minor gold. The property is held by CMX's wholly owned subsidiary, CMX Gold & Silver (USA) Corp.

In Canada, the Company's shares trade on the Canadian Securities Exchange ("CSE") under the trading symbol "CXC", and in the USA, the Company's shares trade on the OTC Markets under the trading symbol "CXXMF".

## 2023 OVERVIEW

The Company's strategy is to proceed with work programs on the Clayton Silver Property, including ore sorting of the stockpile, geophysics, drilling, and preliminary engineering on the refurbishment of the mill.

During the period, the Company negotiated the sale of approximately 2.8 acres of land situated within the Clayton city limits for gross proceeds of US\$61,000.

On June 29, the Company announced that assay results confirmed the viability of ore-sorting for the Clayton Stockpile. The analysis of the sampling program carried out in 2022 on the stockpile was aimed at determining the economics of completing ore sorting on the stockpile estimated to contain at least 1,000,000 tons of metal bearing material (See EXPLORATION AND EVALUATION ASSETS below).

## RESULTS OF OPERATIONS

During the nine months ended September 30, 2023, the company realized a loss before financing expenses of \$288,716 compared to a loss before financing expenses of \$601,503 in 2022, resulting in a decrease of \$312,787. The Company saw a general overall decrease in expenses although most of the reduction related to a drop in the noncash item share-based

compensation. Also, mineral exploration expenditures declined in 2023 after an increase in 2022 with the staking of additional claims (See EXPLORATION AND EVALUATION ASSETS below).

The following table itemizes the net loss from operations for the nine months ended September 30, 2023 and 2022.

#### SCHEDULE OF LOSS BEFORE FINANCING EXPENSES

	2023	2022
Management fees	\$ 143,329	\$ 183,150
Share-based compensation expense	51,716	220,983
Shareholder reporting and investor communications	32,564	51,195
Mineral property expenditures	21,621	97,759
Listing and filing fees	15,358	35,861
General and administrative	14,117	13,534
Professional fees	3,474	5,985
Loss (gain) on foreign exchange	6,537	(6,963)
Loss from operations	\$ 288,716	\$ 601,503

#### EXPLORATION AND EVALUATION ASSETS

The Company's only exploration and evaluation asset is the Clayton Property, which has a carrying value of \$694,918 (US\$513,961). Total exploration expenditures on the property to September 30, 2023, are \$500,186 (\$21,621 during the current period). These expenditures are expensed in the periods incurred for financial reporting purposes.

##### Clayton Silver Property

The Clayton Silver Mine, discovered in the late 1800's and historically one of the most active underground mines in the Bayhorse Mining District in central Idaho for lead, zinc, silver, and copper with minor gold. Located approximately 30 km south-southwest of Challis in Custer County, central Idaho, the property covers 455 hectares (1,131 acres). The original 29 patented mining claims and two patented mills sites total approximately 228 hectares (562 acres). An additional 28 unpatented mining claims, comprising 230 hectares (569 acres), are contiguous with the Clayton Silver Mine (see **Plans and Status for The Clayton Project** below).

The Company has compiled and comprehensively reviewed available historical drilling and mining information for the Clayton Mine and the Clayton Silver Property. Information available in the public domain was obtained from both the United States and Idaho Geological Surveys. Several sub-surface mine plans were obtained from private sources, as well as the U.S. Department of the Interior, Office of Surface Mining. These data provide the basis for an initial compilation of the sub-surface workings tied to surface.

The Clayton silver-lead-zinc-copper mine had total production of 218,692 kg silver (7,031,110 oz), 39,358,903 kg lead (86,771,527 lbs), 12,778,700 kg zinc (28,172,211 lbs), and 754,858 kg copper (1,664,177 lbs), with 67 kg (2,154 oz) gold from an estimated 2,145,652 tonnes of ore mined between 1934 and 1985. Mineralization was originally discovered in 1877, with the mine operating almost continuously from the 1930s for over 50 years until its closure in 1986 due to low metal prices. Significant potential is demonstrated in hole 1501-A, drilled in the mid-1960's, which penetrated the mineralized zone at 1,425 feet. At that depth, the hole intercepted 22 feet (6.70 m) of 4.07 oz Ag/t, 5.75% lead and 5.37% zinc (note: true width is unknown).

The Clayton Mine was developed on eight levels to a depth of 1,100 feet (335 meters) below surface and is comprised of approximately 6,000 meters (19,690 feet) of underground development. Two major ore bodies were partially mined: the "South Ore Body" and the "North Ore Body". Both are tabular ore bodies raking northeast to depth. Production was initiated on the South Ore Body and development extended to the North Ore Body. As a result of lower silver prices, the mine was closed in early 1986. Mineralization is open to the north, the south and to depth, all of which is untested. For example, there is potential for resources to exist at shallower depths below and adjacent to the South Ore Body.

Historical records indicate the "South Ore Body" was mined from the 100-foot level to the 800-foot level, while the "North Ore Body" was mined from the 100-foot level to the 1100-foot level. Internal mine records from 1966 indicate a resource of 597,075 tonnes between the 800-foot level and 1300-foot level, having a weighted average grade of 3.83 oz Ag/t. Values for lead and zinc were not disclosed. Underground development on the 800-foot level was extended to the "North Ore Body", with subsequent development down to the 1100-foot level to access the ore. Records indicate that as of January 1, 1982, there were approximately 458,590 tonnes of ore identified between the 800 and 1100-foot levels. Of this resource, 52,800 tonnes were mined in 1983, 76,110 tonnes in 1984 and 102,258 in 1985, suggesting 227,422 tonnes have not been mined. Additional tonnage identified down to the 1530-foot level was not mined and, therefore, is interpreted to remain available.

On November 23, 2015, CMX filed on SEDAR a NI 43-101 compliant technical report, dated March 7, 2013, for the Clayton Silver Property.

### **Plans and Status for The Clayton Project**

During 2022 the Company staked 22 new unpatented claims on BLM land to the north, east and south of the current land holdings. The staking was completed in November 2022 and has increased the Company's land holdings to 1,131 acres (a 66% increase).

The Company has developed plans to assess the underground resource potential as well as to investigate the economic potential of the above ground mine stockpile.

The Company will commence programs over the next several years to assess the resource potential within the structures related to the previously mined sections and to expand the search to determine the potential for other mineralized zones in adjacent structures. This will entail detailed geophysical work and multiple drill programs. CMX has concluded that very little geophysics was done on the property historically.

The Company plans to commence the first program (funding dependent) with drilling within the known mineralized systems identified and referred to as the South and North Ore Bodies in the old mine workings.

#### ***Phase 1 Work Programs for the next 12-month period once funding is received:***

Site preparation and clean up	\$	75,000
<i>Underground Resources Potential</i>		
Geophysics		60,000
Drilling – approximately 7,500 feet		937,500
Geochemical Assays		80,000
<hr/>		
Total estimated expenditures	\$	1,152,500

#### ***Clayton Stockpile Evaluation Program***

In August 2014, representatives of the Company collected samples from 16 locations on the mine stockpile situated immediately adjacent to the old Clayton Mine workings and extending to the south. An aggregate of over 3,000 kilograms of sample material was collected. Sample locations were selected to ensure representative samples. CMX representatives were on site during sampling to ensure random sample selection. A tracked backhoe was used to dig to a maximum depth of approximately 12 feet and five representative samples, each weighing roughly 33 kg, were taken at 2- to-3-foot intervals for each location.

The results from analysis of the stockpile samples confirmed the presence of a suite of metals of potential interest. Panning of material from the stockpile has confirmed the presence of free, relatively coarse gold, while analysis of the samples documents the presence of gold in each sample. Importantly, assays confirmed gold values up to 2.84 gm/t (Sample 11369) with an average of 0.80 gm/t for the 16 locations comprised of the suite of samples. Statistical averages for the metals of interest from the 16 locations of the mine stockpile sampling program were: gold – 0.80 g/t; silver – 24.31 g/t; lead – 0.44%; zinc – 0.27%.

#### ***Mine Stockpile Exploitation Potential***

The stockpile consists of rock that was not processed through the mill as the grade was not considered high enough at the time it was mined. The stockpile is estimated to contain at least 1,000,000 tonnes of metal-bearing material readily available for immediate processing.

In May 2022, the Company signed an agreement with Sulphide Remediation Inc. (“SRI”), an affiliate of ABH Engineering Inc. of Surrey, B.C., a firm specializing in mineral processing. SRI utilizes precision ore sorting technology to high-grade mine stockpiles of unprocessed rock to enhance the grade of material delivered to a toll mill.

Under the supervision of CMX, SRI took samples from the Clayton Mine stockpile. Approximately 500 kilograms of sample material was shipped to TOMRA Systems ASA's (“TOMRA”) ore-sorting laboratory in Sydney, Australia. The concentrate produced by sorting was subsequently assayed at Bureau Veritas Australia Pty Ltd.'s laboratory in Sydney. TOMRA is a world-leader in state-of-the-art precision ore sorting technology used to high-grade mine stockpiles of unprocessed rock to enhance the grade of material delivered to a mill. Dual Energy X-Ray Transmission technologies differentiate between rocks based on small fluctuations in density profiles and are effective at removing sulphides and concentrating valuable metals. The sorted rock can be treated at existing mills/smelters where valuable metals will be extracted, and sulphides will be safely handled. SRI has some of the world's leading experts in crushing, screening and ore sorting.

The Company has been informed that the analysis of the sampling program carried out in 2022 on the stockpile shows that ore-sorting is viable for the Clayton Stockpile.

The initial test of the ore-sorting technology comprised a 395-kilogram sample. The test recovered at least 70% of the metals and returned a 41-kilogram concentrate of sorted product of about 10% of the initial mass. The concentrate produced by sorting was subsequently assayed at Bureau Veritas Australia Pty Ltd.'s laboratory in Sydney. Assays for the silver, lead, zinc, copper, and gold in the concentrated product returned the following grades:

Ag (g/t)/(oz/t)	Pb (%)	Zn (%)	Cu (%)	Au (g/t)
156/5.02	3.10	1.91	0.096	0.1

Compared to average grades documented in the Company's 2014 stockpile evaluation program (see above), ore-sorting increased the silver grade by 6.4 times and the lead and zinc grades by 7 times. This will enable SRI to move ahead with the design and manufacture of the ore-sorting system for processing the Company's stockpile at the Clayton Mine with cash flow anticipated in 2024.

SRI will at its cost construct and deliver an optimal ore sorting system to the Clayton Mine site. The system will be capable of processing from 3,000 tonnes to 4,000 tonnes per day. SRI will manage all aspects of the stockpile processing program. After deducting operating expenses from the revenue received for the processed stockpile material from the toll mill or smelter, the net profits will be shared 50:50 between the Company and SRI.

## SUMMARY OF QUARTERLY RESULTS

	2022				2022			2021
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Loss before financing costs	\$85,295	\$112,738	\$90,683	\$146,954	\$234,172	\$199,430	\$167,901	\$104,697
Loss before financing costs on a per share basis	0.0012	0.0016	0.0013	0.0021	0.0035	0.0032	0.0027	0.002
Net income (loss)	\$(89,261)	\$(36,370)	\$(92,747)	\$(149,628)	\$(236,352)	\$(200,929)	\$(169,740)	\$389,035
Net Income (loss) on a per share basis	(0.0013)	(0.0005)	(0.0013)	(0.0022)	(0.0035)	(0.0032)	(0.0027)	0.0075

## LIQUIDITY AND CAPITAL RESOURCES

The net loss from operations for the nine months ended September 30, 2023, was funded through the sale of land and previous share issuances. As of September 30, 2023, the Company had a net working capital deficiency of \$278,699 (2022 - net working capital of \$41,375). Future operations will be funded by the issuance of capital stock. Although the financial environment for mining companies has been difficult in 2023, the Company expects to see increased interest in the junior mining sector in 2024 as commodity prices continue to show signs of improvement. As outlined above, CMX is working on plans to generate cash flow through the ore-sorting of the historical stockpile as well as through equity offerings to carry out the planned programs on Clayton (see "EXPLORATION AND EVALUATION ASSETS").

### Estimated Cash Flow Requirements for the Next 12 Months

Sampling, drilling, exploration and site preparation work on the Clayton property (funding dependent)	\$ 1,152,500
General and administrative	<u>300,000</u>
Total estimated cash requirements	<u>\$ 1,452,500</u>

The total exploration program expenditures are contingent on CMX being able to raise sufficient equity capital in the future.

## GOING CONCERN RISK

The Company has no source of operating cash flow and operations to date have been funded primarily from the issue of share capital. The Company's ability to continue as a going concern is contingent on obtaining additional financing. Whether the Company will be successful with any future financing ventures is uncertain, and this uncertainty casts significant doubt upon

the Company's ability to continue as a going concern. While the Company intends to advance its plans through additional equity financing, there is no assurance that any funds will ultimately be available for operations. Risks and Uncertainties

## **RISKS AND UNCERTANTIES**

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

It is indeterminable if exploration properties will result in profitable commercial mining operations. Mine development projects such as the Clayton Property require significant expenditures during the exploration and development phase before production is possible. Exploration and development projects are subject to the completion of successful drilling and assay results, feasibility studies and environmental assessments, issuance of necessary governmental permits and availability of adequate financing. The economic feasibility of development projects is based on many factors, including estimation of mineral reserves, anticipated metallurgical recoveries, environmental considerations and permitting, future metal prices, and anticipated capital and operating costs. Although the Clayton property has past operating history the data is limited upon which to base estimates of future production and cash operating costs. Particularly for development projects, estimates of proven and probable mineral reserves and cash operating costs are, to a large extent, based upon the interpretation of geologic data obtained from drill holes and other sampling techniques, and feasibility studies that derive estimates of cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, expected recovery rates of metals from the ore, estimated operating costs and other factors. As a result, it is possible that actual capital and operating costs and economic returns will differ significantly from those currently estimated for a project prior to production. Any of the following events, among others, could affect the profitability or economic feasibility of a project. Unanticipated changes in grade and tons of ore to be mined and processed, unanticipated adverse geological conditions, unanticipated metallurgical recovery problems, incorrect data on which engineering assumptions are made, availability and costs of labor, costs of processing and refining facilities, availability of economic sources of power, adequacy of water supply, availability of surface on which to locate processing and refining facilities, adequate access to the site, unanticipated transportation costs, government regulations (including regulations with respect to prices, royalties, duties, taxes, permitting, restrictions on production, quotas on exportation of minerals, environmental), fluctuations in metals prices, foreign exchange rates, accidents, labor actions and force-majeure events. It is not unusual in new mining operations to experience unexpected problems during the start-up phase, and delays can often occur at the start of production.

### ***Title risk***

The Company holds patented claims as well as claims on Bureau of Land Management (BLM) lands in Idaho. The company makes a search of mining records in accordance with mining industry practices to confirm satisfactory title to properties in which it holds or intends to acquire an interest. CMX has obtained title insurance on the Clayton patented claims, but coverage is limited to the purchase price of U.S. \$500,000. Although the Company maintains its patented claims by ensuring timely payment of its property taxes and payment of annual fees on its BLM claims, the possibility exists that title to one or more of its claims might be defective because of errors or omissions in the chain of title, including defects in conveyances and defects in locating or maintaining such claims, or concessions. The ownership and validity of mining claims and concessions are often uncertain and may be contested. There is no guarantee that title to the company's properties and concessions will not be challenged or impugned in the future. The properties may be subject to prior unregistered agreements or transfers, and title may be affected by undetected defects.

### ***Share Price Risk***

The Company must raise capital through share issuances in order to fund the ongoing exploration and development of its property and the dilution factor of this fundraising is heavily affected by the price per share. The market price of a publicly traded stock is affected by many variables not directly related to the success of the Company, including the market sentiment toward the resource sector and for all resource sector shares, the breadth of the public market for the stock, the need for certain shareholders to sell shares for external reasons other than those relevant to the Company and the attractiveness of alternative investments. The effect of these and other factors on the market price of the common shares of the Company on the exchanges on which the common shares are listed suggests that the share price will be volatile.

## **COMMITMENTS**

The Company may enter into management contracts at some future date. These contracts will be negotiated in the normal course of operations and will be measured at the exchange amount which is the amount of consideration established and agreed by the parties and will reflect the values that the Company would transact with arm's length parties.

The Company currently has the following yearly commitments:

Clayton property: US\$5,820 for property taxes and claims fees.

These commitments will change if the Company acquires other property or completes further claim staking.

## SUBSEQUENT EVENTS

On October 24 and 26, 2023, insiders of the Company exercised 300,000 warrants at \$0.10 per share for gross proceeds of \$30,000 and on October 24, 2023 a consultant to the Company exercised 91,500 options at \$0.10 per share for gross proceeds of \$9,150.

## ARRANGEMENTS

The Company does not have any off-balance sheet arrangements and it is not likely that the Company will enter into off-balance sheet arrangements in the foreseeable future.

## CRITICAL ACCOUNTING ESTIMATES

The Company has continuously refined its management and internal reporting systems to ensure that accurate, timely, internal and external information is gathered and disseminated.

The Company's financial and operating results incorporate certain estimates including:

- i) estimated capital expenditures on projects that are in progress;
- ii) estimated future recoverable value of property associated with exploration and evaluation and any associated impairment charges or recoveries; and
- iii) estimated deferred tax assets and liabilities based on current tax interpretations, regulations and legislation that is subject to change.

The Company's management and consultants have the skills required to make such estimates and ensures that individuals with the most knowledge of the activity are responsible for the estimates. Further, past estimates are reviewed and compared to actual results, and actual results are compared to budgets in order to make more informed decisions on future estimates.

The Company's management team's mandate includes ongoing development of procedures, standards and systems to allow the Company to make the best decisions possible.

## OUTSTANDING SHARE DATA

November 28, 2023		
Common Shares Issued and Outstanding	69,886,224	
	<b>Warrants Outstanding</b>	Weighted Average Exercise Price (CAD)
Balance, December 31, 2021	10,470,000	\$ 0.10
Issued for cash	3,277,000	\$ 0.18
Issued for debt	125,000	\$ 0.18
Balance, December 31, 2022	13,872,000	\$ 0.12
Exercise of warrants	(300,000)	\$ 0.10
Balance, November 28, 2023	13,572,000	\$ 0.12
Warrants Outstanding and Exercisable	Exercise Price (CAD)	Expiry Date
6,700,000	\$0.10	June 30, 2024
3,470,000	\$0.10	November 19, 2024
1,430,000	\$0.18	July 14, 2025
1,972,000	\$0.18	September 16, 2025
13,572,000		

## Stock Option Plan

On January 25, 2022, the Company issued 5,300,000 options to purchase common shares at an exercise price of \$0.10 per share. The options are granted under the Company's stock option plan. The options vest one-third on the agreement date and one-third on each of the first and second anniversaries of the date of grant. The options have a five-year term and expire January 25, 2027, or earlier under certain circumstances. On October 24, 2023, 91,500 options were exercised at \$0.10 per share.

Exercise price (per option)	Number of options outstanding	Number of options exercisable	Weighted average exercise price (per option)	Year of expiry	Weighted average remaining contractual life
\$0.10	5,208,500	3,441,833	\$0.10	2027	3.15 years

## TRANSACTIONS WITH RELATED PARTIES

During the nine months ended September 30, 2023, the Company incurred management fees of \$70,785 (2022 – \$99,270) to a corporation controlled by the spouse of a director of the Company.

During the nine months ended September 30, 2023, the Company incurred management fees of \$28,575 (2022 – \$29,880) to the President of the Company.

During the nine months ended September 30, 2023, the Company incurred consulting fees of \$8,470 (2022 – \$nil) to the spouse of the President of the Company.

During the nine months ended September 30, 2023, the Company incurred management fees of \$43,969 (2022 – \$49,500) to the Chief Financial Officer of the Company. A portion of these fees are unpaid and included in due to related parties.

During the nine months ended September 30, 2023, the Company incurred consulting fees of \$nil (2020 - \$4,500) to the Corporate Secretary of the Company.

During the year ended December 31, 2022, related parties completed private placements of \$63,000 for 700,000 units at \$0.09 per unit. Each unit consisted of one common share and one share purchase warrant exercisable at \$0.18.

Other than as disclosed above, during the nine months ended September 30, 2023, related parties had the following transactions:

Related party	Payments to (from) related party	GST accrued to related party	Expenses paid on behalf of the Company	Interest accrued on debt	Payable to related party at September 30, 2023
Bearing Energy (Canada) Corp. <sup>(1)</sup>	\$ -	\$ -	\$ -	\$ 3,200	\$ 55,633
Brinkton Corporation <sup>(2)</sup>	23,484	3,539	-	528	68,463
Jan Alston, President	28,848	-	193	-	-
Lossie Alston	9,359	-	-	-	-
Glen Alston, CFO	23,000	2,198	5,600	2,021	68,009
Laurel Alston <sup>(3)</sup>	(30,000)	-	-	1,229	31,229
Bruce Murray, director	-	-	-	677	15,753
<b>Total</b>	<b>\$ 54,690</b>	<b>\$ 5,738</b>	<b>\$ 5,793</b>	<b>\$ 7,655</b>	<b>\$ 239,087</b>

Notes:

- (1) President is a director of Bearing Energy (Canada) Corp.
- (2) The spouse of the President is a director of Brinkton Corporation.
- (3) The spouse of the CFO.

Payments were applied against balances owed to related parties and advances to the Company were treated as loans to the Company by related parties. Related party debt bears an interest rate of 6% or 8% per annum.

The Company does not have any formal contractual agreements with any related parties. The President and CFO charge fees based on hours worked at hourly rates agreed upon between the related party and the Company.

## CONTINGENT LIABILITIES

The Company has no contingent liabilities.

## FINANCIAL INSTRUMENTS

Set out below is a comparison, by category, of the carrying amounts and fair values of all the Company's financial instruments that are carried in the consolidated financial statements.

Fair value represents the price at which a financial instrument could be exchanged for in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act.

Fair value of financial instruments	September 30, 2023		September 30, 2022	
	Carrying value	Fair value	Carrying value	Fair value
<b>Financial assets</b>				
Cash and cash equivalents	\$ 4,369	\$ 4,369	\$ 241,886	\$ 241,886
	\$ 4,369	\$ 4,369	\$ 241,886	\$ 241,886
<b>Financial liabilities</b>				
Trade and other payables	\$ 43,092	\$ 43,092	\$ 67,177	\$ 67,177
Subscriptions received	-	-	118,536	118,536
Due to related parties	224,290	224,290	14,798	14,798
Debentures – related parties	15,686	15,686	-	-
	\$ 283,068	\$ 283,068	\$ 200,511	\$ 200,511

The carrying value of cash and cash equivalents, trade and other receivables, trade and other payables and dividends payable approximate its fair value due to their short-term nature.

The Company is required to classify fair value measurements using a hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy is as follow:

- Level 1 – quoted prices in active markets for identical assets or liabilities; and
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly; and
- Level 3 - inputs that are unobservable and significant to the overall fair value measurement.

The Company is exposed to a variety of financial risks including credit risk, liquidity risk, and market risk.

Risk management is carried out by the Company’s management team with guidance from the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

**a) Credit risk**

Credit risk is the risk of loss associated with the counterparty’s inability to fulfill its payment obligations. The Company’s credit risk is primarily attributable to cash and cash equivalents. Cash is held with reputable chartered banks from which management believes the risk of loss is minimal. Management believes that the credit risk concentration with respect to financial instruments is minimal. The maximum credit risk exposure associated with the Company’s financial assets is the carrying value.

**b) Liquidity risk**

Liquidity risk is that the Company will not be able to meet its obligations as they become due. The Company’s approach to managing liquidity risk is to ensure that it will have sufficient resources to meet liabilities when due. As at September 30, 2023, the Company had net working capital deficiency of \$278,699 (2022 – net working capital of \$41,375). Management is continuously monitoring its working capital position and will raise funds through the equity markets as required. However, there is no certainty that the Company will be able to obtain funding by share issuances in the future. The Company is presently seeking to raise capital through equity financing.

The following amounts are the contractual maturities of financial liabilities and other commitments as at September 30, 2023:

	Total	1 year	2 – 5 years
Trade and other payables	\$ 43,092	\$ 43,092	\$ -
Subscriptions received	-	-	-
Due to related parties	224,290	224,290	-
Debentures – related parties	15,686	15,686	-
	\$ 283,068	\$ 283,068	\$ -

**c) Market risk**

Market risk is the risk of loss that may arise from changes in the market factors such as interest rates, commodity and equity prices and foreign currency rates.

**i) Interest rate risk**

When the Company has cash balances its policy is to invest excess cash in investment-grade short-term money market accounts. The Company will periodically monitor the investments it makes to ensure the creditworthiness of its investments. Fluctuations in interest rates do not materially affect the Company as the interest is at a fixed rate.

ii) Foreign currency risk

Currency risk is the risk to the Company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company is exposed to foreign currency exchange risk on cash held in U.S. funds. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

Foreign currency risk could adversely affect the Company, in particular the Company's ability to operate in foreign markets. Foreign currency exchange rates have fluctuated greatly in recent years. There is no assurance that the current exchange rates will mirror rates in the future.

The Company currently has minimal foreign currency risk although in the future foreign currency risk may affect the level of operations of the Company. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

As the Company currently holds minimal US currency a change in the exchange rate between the US dollar and the Canadian dollar would not have a significant effect on the Company liquidity or working capital. The Company is exposed to currency risk as its the functional currency of its subsidiary is US dollars.

## **CAPITAL MANAGEMENT**

The Company's objectives in managing its capital will be:

- i) To have sufficient capital to ensure that the Company can continue to meet its commitments with respect to its mineral exploration properties and to meet its day-to-day operating requirements in order to continue as a going concern; and
- ii) To provide a long-term adequate return to shareholders.

The Company's capital structure is comprised of shareholders' deficiency.

The Company is an exploration stage company which involves a high degree of risk. The Company has not determined whether its proposed properties contain economically recoverable reserves of ore and currently does not earn any revenue from its mineral properties and therefore does not generate cash flow from operations. The Company's primary source of funds will come from the issuance of share capital. The Company's policy is to invest its excess cash in highly liquid, fully guaranteed, bank sponsored instruments.

The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Company's management to sustain future development of the Company. The Company is not subject to externally imposed capital requirements. There have been no changes in the Company's capital management in the current year.